



# The Weekly Observer

Oct. 23-27

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

## Kishida Opens Extraordinary Diet Session with Policy Speech

On Monday, **Prime Minister Kishida Fumio** delivered a policy speech to open the extraordinary Diet session, emphasizing “**the economy, the economy, the economy**” as the priority.

Kishida outlined the **two pillars** of his approach — **bolstering Japan’s supply capacity and providing returns to the people to combat inflation**. He did not mention specifics of the **tax cut**.

Pillar one involves implementing measures like **large-scale investment** in critical areas like semiconductors and **tax cuts** to create an environment for sustained wages hikes and robust investment, in the **next 2-3 years**.

Pillar two involves “**returns**” to **citizens** on higher tax revenue through the **economic package** and an **extension to gas and utility subsidies** until April 2024.

## PM Outlines Tax Cut Plan

On Thursday, Kishida revealed the **GOJ’s tax cut plan**, which he described as **giving back to citizens for the ¥3.5 trillion increase in tax revenue over the past two years**.

The plan includes a **¥70,000 cash handout to low-income households as early as possible** and a **¥40,000 flat rate income and resident tax cut in June 2024**. Kishida indicated that the tax hike for defense spending will be **delayed until at least FY 2025**.

The plan has received **criticism** from both ruling and opposition parties — the former is **unhappy with the PM pre-announcing the plan** before in-party discussions, while the latter argues the **PM is deceiving voters** by proposing a tax cut before a tax hike.

The **LDP Tax Research Commission** plans to finalize the plan by the **end of the year**.

## Cabinet Approval



-% (-)

-% (-)

## State of the Economy

**IMF Nominal GDP Projections:**  
Japan to fall to 4<sup>th</sup> globally behind Germany  
Likely to fall under India in 2026

## Regional Economic Report (October):

“Slowly recovering”  
Raised assessment in Hokkaido, Tokai, Kyushu, and Okinawa

## Weighted Median CPI (September)

+2% (first time since Jan. 2001)  
All 3 of BOJ’s measures of underlying inflation topped 2%