

The Weekly Observer

October 21-25, 2024

The 143rd edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the Japan-PRC high level maritime dialogue, progress on GCAP, the run-up to the Lower House election, a brewing new political scandal, government support for Rapidus, Japan's nomination for ADB president, and more.

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I. News of the Week

1. Foreign Policy Developments

- On Wednesday, Japan and the People's Republic of China [held](#) the seventeenth high-level dialogue on maritime affairs in Tokyo, where the Japanese side stated its position on the Senkaku situation, buoys in Japan's exclusive economic zone, territorial incursions by PLA aircraft, unilateral resource excavation, and other issues.
- *Nikkei* [reported](#) Tuesday that Prime Minister Ishiba Shigeru will attempt to visit the United States for the first time as Japanese leader following the U.S. presidential election on November 5. He aims for an early meeting with the president-elect.
- Minister for Foreign Affairs Iwaya Takeshi [held](#) a telephone meeting with Filipino Secretary for Foreign Affairs Enrique A. Manalo, where the two discussed regional and global issues and agreed to further deepen cooperation in various areas toward the seventieth anniversary of the normalization of bilateral diplomatic relations.
- Iwaya [held](#) a telephone meeting with Vietnamese Deputy Prime Minister and Foreign Minister Bui Thanh Son, where the two agreed to promote cooperation in various fields, including people-to-people exchange, economy, economic cooperation, and security.
- On Monday, National Security Secretariat Secretary General Akiba Takeo [held](#) a telephone meeting with PRC Foreign Minister Wang Yi to exchange views on North Korean affairs and the stabbing incident that led to a Japanese schoolboy's death.
- Iwaya [held](#) a telephone meeting with Iranian Foreign Minister Seyyed Abbas Araghchi, where he expressed Japan's serious concern about the increase of tensions in the Middle East and urged all sides to exercise restraint.

2. Defense/Security Developments

- On Friday, a ministerial meeting toward improving the working conditions for JSDF officers [convened](#) for the first time. The grouping is expected to discuss a range of issues from allowances and salaries for JSDF officers, improvement in employment environment, to enhancing support for re-employment after retirement.
- On Monday, Minister of Defense Nakatani Gen [announced](#) that former Vice Minister of Defense for International Affairs Oka Masami would head the GCAP International Government Organization (GIGO), the administrative coordinating body in charge of managing the Japan-U.K.-Italy next-generation fighter jet project.

- The Ministry of Foreign Affairs (MOFA) [announced](#) that the inaugural Japan-U.S.-Philippines Cyber-Digital Dialogue was held in Singapore on October 18. The three sides exchanged views on issues including CERT-to-CERT cooperation, Open RAN, undersea cables, and capacity building.
- MOFA also [announced](#) that Japan, South Korea, and India held its first director-general level “policy planning dialogue” in Seoul, discussing a range of issues including security challenges in the Indo-Pacific region.
- On Sunday, the Ministry of Defense (MOD) [announced](#) that Nakatani attended a trilateral defense ministerial meeting over the weekend with his British and Italian counterparts. The ministers agreed on accelerating preparatory work toward starting the GCAP, including signing an initial contract between the Joint Venture and GIGO.
- On Saturday, Nakatani [held](#) a bilateral meeting with U.S. Secretary of Defense Lloyd Austin. The ministers agreed that they should not tolerate unilateral changes to the status quo by force or coercion, and that discussions would continue toward upgrading command and control frameworks and defense industrial cooperation.

3. LDP and Komeito Face Tough Test to Maintain Lower House Majority

- As the Lower House election hit its second week of campaigning, media outlet surveys began to show even tougher projections for the ruling coalition.

Late Stage Media Surveys on Election Outlook (as of October 25)					
	Seats	Nikkei	Yomiuri	Mainichi	Kyodo
LDP Komeito	279	Unclear whether they keep majority; LDP unlikely to keep majority	Competition for majority; LDP unlikely to keep majority	Questionable whether ruling parties keep majority; LDP under 200 seats	Questionable whether ruling parties secure majority; LDP possibly loses significant seats
CDPJ	98	Targeting 150 seats	Greatly increase	On course for large seat increase	Targeting 100 SMDs
Ishin	43	Struggle outside Kansai	Uncertain whether seats maintained	Could fall below 43	Fall below 43 seats
JCP	10	Could increase from 9 seats	Momentum toward increasing PR seats	Could fall below 9 PR seats	Momentum toward gaining seats
DPFP	7	On course to 20 seats	Certain to gain	Looking to triple seats	Projected to increase
Reiwa	3	At least double	Could get seat	Momentum toward doubling seats	Adding in PR
SDP	1	Targeting 1 seat	Could get seat	Certain to keep 1 seat	1 SMD within target
Sanseito	1	Could get multiple seats	Could get seat	Could secure seat	Unlikely to get seat

- Last week, the LDP and Komeito were expected to maintain a majority in the Lower House, though the race for the majority was closer than many anticipated.

- The tides seemed to change in the opposition's favor as the week progressed, with the ruling parties struggling to hold on to and compete for districts held by opposition incumbents.
- In [one survey](#) by Mainichi, 48 percent of the forty-four races where so-called slush fund lawmakers/candidates were competing in were designated as "leaning" toward the opposition candidate, with only 34 percent "leaning" toward LDP candidates.
- The surveys also [found](#) that while the main opposition Constitutional Democratic Party stood to gain as the main opposition, the Democratic Party for the People (DPFP) — an offshoot of the Democratic Party of Japan — also stood to gain among younger voters, with expectations that the party would double or triple its seat total.

4. Political Developments

- On Thursday, Ishiba [stated](#) that the money reportedly deposited in unendorsed former LDP candidates' party branches was "not intended to be sent to the candidates themselves or used in the election." The party also [explained](#) to endorsed candidates in a document that there are no "legal or ethical issues" with sending money to party branches for the purpose of "expanding party presence."
- *Mainichi* [reported](#) Wednesday that the LDP had deposited ¥200 million to party branches headed by eight unendorsed candidates during this election campaign. Hagiuda Koichi, former LDP policy chief and one of the unendorsed candidates, [called](#) it an "unwanted favor" that brings negative attention to an already tough race.
- *Yomiuri* [released](#) the results of a survey asking all Lower House election candidates about favorability ratings of each party's leader. It found that CDP leader Noda Yoshihiko had the highest favorability at 45.8 percent, while Ishiba finished fourth at 41.2 percent, with lower favorability than past leaders among LDP candidates.
- On Monday, Ishiba [met](#) with party leadership — including Secretary General Moriyama Hiroshi and Election Strategy HQ Chair Koizumi Shinjiro — to discuss setting "focus districts" where candidates are in competitive districts that require the full support of the party and its leadership.
- On Saturday, Moriyama [stated](#) on a TV program that he would not rule out expanding the ruling coalition to parties that can align on policy after the election. DPFP leader [Tamaki Yuichiro](#) and *Ishin* Secretary General [Fujita Fumitake](#) — leadership in the two parties most likely to join the LDP and Komeito — both ruled out the possibility of joining the ruling coalition.

5. Economic Security and Tech Developments

- On Thursday, Minister of Economy, Trade and Industry (METI) Muto Yoji [said](#) that the GOJ will consider additional financial support for Rapidus. He also emphasized that the bill spelling out support for the chip foundry would be submitted to the Diet “as soon as possible.”
- Muto [visited](#) Rapidus’s chip manufacturing facility in Chitose City, Hokkaido. He stated that METI would work to expand the supply of decarbonized energy necessary for chipmaking, noting the importance of the Tomari nuclear power plant in providing energy to the chip foundry’s facilities.
- *Nikkei* [reported](#) that Toyota Motor Corp., Nissan Motor Corp., and other automobile manufacturers are planning to construct EV battery plants in Kyushu, pushed for by the GOJ, which wants to develop a domestic supply chain of storage batteries, a critical commodity under the Economic Security Promotion Act.
- *Nikkei* [reported](#) Tuesday that the National Institute of Advanced Industrial Science and Technology (AIST) will invest around ¥100 billion in an advanced semiconductor R&D facility in partnership with Intel. The new facility, targeting start of operations in 2027, aims to bring together equipment and materials manufacturers toward strengthening Japan’s chip supply chain.
- On Monday, the Bank of Japan (BOJ) [announced](#) that around 30 percent of 155 financial institutions utilize generative AI for administrative tasks. It also found that 80 percent of institutions are positively considering generative AI use.
- *Nikkei* [reported](#) Saturday that Rapidus plans to give investors voting rights, a move to assuage concerns about the foundry’s lack of accomplishments and uncertainty over whether there will be an adequate return on investment. Eight companies currently invest in Rapidus, with four more to join shortly.

6. Key Economic/Financial Developments

- On Thursday, BOJ Governor Ueda Kazuo [said](#) in a press conference that there is “time to spare” before the Bank determines whether to hike interest rates, pointing out a need to observe how the U.S. economy affects inflation and yen depreciation.
- The Asian Development Bank [announced](#) that the sole candidate to President Governor Asakawa Masatsugu — who leaves office next February — was former Vice Minister of Finance for International Affairs Kanda Masato. If confirmed by member countries, he will be named president-elect on November 28.
- On Monday, the APEC finance ministers’ meeting concluded, with the joint statement [suggesting](#) that distinctive approaches can foster investments and other key elements

for sustainable transitions. The statement also [stressed](#) the importance of energy transitions in the path toward sustainable and inclusive economic growth.

- *Nikkei* [reported](#) that Kyushu Electric Power and Hokkaido Electric Power saw an approximately 60 percent jump in stock prices from the end of last year, benefiting from chip-related investments requiring more electricity. Kyushu and Hokkaido are home to two chip hubs centered around Taiwan Semiconductor Manufacturing Company (TSMC) and Rapidus, respectively.
- *Nikkei* [reported](#) that the reserve ratio for corporate pensions, which indicates the ratio of assets accumulated to future payments, exceeded 90 percent in FY 2023, the highest since the 2008 financial crisis due to higher stock prices and the interest hike.

II. Public Opinion Poll

- An NHK poll [released](#) on Monday found that the Ishiba Cabinet's approval rating was 41 percent, down three points from the week before, while disapproval was 35 percent, up three points.
 - 51 percent of respondents said that they will definitely vote; 26 percent said they plan to vote; 8 percent each said they don't know or have already voted early; and 6 percent said they don't plan to vote.
 - 44 percent of respondents said that they are somewhat interested in the election; 32 percent said they are very interested; 16 percent said they are somewhat disinterested; and 5 percent said they are very disinterested.
 - 38 percent of respondents said that they care the most about the economy and inflation relief; 17 percent said revising social security; 11 percent each said foreign policy and security and political reform; 7 percent said child policy and policies addressing depopulation; and 5 percent said disaster prevention.
 - 28 percent of respondents said that the priority for inflation relief should be tax cuts; 21 percent said sustaining wage hikes; 19 percent said financially supporting households; 17 percent said support for low-income households; and 7 percent said support for businesses.
 - 53 percent of respondents said that they separate surnames for married couples, while 26 percent said they oppose it.
 - 41 percent of respondents said they don't know what the balance between ruling and opposition parties should be after the election; 34 percent said they want the opposition parties to gain seats; and 18 percent said they want the ruling parties to gain seats.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
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The Weekly Observer (10/21-10/25)

Liberal Democratic Party	31.3 (-3.8)
Constitutional Democratic Party	9.2 (+0.8)
Japan Innovation Party	3.4 (+0.4)
Komeito	4.4 (+0.7)
Japan Communist Party	2.9 (+0.4)
Democratic Party for the People	2.3 (+0.7)
Reiwa Shinsengumi	1.9 (+0.5)
Social Democratic Party	0.6 (+0.1)
Suffrage Party (Sanseitō)	1.1 (+0.5)
Party for Everyone (former NHK Party)	0.1 (+0.1)
Independent (No Party)	34.8 (+0.4)