

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai  
on FY2022 Government Budget Draft**

1. The Cabinet has approved today a government budget draft for the fiscal 2022. The general account total expenditure is ¥107.6 trillion, of which national debt service is ¥24.3 trillion. Both figures are record highs for an initial budget.
2. The government policy target to keep the real growth of social security in check has been achieved, as far as the growth is within the natural increase due to the aging of the population. However, with the postwar baby boomers becoming the elderly aged 75 or over, restraints on social security are not enough to optimize the burden of working-age generations and dispel their anxiety for the future. The Meeting on a Social Security System Oriented to All Generations must further discussions over far-reaching institutional reform for rebalancing benefits and contributions. Meanwhile, the vision of community healthcare needs to be crystallized soon toward the realization of a healthcare delivery system even during crises.
3. The FY2022 draft, like FY2021, has budgeted ¥5 trillion for contingency funds for COVID-19. There still remain many factors to be uncovered for the omicron variant. Having said that, the government must swiftly relieve the country from the alert mode in fiscal, economic, and social activities by promoting booster shots without delay. What we want to see now is an improvement in efficacy of the government spending through reshuffling the initial budget, and normalization of the country's fiscal status, such as squeezing the size of supplementary budgets.
4. Estimated tax revenue is a record ¥65.2 trillion. The government plans, by the end of FY2021, to assess the impact of the pandemic on the country's economic and fiscal status, while reaffirming the target year for the primary surplus. It is to be stressed that a plan based on an optimistic scenario could lack reality, thereby undermining the benefits of the future generations. We reiterate the importance of the Independent Fiscal Institution (IFI) to be set up soon, and the government must present the public with facts and policy options based on neutral forecasts that are objectively verifiable.
5. Significant incidents, such as unknown infectious diseases and devastating natural disasters, could occur in the future, and have to be responded with emergent and large public spending. The government must have robust and sustainable fiscal structure that allows for such response. Bearing that in mind, each citizen is requested to play his or her responsible role.