

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on Enactment of Second Supplementary Budget**

1. We appreciate the quick enactment of the second supplementary budget. This additional budget shores up the first supplementary budget, by enhancing employment adjustment subsidies and with measures such as providing rent subsidies and funds for capital and subordinated loan. Japanese economy is now entering a crucial stage for its recovery and thus, the expeditious implementation of the budget is of paramount importance.
2. The ruling and opposition parties have agreed on a 10 trillion-yen, large reserve fund, with its use clarified only for 5 trillion yen. The use of the rest of the fund is to be reported to the Diet in a timely and appropriate manner. We admit that it is realistically necessary in order to ensure the fiscal readiness for responding to unexpected events under the uncertain environment going forward. Having said that, concerns remain over the fiscal moral hazard. From a perspective of fiscal democracy, the government spending in the supplementary budget must go through deliberations at the Diet.
3. The combined government spending for the first and second supplementary budget exceeding 50 trillion yen has been added to the annual budget. Meanwhile, the FY2021 budget is expected to rely on the large issuance of the special deficit-financing government bonds, due to the anticipated decline in the tax revenue as a result of the slumping economy. Efficacy assessment of a series of measures taken against the pandemic must be conducted afterward. Keizai Doyukai will continue its discussions over this issue.

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