



The Weekly Observer

December 2-6

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Uncertainty in Japan-ROK Relations After Martial Law Situation

On Wednesday, Prime Minister Ishiba Shigeru told reporters that the GOJ is watching the situation in South Korea, where President Yoon Suk-yeol imposed martial law for six hours, with “particular and grave concern.”

GOJ sources have told the media that political instability in South Korea could potentially negatively affect momentum for improved bilateral relations, especially if Ishiba’s reported visit to Seoul in January is postponed.

Minister of Defense Nakatani Gen, who was scheduled to visit by the end of the year, stated that bilateral relations remain “very important,” particularly with regards to North Korea.

The political situation has affected other engagements, such as LDP Vice President Suga Yoshihide’s visit from December 15-16 (cancelled).

Ishiba’s First Test Begins in the Diet

The extraordinary Diet session began on November 28 and runs through to December 21. The minority government faces three major tests: the FY 2024 supplementary budget, political reform, and additional testimony over the slush fund scandal.

The GOJ and ruling parties aim to move forward with both the budget and discussions over reconciling separate bills put forth regarding political reform.

The three main areas of discussion for political reform are 1) abolishing so-called policy activity fees, 2) establishing an effective third-party oversight body, and 3) banning corporate/organizational donations.

Multiple bills have been submitted by both the ruling and opposition parties. Both sides need to compromise to ensure a reconciliation bill is passed through the Diet by the end of the session.

Cabinet Approval



42% (+3 pts.)

52% (-5 pts.)

[JNN](#) (Dec. 1)

State of the Economy

OECD Real Economic Growth (2024):

2024: -0.3% (-0.1%)

2025: 1.5% (+0.1%)

Composite Index of Business Conditions (Oct.):

116.5 (+2.5 pts.)

2nd consecutive month on the rise

Real Wages & Consumption (Oct.):

Wages: +0%

Had been on decline for 3 months

Consumption: ¥305,819 (-1.3%)

Corporate Earnings (July-Sept.):

¥23.12 trillion (-3.3%)

1st decrease in 7 quarters