

**Statement by Takeshi Niinami, Chairperson of Keizai Doyukai
on Result of 27th Upper House Election**

1. The 27th Upper House election was voted and counted yesterday, and the ruling coalition has failed to secure a majority thereof. This result reflects growing public concern over the existing administration's handling of the governance, stemming from the lack of quick presentation of effective economic measures in response to pressing challenges such as rising prices and tariff measures of the United States. The administration must treat this result with seriousness, swiftly formulate countermeasures to address the nation's urgent issues, and ensure their steady implementation.
2. We had anticipated robust policy debate during the election campaign—centered on a national vision that enhances public well-being, alongside the proposal of a new economic and social model suited to the Reiwa era (2019–). Such a vision and the proposal should have been accompanied by policy measures to realize them. In reality, however, it is hard to assert that the debates occurred in sufficient depth. Instead, party discussions largely concentrated on short-term issues and measures with broad public appeal, such as cash handouts and tax reductions aimed at curbing rising prices.
3. Japan is facing a mounting set of substantive policy challenges, leaving no room for delay in national politics. In particular, a swift resolution is needed regarding U.S. tariff measures, given that several other countries have already reached agreements with the U.S. The government must urgently reassess its negotiation policy—ensuring alignment between ruling and opposition parties—before entering the negotiation with the U.S. without wasting the remaining time.
4. Meanwhile, enhancing Japan's resilience to external shocks has become an urgent priority, as underscored by the recent U.S. tariff issue. In response, we propose concrete measures as shown below. In addition to these measures, we urge the government to uphold fiscal discipline and pursue wise spending based on evidence-based policymaking (EBPM), in light of the anticipated rise in fiscal demand.

(1) Response to rising prices

- Establish wage increase norms of CPI+1% or higher to boost disposable income
- Accelerate realization of a 1,500-yen minimum wage (national weighted average)
- Reduce social insurance costs by reviewing the scope of benefit coverage
- Swiftly restart nuclear power plants that have cleared safety standards to ensure a low-cost,

stable energy supply

- Advance research and development on next-generation energy

(2) Response to labor shortages

- Study a framework that allows for choosing flexible work styles based on the Labor Contracts Act and on the premise of staying healthy, accompanied by a review of conventional work style reforms
- Realize inclusive society through integration of the foreign labor force

(3) Creation of economic dynamism

- Enhance corporate competitiveness through alignment with external corporate partners
- Promote labor mobility that enables competitive companies to gather high-quality talents
- Create a safety network that provides reskilling opportunities for all generations, thereby reinforcing economic dynamism

(4) Promotion of regulatory reform to boost domestic investment

- Foster new markets by dismantling vested interests, facilitating the redirection of excess corporate funds into domestic investment
- Establish Investment Agency (tentative name) as a governmental function offering one-stop services for solutions to investors, aimed at boosting domestic investment

(5) Social security reform

- Strengthen the ‘ability-to-pay’ principle to ease the financial burden on working-age generations
- Practically, implement tighter taxation on financial income, leveraging the My Number System, with the exception of Nippon Individual Savings Account (NISA)
- Undertake drastic reform of the pension scheme, including the phase-out of the Category 3 insured persons system and the participants’ transition to the Category 2 insured persons system.

5. Amid concerns over political instability, we also call on opposition parties—those that gained extra seats in the recent election—to engage in constructive deliberations and parliamentary proceedings. They have a responsibility to meet public expectations by proposing more concrete and viable policy measures.

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