

**Economic Policy Speech by Kiuchi Minoru, Minister of State  
for Economic and Fiscal Policy, to the 221st Session of the  
Diet**

February 20, 2026

## 1. Introduction

As the Cabinet Office Minister of State for Economic and Fiscal Policy, I hereby present my policy address.

## 2. Basic Stance on Economic and Fiscal Management

### (Purpose of Economic and Fiscal Management)

The Takaichi Cabinet has set as its top priority the realisation of a “Strong Economy” that turn people's unease and apprehension over their daily lives and the future into hope.

To this end, we will sever the trends of excessive austerity and underinvestment in the future, both of which have persisted for many years indeed. We will instead decisively shift toward what we term “responsible and proactive public finances.” Under this approach, we will carefully identify the measures that must be taken at present and implement bold and strategic investments that enhance resilience against potential crises (“Crisis Management Investments”) and investments that promote growth (“Growth Investments.”) Through these initiatives, we will enhance Japan’s potential growth rate by ensuring that people feel secure and at ease in their daily lives and livelihoods, increasing employment and income. “Responsible and proactive public finances” does not mean shifting burdens on to future generations. Rather, it means that the present generation must

assume responsibility for laying the foundations upon which future generations can work, innovate, and live with pride in this country. We live in an era when neglecting investment would itself constitute the most irresponsibility.

In major advanced economies, neoliberalism approach that relies excessively on market force—that is, relying too heavily on market function—is being converted. To put it in another way, economic policy is undergoing a paradigm shift, much as the transition from a geocentric to a heliocentric worldview transformed our understanding of the universe. Today, advanced economies are strengthening strategic public-private investment in key sectors to safeguard national foundations and enhance long-term growth capacity. The world economy has entered a phase of profound and irreversible structural transformation. Japan must strongly promote economic and fiscal management that responds to the needs of the times. The ultimate purpose of economic and fiscal management is to enhance the prosperity of each and every citizen.

Without conflating means with ends, we shall review past assumptions without hesitation and enable the public to deliver the fruits of economic growth broadly.

It is essential that the approach of the economic and fiscal management of the Takaichi Cabinet—often referred to as “Sanaenomics”—be understood and supported both domestically and internationally. We will therefore strengthen our agile and strategic public communications. I will personally stand at the forefront of this

effort and proactively disseminate information.

(Fundamental Approach of Economic and Fiscal Management)

Under the concept of “responsible and proactive public finances,” and with sufficient consideration given to fiscal sustainability, we will employ strategic fiscal policies to fortify Japan’s supply structure.

Through these measures, we will build a “Strong Economy” by ensuring that people feel secure and at ease in their daily lives and livelihoods, increasing employment and income, and fostering in people a more positive attitude toward spending, with business profits then improving. By manifesting this economic virtuous cycle, the Japanese people should feel tangibly the fruits of economic recovery such as wage growth, stability of employment, and revitalization of regional economies, and turn people’s unease and apprehension over the daily lives and the future into “hope.”

At the same time, by ensuring that the growth rate of government debt remains below the growth rate of nominal GDP, we will steadily reduce our government debt-to-GDP ratio by keeping the rate of expansion of government debt in check so as not to exceed our rate of GDP growth. In this way, we will bring about fiscal sustainability and ensure that we maintain the confidence of the market. The January “Medium- to Long-Term Economic and Fiscal Projections” indicate a

steady improvement in fiscal conditions.

We will push forward ambitiously with investment-promotion policies through the use of budgets providing fiscal outlays across multiple fiscal years and long-term funds. This will enable business operators to engage in research and development and undertake capital investments with confidence. In particular, with regard to Crisis Management Investments, Growth Investments, and other investments that also contribute to GDP growth by generating returns that surpass the amount of the investments themselves, we will introduce an administrative mechanism with a separate heading in the budget over multiple fiscal years so that they also lead to reductions in our debt-to-GDP ratio. Also, we will not assume that a supplementary budget will be compiled each fiscal year and will instead allocate all necessary funds within the initial budget. We will advance discussions of the approach to budget formulation toward this year's Basic Policy on Economic and Fiscal Management and Reform.

We will continue to pursue both a "Strong Economy" and "fiscal sustainability," thereby fulfilling our responsibility to future generations through bold and globally informed economic governance.

I would now like to describe economic and fiscal management for the immediate future and the forward priority tasks under this basic stance.

### 3. Economic and Fiscal Management for the Immediate Future

The Japanese economy stands at a juncture that will determine whether we can successfully shift from a long-standing “deflation and cost-cutting economy” to a new “growth-oriented economy,” one where wages for the people and corporate investment increase. Although the economy is currently on a moderate recovery path, structural challenges—such as a weak potential growth rate—remain. The Government will take the lead in amplifying the recovery momentum and extending its benefits to regions, SMEs, and small businesses across the country, ensuring that people nationwide can tangibly experience “economic improvement.”

Accordingly, last November, the Takaichi Cabinet compiled comprehensive economic measures structured around three pillars to build a “Strong Economy” that transform anxiety into confidence:

Pillar One: “Ensuring Security in People’s Daily Lives; Measures to Address Rising Prices”

“The Priority Support Local Allocation Grant” is being implemented nationwide. Child-rearing support allowance of 20,000 yen per child are scheduled for payment in most municipalities within the fiscal year. Assistance to reduce electricity and natural gas bills for usage between January and March has also been provided.

Pillar Two: “Crisis Management Investments and Growth Investments”

We will promote proactive investment through public-private collaboration in 17 strategic fields, alongside support for advanced technologies, protecting livelihoods and generating the next wave of growth.

Pillar Three: “Strengthening Defense Capability and Diplomatic Power” We will advance the fundamental reinforcement of defense capabilities and promote a “Free and Open Indo-Pacific.” We will take necessary measures to implement the Japan-U.S. Strategic Investment Initiative in response to U.S. tariff measures. We will protect the peace and stability of our country and ensure the foundation of economic activity and people’s daily lives.

Approximately 80 percent of these measures are expected to be accessible to citizens and businesses by the end of the fiscal year. We will swiftly implement the FY2025 supplementary budget and deliver the corresponding support.

The FY2026 budget also incorporates numerous forward-looking “bold investment” measures designed to generate a “virtuous cycle of investment and growth.”

For FY2026, real GDP growth is projected at approximately 1.3 per cent, and nominal growth at approximately 3.4 percent.

#### 4. Japan’s Growth Strategy

“Crisis Management Investments” are the core focus of the Takaichi Cabinet's

growth strategy.

By promoting strategic investments that the public and private sector will implement preemptively, developing products, services, and infrastructure that contribute to the resolution of issues faced in common by countries around the world will make them available both domestically and internationally, which will then lead to Japan's further growth. In 17 strategic fields—including quantum technologies, aviation and space, content, and drug discovery—we will combine supply side measures, including multi-year budgetary commitments for enhancing predictability, with demand-side measures such as public procurement and regulatory reform.

Notably, starting next month, we will set forth a roadmap for public-private investment in cutting-edge technologies and in fields where growth is expected. We will use this as material for considering solutions and also tackle cross-sectoral issues. As foundational efforts to build a “Strong Economy,” we will compile solutions for eight cross-cutting challenges, including establishing a new technology-based nation, enhancing competitiveness, and human resource development. Moreover, to what extent will private-sector investment be promoted, based on those solutions and government support measures? By clarifying the extent in quantitative terms in “the Japan's Growth Strategy” to be compiled this summer, it will be possible to have a clear view of the contribution to GDP growth

and to increased tax revenue. These results will be duly reflected in “the Medium- to Long-Term Economic and Fiscal Projections.”

As Minister in charge of Startups, I will strengthen Japan’s startup ecosystem. As Minister in charge of Developing an Environment for Wage Increases, I will ensure sustained wage increases that exceed price inflation.

## 5. Initiatives for Japan’s Future Development

### (CPTPP)

Regarding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), including commencement of an accession process with Uruguay, Japan will maintain the high standards of the agreement while strategically expanding its membership. We will play a leading role in maintaining and strengthening the rules-based free trade system through measures such as the upgrade and enhancement of the agreement as well as the dialogue with the EU and ASEAN.

Furthermore, by implementing measures based on the TPP-Related Policy Framework, we aim to further contribute to Japan's economic growth. Within the free and open international order, Japan will fulfill its responsibilities as a trusted leading country.

### (Regulatory Reform)

Through regulatory and institutional reform, we will promote private investment and innovation, enabling businesses to undertake long-term challenges.

To overcome challenges such as demographic and technological changes and to drive growth in the Japanese economy and revitalize regional areas, we will advance discussions at the Council for Regulatory Reform. Adapting to changes in the times and environment, as well as technological advancements, we will thoroughly implement user-oriented regulatory and institutional reforms including rationalization such as strengthening, relaxing, and clarifying regulations in fields closely connected to people's lives and of high social and economic importance. We will achieve both safety and convenience, and create a society where everyone can live with peace of mind and take on new challenges.

## 6. Ensuring the Sustainability of the Economic and Social System

### (Social Security Reform for All Generations)

Social security is the foundation of our nation, enabling every person to live and work with dignity and hope. In the face of accelerating population declines and a rapidly aging society with a declining birthrate, it is essential that the reforms we pursue earn the broad understanding and confidence of the people.

To this end, under the framework of a nonpartisan “National Council,” we will work toward reaching a responsible conclusion on “the integrated reforms of

taxation and social security” —including the balance between benefits and burdens, “the design of a system for refundable tax credits,” and a temporary two-year zero rate of consumption tax on food items. We will engage in intensive discussions with representatives from both the ruling and opposition parties as well as with experts, and move our deliberations forward swiftly.

We will not rush to conclusions, relying solely on majority rule. We will give full consideration to even the quieter voices and emerge with a conclusion.

We will make every effort to realize a warm and inclusive social security system—one in which people of all generations can live without anxiety about the future, supported by their local communities, and where security provides the foundation for hope so that the next generation can pursue their dreams with confidence.

#### (Preparedness for the Next Pandemic)

To ensure full countermeasures against the next infectious disease crisis, based on “the National Action Plan for Novel Influenza, etc.,” revised in July 2024, the Government will strengthen preparedness in normal times through follow-up on the implementation status and effective training. Based on scientific knowledge and international cooperation frameworks, the Government will continue to strengthen the system that protects the lives and livelihoods of the people.

## 7. Conclusion

The world is now at a major turning point. Each nation is striving to secure the foundations of people's livelihoods and economies through investments in the future.

Japan must also have faith in the strength of our people—"the latent power and vitality of Japan and the Japanese people"—and pass on to the next generation a nation filled with hope and pride.

This is not populism. It is a conviction that the power of Japanese citizens—people's power—is the true engine of growth.

The Government will take the lead in creating the conditions for that growth, seizing global transformation as an opportunity, and building an economy and society in which all can live with security.

Japan will surely have a bright future.

I humbly request the understanding and cooperation of the people and the Members of this House.