



## 2026 New Year Message

### Realizing a Sustainable Society Through Economic Growth

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Keizai Doyukai  
(Japan Association of Corporate Executives)

#### Turning signs of change into firm growth

Globally, as seen in the stalemate in ceasefire talks between Ukraine and Russia, the difficulties in advancing a ceasefire between Israel and Hamas, and US tariff measures, the international order established in the post-World War II era and reshaped after the Cold War is undergoing major change. Domestically, challenges such as a declining birthrate and aging population, labor shortages, and fiscal discipline are increasingly intertwined and complex, and can no longer be resolved through simple, one-dimensional solutions. In addition, as the economy has shifted from deflation to inflation and real wages remain sluggish, people's livelihoods are under strain.

At the same time, positive signs are emerging, including advances in technology, expanded investment aimed at revitalizing domestic industry, a rise in startups, and greater labor mobility. Today, we can say that Japan has been given an exceptional opportunity to build a brighter future, even as significant risks remain. To translate this opportunity into firm growth, the nation must undertake a major shift away from long-standing institutions, systems, and policies premised on population growth and rapid economic expansion—or on deflation—and consider the society the people seek to realize, debate what must be addressed to achieve it, and transcend individual standpoints to work together. Externally, it is also important for the public and private sectors to work in tandem, aiming to strengthen the self-reliance that enables Japan to protect itself on its own, ensure the national interest, and connect these efforts to economic growth.

The practice of collaborative capitalism at Keizai Doyukai is one mechanism for realizing a sustainable society through economic growth. Collaborative efforts in which diverse sectors work together to address social issues are intended to contribute to economic growth, strengthen inclusivity, prevent social fragmentation, and build a sustainable society, by solving challenges through innovation.

In 2026, through these efforts, we aim to make this a year in which the positive signs now coming into view are turned into firm growth.

## **1. Initiatives by corporate executives and companies: Practicing collaborative capitalism by strengthening corporate competitiveness**

### **(1) Building earnings power in core businesses and strategically reinvesting profits**

To make the principles of collaborative capitalism truly effective, companies must demonstrate a virtuous cycle model, whereby they first establish robust earnings power in their core businesses and then strategically reinvest profits in solving social challenges.

The essence of collaborative capitalism is to strengthen competitiveness in the core business and simultaneously create social value in corporate management. While keeping in mind the principle that there can be no social contribution without profits, corporate executives must also ensure those profits are deployed to build the foundations for sustainable economic and social development, including next-generation development, investment in local communities, and the creation of innovation. We believe that the aggregate effect of companies practicing collaborative capitalism in this way will sustainably strengthen Japan's economic capacity.

### **(2) Strategic alliances to strengthen corporate competitiveness**

Continued wage increases are important as a response to rising prices, but achieving this requires higher productivity. Competitive companies can make bold investments in acquiring capable talent and advancing digital transformation (DX) initiatives, enabling productivity gains, while companies that lack the capacity to do so on their own must pursue strategic alliances in order to compete and prevail.

Revitalizing corporate and industrial renewal and restoring the dynamism of the economy are essential not only to improving the earnings power companies need to practice collaborative capitalism, but also to strengthening Japan's industrial competitiveness.

## **2. Enhancing Japan's potential for growth and the resilience of the economy and society**

To turn signs of change into firm growth, Japan must raise its potential for growth through

measures such as promoting the participation of diverse talent including foreign professionals, driving artificial intelligence (AI) adoption and other technological innovations, and expanding domestic investment.

Economic strength is an indispensable element in sustaining national power that supports a country's self-reliance and national interests. Accordingly, building a stronger economy through investments that enhance resilience against potential crises and drive growth, as the Takaichi administration advocates, is the most critical issue shaping Japan's future trajectory. In executing this as a growth strategy, the public and private sectors must work together, in particular to shift toward an economic structure suited to digitalization, create new industries that will drive the next era, and advance technological innovation.

These objectives must be achieved in tandem with building a stable society free from division.

**(1) Promoting the participation of diverse talent and improving labor productivity**

To enable diverse talent to thrive, Japan should eliminate the so-called annual income wall to resolve the problem of people holding back from work, and, premised on safeguarding health, advance consideration of a framework under the Labor Contracts Act that allows companies and self-directed, motivated individuals to enter into flexible contracts. In addition, Japan must promote expanded investment in generative AI, physical AI, and other new technologies that raise productivity through labor saving and unmanned operations, as well as strengthen support for upskilling the talent essential to deploying these technologies effectively.

Moreover, promoting the participation of foreign talent across a wide range of fields is also an urgent priority. To build a society that is inclusive of diverse workers from overseas, we call for the enactment of a basic law that sets out the definition and guiding principles for a society that successfully integrates foreign talent, as well as the roles of the national government, local governments, and companies, and the necessary fiscal measures, among other matters.

**(2) Accelerating structural transformation of the economy through strategic investment**

Sustained growth is generated by private-sector investment; and government investment that serves as a catalyst, along with tax incentives such as immediate depreciation, can be effective in creating an environment that encourages such private investment. Going forward, we hope to see regulatory reform and deregulation advanced to further enhance

the attractiveness of Japan's investment environment.

Meanwhile, where the government invests through fiscal measures, it is necessary to clarify objectives and set priorities accordingly. Semiconductors, AI, and energy are particularly important. At the same time, while advancing DX initiatives, it is necessary, from the perspectives of industrial competitiveness and economic security, to reduce the digital deficit in the balance of payments and shift to a structure in which wealth accumulates domestically even in the digital economy. To this end, Japan should move beyond the conventional policy framework of AI and semiconductor support and promote strategic investment for integrated development of the computing infrastructure, data centers, and energy infrastructure that run AI.

To secure rare earths, for which demand will rise as DX and green transformation (GX) initiatives move forward, stronger public-private collaboration is essential. Japan should simultaneously advance cooperation with other countries to diversify procurement sources, seabed resource development, recycling, strategic stockpiling, and the development of alternative technologies; and the public and private sectors should work together to strengthen supply-chain resilience.

### **(3) Foreign and security policy to respond to changes in the international order**

Strengthening intelligence capabilities is an urgent priority in order to address the increasingly complex risks in diplomacy and security. To consolidate intelligence functions currently dispersed across multiple ministries and agencies into an effective organization, we expect concrete discussions on institutional design to be accelerated, including establishing a command function that prevents siloing, providing budgets, staffing, and authority, and coordinating with private-sector crisis management.

To respond to the increasingly severe security environment and strengthen deterrence, in addition to reinforcing defense capabilities and deepening the alliance with the United States, Japan must strengthen cooperation with Quad partners India and Australia, as well as like-minded countries such as South Korea and the Philippines. With respect to defense spending, Japan should prioritize expenditures and build an effective deterrence and defense posture, rather than simply increasing outlays. In addition, to strengthen regional deterrence through cooperation with the Quad and like-minded countries, it is important to analyze and learn from Europe's sense of crisis informed by US security policy and the initiatives based on that awareness.

### **(4) Maintaining fiscal discipline and strengthening ability-to-pay principles in social security**

As maintaining market confidence in public finances becomes increasingly important, policies that are easily accepted by the public, such as cash handouts and tax cuts, should not be expanded indiscriminately. Only measures that are genuinely effective should be implemented, with appropriate funding secured. In fiscal management, it is essential to move beyond slogans and implement wise spending based on evidence-based policymaking thoroughly and responsibly.

In fact, in the government's comprehensive economic measures announced last November, steps such as expanding grants to local regions for prioritized assistance and abolishing the former provisional tax rate on gasoline were introduced as measures to address rising prices. However, stable funding sources have not been secured for the resulting tax reductions, making early discussion imperative.

With regard to the social security system, burdens should be aligned more with individuals' economic circumstances, regardless of their age, through data management mechanisms linked to the My Number personal identification system. In addition, it is necessary to curb social insurance premiums, for example by reviewing the scope of public health insurance benefits, and thereby improve the disposable income of the working generation.

Furthermore, alongside maintaining fiscal discipline and the social security system, discussions are required on the overall structure of the tax system and on the appropriate balance between benefits and burdens in social security, from the perspective of sustained growth.

## **(5) Fundamentally resolving political funding issues and strengthening party governance**

As the party system becomes increasingly fragmented against a backdrop of more diverse voter values, political leadership capable of building consensus on critical policy issues such as those outlined above has become even more important. To enable such leadership, it is necessary to restore public trust in politics and renew efforts to realize policy-driven politics led by political parties.

To this end, we first call for a fundamental resolution of political funding issues. Transparency in the expenditure of political funds must be rigorously ensured. Specifically, this requires a complete ban on cash transactions, prohibiting individual members of the Diet from holding multiple political organizations, and establishing an open database management system.

Furthermore, beyond political funding issues, a Political Parties Act should be enacted to strengthen party governance. Parties that receive public subsidies should be recognized

as bearing public responsibilities, and the authority and functions of internal party bodies should be stipulated in that law.

### **3. Initiatives by Keizai Doyukai: Returning to the founding spirit on its 80th anniversary**

Keizai Doyukai will mark the 80th anniversary of its founding in April 2026. At the time of its founding, young corporate executives, faced with the devastation of the post-World War II period, were firmly resolved to build a new Japan. The aspirations of the founders have been continuously carried forward since the organization's inception and remain alive today.

Corporate executives participate in their personal capacities and engage in activities that transcend the interests of individual companies and industries. In other words, Keizai Doyukai possesses a unique character in that it seeks to generate transformations that broadly benefit society through discussions and actions grounded in the perspectives and insights of individual corporate executives.

Eighty years after its founding, the economic and social landscape has changed dramatically, and the challenges it faces have become more complex. Addressing these challenges requires not only the coming together of diverse corporate executives differing in age, gender, nationality, organizational size, and industry, but also collaboration with a wide range of stakeholders.

Grounded in the founding spirit, and through open and vigorous discussion among diverse corporate executives, mutual learning and exchange, and the executional capacity to transform the organizations they lead by applying the insights and knowledge gained through these processes, we aim to further strengthen these activities to create impact in society and to realize the continued growth and evolution of Keizai Doyukai.