



December 8, 2017

**Statement by Yoshimitsu Kobayashi, Chairman of Keizai Doyukai
On New Economic Policy Package**

1. *The new economic policy package* approved by the Cabinet today correctly focuses on aging society with fewer children, which must be addressed before achieving the goal of sustainable economic growth. We expect government's execution of the two agendas in *the package* like the two wheels on an axle. The first is *productivity revolution*—the medium-term challenge for a concentrated investment by FY 2020—and the second is *human resources development revolution*—the long-term challenge for building a basis for a new framework by FY 2020.
2. The increase of consumption tax rate to 10% in October 2019 is now even more essential as the 1.7 trillion-yen funding of *the new economic policy package* assumes the tax hike as a prerequisite. Without it, *the package* will lose the funding and will be unimplementable. The 300 billion-yen corporate contributions are acceptable from the perspectives of corporate citizen's responsibility and social contribution. Further, we consider it reasonable that the introduction of the effective tuition-free system to private high-schools will be funded through spreading the impact of the existing system evenly over one year.
3. Whereas, the government generally should not include in *productivity revolution* any numerical targets for items private sectors should determine and implement with their own responsibilities. In this regard, the government is to fulfill its accountability from a viewpoint of EBPM, or evidence-based policy making, for targets such as 10% capital expenditure growth by FY 2020 against FY 2016, stable 3%+ annual wage increase from FY 2018, and annual 2% labor productivity rise.