

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on FY2020 Government Budget Draft**

1. The Cabinet has approved today a draft budget for the fiscal 2020. The tax revenue is ¥63.5 trillion, thanks to the effects such as the last consumption tax rate hike. However, the primary balance deficit has edged up. Furthermore, while the new government bond issuance decreases, the fiscal discipline under the Fiscal Act is hardly in place, considering the financial supplementation by the Foreign Exchange Fund Special Account and other sources. The government should, in a simple language, explain to the public about the cost-effectiveness of the economic and other measures hereof as well as their consistency with fiscal consolidation targets.
2. To put it more fundamentally, we believe it essential, for protecting the interests of future generations, to step up reform for ensuring the 'ability-to-pay' principle in the social security system and for the existing benefit-and-burden scheme in balancing self-help, mutual help, and public help. Toward FY2022 when part of the baby boomers becomes 75 years old, the fiscal soundness going forward significantly depends on an institutional design for setting up an income threshold for the out-of-pocket medical expenses of those older than 75 years. In this regard, we request the government to have highly transparent discussions before drafting Basic Policy on Economic and Fiscal Management and Reform 2020 and a final report for Planning Meeting on a Social Security System Oriented to All Generations.
3. Looking to realize a virtuous circle of economic revitalization and fiscal consolidation, we, business executives, must pursue self-transformation of our own corporations and will be determined to promote business innovation. We believe our efforts will contribute to the revitalization of Japanese economy.

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