

Germany approves 2026 budget with record investment plans



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Berlin, July 30 – Germany’s federal cabinet has approved the draft budget for 2026, outlining record investment levels for a second consecutive year, as the government prioritizes economic recovery, modernization, and national security.

The draft, presented by Finance Minister Lars Klingbeil, sets total expenditures at 520.5 billion

euros (approximately 597 billion U.S. dollars), reflecting a 3.5 percent increase from the previous year. Public investment is expected to reach a new high of 126.7 billion euros, with major funding earmarked for defense, transportation infrastructure, and housing development.

“This budget is about protecting jobs and building a stronger, fairer Germany,” Klingbeil said.

“We are investing in the future, not just balancing the books.”

While the proposal has been welcomed for its bold vision, it also raises concerns over long-term fiscal sustainability. A large portion of the spending will be financed through special off-budget funds, which some critics argue sidestep Germany’s constitutional debt limit and obscure the true borrowing level.

The plan also reveals a projected funding gap of 172 billion euros through 2029—around 30 billion euros higher than previously estimated. The shortfall is largely attributed to proposed corporate tax cuts and support for state and local governments.

Having received cabinet approval, the draft now moves to the Bundestag for parliamentary debate and final approval in the coming months.

(Exchange rate: 1 euro = 1.15 U.S. dollars)