

December 21, 2020

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai  
on FY2021 Government Budget Draft**

1. The Cabinet has approved today a draft budget for the fiscal 2021. The general account annual expenditure is ¥106.6 trillion, a record high as an initial budget. The public bond dependency ratio has exceeded 40%. The fiscal 2021 is the last year of the foundation-reinforcement period of “New Plan to Advance Economic and Fiscal Revitalization.” We request the government to swiftly come up with concrete measures to realize a fiscal structure that is sustainable for a long term, with the content in mind of the upcoming Basic Policy on Economic and Fiscal Management and Reform 2021.
2. We appreciate a performance-linked scheme of low-interest rate loans, set up for the realization of carbon neutrality. It is a wisdom to optimize resource allocation on a micro level, which is required to achieve policy goals. Meanwhile, the Fiscal Investment and Loan Program of ¥4 trillion is included in the budget draft for university funds, in addition to the government-financed ¥500 billion in the third supplementary budget of FY2020. Aiming to build world-class innovation ecosystems, we request the government to steadily pursue governance reforms of universities to realize their self-sustained management.
3. In the area of social security expense, a new forum is a vital necessity to delve into the big picture of the benefit-and-contribution scheme, such as the tax system. Through the forum, the government must share its vision for the desired social security systems with the public. Thereafter, full-fledged reforms of each system should follow without failure toward fulfilling the vision.
4. Huge debts to finance measures against COVID-19 should not be shelved as a burden of future generations. Introduction of a temporal special-purpose tax is to be on the table without delay, reflecting the case of the Special Reconstruction Income Tax. We also expect efforts of the government to seek potential of international cooperation for working out a global tax scheme, which contributes to sustainable and inclusive growth of the world economy. The scheme should facilitate financing measures taken for the world’s common issues, such as COVID-19, digitalization, and greening.

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