

**Statement by Takeshi Niinami, Chairman of Keizai Doyukai
on Inauguration of Second Reshuffled Second Kishida Cabinet**

1. The second Kishida Cabinet is inaugurated today after the second reshuffle. We welcome the new ministerial lineup with a focus on continuation of policy measures, as it is vital to respond to policy challenges such as intensifying tensions in the international situation, rising prices, and negative wage growth due to inflation. We are hoping to see the reshuffled Cabinet swiftly address the various challenges that are piling, while accelerating private-sector-driven economic revitalization without reliance on fiscal spending. Facing an opportunity in the pivot point to exit deflation, we are counting on implementation of Prime Minister Kishida's important measures toward a sound development of the national economy.
2. The pressing issue is how to keep the real wage growth back on the right track, away from its sixteen-month continuous negative growth. The wage hike rate after the 2023 "Shunto" spring wage negotiations was the highest for the first time in thirty years, thanks to recovering corporate earnings and the labor shortage. However, it is still behind the inflation, necessitating more effective and urgent measures to be taken for lower electric bills and resolution of "annual income ceiling."^{*1} Meanwhile, for wage hike to continue in the next fiscal year and after, initiatives to raise minimum wage must be promoted to achieve the target of 1,500 yen (in nationwide weighted average) within five years. Service sectors and SMEs are facing serious labor shortages. The government must bolster measures to support those sectors to achieve higher productivity, pass on costs to prices, and improve remuneration, so that they are able to sustainably raise wages.
3. The government's "My Number System" and its relevant policies are part of the essential infrastructure in the digital economy and society. The initiatives to promote them are never to stop, while ensuring the implementation of the policy package for the My Number System and the My Number Card, to aim for their full-fledged overhaul, recurrence preventive measures for administrative errors, and restoration of the public's trust. We request the government to start Reiwa-era digital administrative/fiscal reform in a swift manner, which is initiated by a prime minister-led conference board with a cross-ministerial centralized function. In tandem with this, regulatory reform, administrative reform, national public servant system reform, and the Digital Garden City Nation initiative are all to be rigorously pursued in a package.

^{*1} Translator's note for annual income ceiling:

Japan's tax and social security systems make part-time work a more financially attractive choice for most married women, who make less than a designated ceiling, as their annual income is exempt from income tax and can be claimed by their husbands as a dependent spouse.

4. In the meantime, the Council on Economic and Fiscal Policy should have its function activated, operate with a fiscal discipline to ensure wise spending to aim for a private-sector-led economy, and play a more significant role in steering the economy as a centralized function to oversee the whole government functions.

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