

**Statement by Mutsuo Iwai, Acting Chairperson of Keizai Doyukai
on Comprehensive Economic Measures**

1. The Cabinet has approved the comprehensive economic measures (the “Measures”) today. Three main pillars of the Measures, which aim to recover robust Japanese economy, are (1) enhancing security in people's daily lives and responding to rising prices, (2) building a stronger economy through investments that enhance resilience against potential crises and drive growth, and (3) strengthening our defense and diplomatic capabilities. We appreciate the content of the Measures as they address urgent challenges of Japan head-on.
2. The Measures vow to build a stronger economy through investments that enhance resilience against potential crises and drive growth, showcasing a new framework for the initiatives that improve predictability for investments through multi-year funding scheme, so that strategic investments with public-private partnerships will be facilitated. Aiming for the new initiatives to be more effective, we urge the government to overhaul the domestic investment environment for corporations such as through pursuit of regulatory reforms and deregulations that are Japan’s long-lasting challenges. At the same time, we hope for a bottom-up enhancement of Japan’s potential growth by advancing investment and employment initiatives, including the exploration and implementation of flexible work styles that accommodate the diverse needs of working individuals.
3. Measures for rising prices include expansion of grants to local regions for prioritized assistance, assistance for electricity and natural gas bills, the smooth abolition of the provisional tax rate on gasoline, and the use of subsidies until these measures take effect. We expect these measures to mitigate hardship of people's daily lives. Meanwhile, from the perspective of maintaining fiscal discipline and ensuring fiscal sustainability, it is essential to deepen discussion on securing stable revenue sources to offset the tax reductions resulting from these measures.
4. We understand that the Measures announced today are intended for the guidance of economic management under the concept of “responsible and proactive public finances.” What is most important is the implementation of truly necessary policies to build a robust Japanese economy. In recent financial markets, long-term interest rates have been rising and the yen has been weakening. Remaining vigilant to these market signals, we urge the government to pursue fiscal management consistent with “responsible and proactive public finances,” through wise spending based on evidence-based policymaking (EBPM) and related initiatives.