

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on Cabinet Approval of
“Basic Policy on Economic and Fiscal Management and Reform 2021”**

1. Today, the Cabinet approved the “Basic Policy on Economic and Fiscal Management and Reform 2021.” On the fiscal management front, the fiscal stimulus package to conquer the COVID-19 pandemic is incorporated into the Basic Policy, while holding fast to the policy of achieving FY2025 targets for the fiscal consolidation. However, we cannot prepare for another crisis without realizing the sustainable fiscal structure. When reconsidering the target year of the fiscal consolidation sometime this year, the government must present for the public the effective reform plan, together with a concrete approach to reach the targets.
2. The reform of the social security system is absolutely necessary to promote investment and consumption by removing the younger generation’s worries about the future. We must face it as an important challenge in Japan’s growth strategy. From this perspective, we welcome this Basic Policy as it aims to address the issue of putting the brakes on the rising burden of the working-age generation, as well as the issue of ‘ability-to-pay’ principle, in a comprehensive and urgent manner. Going forward, we hope to see progress in the issues by following the reports made by the Planning Meeting on a Social Security System Oriented to All Generations, and with participation of diverse stakeholders.
3. We have requests in relation to the measures for new growth, such as green new deal and digitalization. First, they must have appropriate key performance indicators (KPIs) toward the realization of growth—a genuine goal. Second, they must go through constant evaluation and efficacy checks during the implementation process. And third, their implementation policies and business continuity must be reviewed and verified. Meanwhile, we appreciate the policy of strengthening economic national security. Today, geopolitics is inseparably linked to the economy and corporate management. Thus, a close dialogue and information sharing between the government and the private sector are essential for deployment of measures that suit economic conditions.
4. A series of responses to the pandemic have revealed that there remain many regulatory and institutional hurdles in various systems such as healthcare and education. If we successfully reform these systems root and branch, while incentivizing individuals and businesses—full of ideas and desire—to take on challenges, it will help drive a recovery from COVID-19 and new growth. We will pursue social reform in full force with self-awareness that it is the role corporate executives play.