

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on New Economic Stimulus Package**

1. Japan's new economic stimulus package was approved by the cabinet. It is a record 55.7 trillion yen on a fiscal expenditure basis. As a driver for the "new capitalism," we expect the package to lead to a prompt support for individuals and companies seriously suffering from the impact of the COVID-19 pandemic, as well as to an investment that secures economic revitalization and growth going forward.
2. The effect of the package is more important than its size. The government must assess the status of the budget execution for the package as well as its policy effect, along a meticulous and agile PDCA cycle. This applies to government's previous packages as well. The Board of Audit has recently identified cases of substantial amount of budget either carried forward or unused for various measures against COVID-19. These may be unavoidable incidents under a state of emergency. Having said that, we still request the government to carefully examine these cases to aim for improvement in the budget execution from now on.
3. A great interest from the perspective of economic national security is the inclusion of unprecedented measures in the package, such as assistance to domestic production locations of advanced semiconductors. It should not be transitory assistance. There must be an institutional scheme for this, which clearly exhibits an effective government initiative to address Japan's geopolitical risk, and a mission to be accomplished by the companies involved.
4. The promotion of wage hike is also in the package as part of the distribution strategy. We, business leaders, must sincerely face what is cynically called the "government sponsored wage hike," while taking on the challenges in various innovation and appropriately allocating its fruits. Meanwhile, compensation for essential workers in the community, such as nurses, caregivers, and child carers, should be determined based on a scheme that reflects value and quality each worker offers as well as his/her ability. In this regard, the vested interests of relevant business bodies are to be broken down.
5. Detailed talks on funding the package have been postponed. An economic and fiscal management, with a view on achieving sustainable long-term fiscal health, is imperative. Furthermore, on top of the urgent economic package in response to the crisis, the government must craft a private-sector-driven growth strategy with a focus on supporting companies to take on challenges in innovation unique and specific to each company. This is essential to lift up the economy to an autonomous growth trajectory. Keizai Doyukai will support the government by offering concrete policy proposals.