

**Statement by Takeshi Niinami, Chairperson of Keizai Doyukai  
on “Shunto” Spring Wage Negotiations 2024**

1. Most Japanese companies have settled the annual labor-management wage negotiations today for Shunto 2024. As the real wage has continued its declining trend over the past twenty-two consecutive months, many companies have announced wage hikes higher than one year ago. It signals their business decisions well aware of the critical importance to secure the manpower and its retention amid the environment of labor shortages. We welcome the results.
2. Facing a historical pivot point, structural—not short-lived—wage hikes are the key to completely breaking away from deflation and building a new economy and society. It is essential that businesses formulate relevant norms to conform to, so that wage hikes will continue from 2024 as a benchmark year through 2025, and beyond. While labor shortages are stimulating corporate renovation, businesses must go through dynamic transformation to secure talented human resources for corporate growth. For this to happen, there are two aspects to be considered as follows.
  - (1) Wage hikes should be more predictable to secure talented human resources. Linking pay scale hikes with CPI is one of the measures to be studied toward constant rises of the real wage and disposable income.
  - (2) Furthermore, higher productivity is crucial because funds available to finance wage hikes are limited. Besides wage hikes, further enrichment of human capital should be pursued, through promotion of career designing and reskilling, as well as provision of working environment that allows for flexible and various work styles. On another front, investment in technological innovation, such as digital transformation (DX), should increase.
3. Constant wage hikes, including those of SMEs, necessitate passing higher costs, such as in labor costs, on prices. In this regard, the role the government (the Fair Trade Commission) is requested to play is large. An accord is also to be studied, which enables passing higher costs due to CPI growth on prices. Meanwhile, a multi-layered industrial structure should be swiftly delved into. Thorough fact-finding efforts on subcontractors passing costs on prices are to be made for drastic measures to be implemented. Lastly, toward the development of competitive labor market, we request the government to support promotion of career designing and reskilling, as well as resolution of gap in information accessible to businesses and individuals.