

The Weekly Observer

July 7-11, 2025

The 180th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the 25 percent tariff announcement by Trump, China's decision to resume beef imports for the first time since 2001, Iwata's attendance at the ASEAN-related foreign ministerial meetings, Bessent's impending visit to Japan, the first trilateral defense chief of staff meeting in South Korea in fifteen years, mid-campaign polling from the Upper House election, Upper House Budget Committee Chair Tsuruho's gaffe, undersea cables and economic security, the BOJ's Regional Economic Report, June's Economy Watchers Survey, and more.

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I. News of the Week

1. Japan Slapped with 25 Percent Tariff by August 1

- On Monday, U.S. President Donald Trump [issued](#) a letter to Prime Minister Ishiba Shigeru notifying Japan that the United States would be implementing a 25 percent tariff on all Japanese goods starting August 1.
- Japan is currently subject to 10 percent reciprocal tariffs (14 percent suspended) and 25 percent sectoral-based tariffs on auto and steel and aluminum. The letter [emphasized](#) that a “tariff of *only* 25 percent” would be imposed and that no tariffs would be imposed on Japan or companies that invest in the United States. The letter also left room for modifications to the deal should Japan make any adjustments.
- Ishiba [told](#) reporters on Tuesday that the GOJ has to avoid an “easy deal” and will continue to seek a mutually beneficial agreement that does not sacrifice national interests. The notification still came as a [shock](#) to the GOJ, having had the impression that Japan would receive “special treatment” for its ironclad bilateral relationship.
- On the same day, Ishiba [instructed](#) his Cabinet to accelerate dialogue with the United States toward agreeing to a deal by the August 1 deadline. *Yomiuri* [reports](#) that the lack of progress in recent months suggests that a deal by the deadline will be challenging to reach.
- Japan’s chief tariff negotiator Akazawa Ryosei explained that the GOJ has not reached an agreement yet because it has continued to protect national interests. During the week, Akazawa spoke on the phone with both U.S. Secretary of the Treasury [Scott Bessent](#) and Secretary of Commerce [Howard Lutnick](#).
- On the Upper House campaign trail, Ishiba [said](#) that Japan “cannot be looked down upon” by the United States, vowing to have frank discussions toward a deal. Meanwhile, main opposition Constitutional Democratic Party (CDP) leader Noda Yoshihiko [questioned](#) Akazawa’s continued role as negotiator and [declared](#) that a change in government was necessary if the GOJ could not function properly.

2. China to Import Japanese Beef for First Time in 24 Years

- On Friday, the Ministry of Foreign Affairs (MOFA) [announced](#) that Beijing notified confirmation of the completion of internal procedures necessary for the entry into force of the agreement on cooperation in animal health and quarantine, a precondition for the resumption of Japanese beef exports to China.

- The announcement came after Minister of Economy, Trade and Industry (METI) Muto Yoji and ruling Liberal Democratic Party (LDP) Secretary General Moriyama Hiroshi [met](#) with Vice Premier He Lifeng, who was visiting Osaka for Expo 2025.
- This is the first time [since](#) January 2001 that Japan has been permitted to export beef to China, following a ban resulting from the onset of mad cow disease. The two countries signed an animal health and quarantine cooperation agreement in 2019, which Beijing stalled on for over five-and-a-half years.
- Chinese customs authorities also [approved](#) the re-registration of three Japanese business operators in Hokkaido and Aomori, enabling them to resume exports of seafood from the region to China for the first time in two years. This comes after China partially lifted export bans on all but ten prefectures following the ban's placement due to the Fukushima triple disaster.
- Separately, Minister for Foreign Affairs Iwaya Takeshi [met](#) on Thursday with Foreign Minister Wang Yi on the sidelines of the ASEAN-related ministerial meetings in Malaysia. Iwaya expressed serious concern over the impact of China's export controls on rare earths and magnets and over the deteriorating situation around Japan's airspace and seas.

3. Iwaya Attends ASEAN-Related Foreign Ministerial Meetings

- Iwaya [attended](#) ASEAN-related foreign ministerial meetings in Kuala Lumpur, Malaysia, from July 9-12. The meetings serve as an opportunity to continue deepening ties with ASEAN member states.
- On Thursday, Iwaya [attended](#) the ASEAN-Japan foreign ministers' meeting, where he emphasized that ASEAN is the "key" to realizing a free and open Indo-Pacific and that Japan looks to continue promoting multilayered cooperation in areas like green and digital transformation.
- Iwaya also [attended](#) the 26th ASEAN Plus Three foreign ministers' meeting, where he outlined three areas of Japan's focus to furthering ASEAN+3 cooperation in line with the "ASEAN Community Vision 2045": 1) economic and financial cooperation, responses to common challenges like natural disasters, and 3) organized fraud.
- On Friday, Iwaya [took part](#) in the East Asia Summit foreign ministers' meeting, where he stated that the region must be led toward cooperation and dialogue rather than division and confrontation. He expressed Japan's position on a range of issues from the East and South China Seas and Taiwan to North Korea to the Middle East to Russia's aggression against Ukraine.

- Iwaya [took part](#) in the 32nd ASEAN Regional Forum, where he stated that the importance of confidence building and preventive diplomacy as promoted by the forum is greater than ever as uncertainty surrounds Europe, the Middle East, and the Indo-Pacific region. He emphasized that Japan would like to further promote efforts to mainstream the ASEAN Outlook on the Indo-Pacific.
- Other engagements:
 - **Mekong-Japan:** [Further deepen](#) cooperation in disaster risk reduction, economy, security and countermeasures for transnational issues, and the situation in Myanmar according to the “Mekong-Japan Cooperation Strategy 2024.”
 - **Japan-U.S.-ROK:** [Welcomed](#) advancement of concrete trilateral cooperation, including working closely on issues such as addressing advancement of Russia-DPRK military cooperation and Pyongyang’s cyber theft.
 - **Japan-U.S.-Philippines:** [Welcomed](#) Manila’s willingness to host trilateral maritime dialogue by autumn, as well as confirmed the advancement of infrastructure resilience, information communications, supply chains of resources like critical minerals, and cyber and civil nuclear energy cooperation would deepen trilateral relations.

4. Foreign Policy Developments

- On Thursday, MOFA [announced](#) that U.S. Secretary of the Treasury Scott Bessent will lead an official delegation to visit the Osaka Expo 2025 on the occasion of USA National Day. He will be joined by U.S. Ambassador-Designate George Glass, Secretary of Labor Lori Chavez-DeRemer, Deputy Secretary of State Christopher Landau, Ambassador for Expo USA Pavilion William E. Grayson.
- Japan’s chief tariff negotiator Akazawa is [expected to meet](#) with Bessent during his visit to Osaka on July 19. It remains unclear whether they will hold tariff talks or whether it will be a short greeting.
- *Nikkei* [reported](#) that Second Intermediate People’s Court in Beijing will hold a court hearing on July 16 over alleged espionage charges levied against the Japanese Astellas Pharma employee detained back in March 2023.
- Ishiba [issued](#) a written message for the “Virtual Leaders Meeting of the Coalition of the Willing on Ukraine” hosted by the U.K. Government and French Government. Ishiba said that Japan calls on Russia to take “positive actions” for a comprehensive ceasefire and the realization of a just and lasting peace.

- On Tuesday, Ishiba [met](#) with outgoing ROK Ambassador to Japan Park Cheol-hee, expressing his gratitude to the ambassador for his contributions to improving Japan-ROK ties. He stated that he hopes the two leaders can frequently conduct shuttle diplomacy.

5. Defense/Security Developments

- On Friday, JSDF Chief of Staff of the Joint Staff Gen. Yoshida Yoshihide [traveled](#) to South Korea for the first time in fifteen years as a chief of staff to meet with his counterparts from the United States and South Korea. The three [issued](#) a joint statement condemning North Korea's continued development of unlawful nuclear and ballistic missile programs and agreed to continue coordination toward the complete denuclearization of North Korea.
- The JMSDF, U.S. Navy, and the Australian Royal Navy [agreed](#) to facilitate the re-supply and repair of naval vessels. The first such document between the three countries expands bilateral agreements to quickly replenish fuel and materials on vessels, mount defense equipment, and other efforts.
- On Thursday, the Ministry of Defense (MOD) [announced](#) that a PLA JH-7 fighter bomber flew within thirty meters of a JSDF YS-11EB electronic intelligence aircraft on Wednesday. Another such close call happened the following day. This is the second time [since](#) June that these near miss situations have occurred.
- On Tuesday, the GOJ and the Canadian Government [signed](#) a General Security of Information Agreement to share military intelligence such as unit operation plans and intelligence around terrorism. Japan and Canada work together on responding to ship-to-ship transfers of cargo conducted by North Korea.
- On Monday, Minister of Defense Nakatani Gen [virtually attended](#) a trilateral defense ministerial meeting with his counterparts from the United Kingdom and Italy. The ministers reaffirmed their strong and personal commitment to the Global Combat Air Programme (GCAP) and confirmed to accelerate all necessary work to conclude the first international contract between the GCAP International Government Organization (GIGO) and their joint venture Edgewing by the end of the year.
- *Yomiuri* [reported](#) Sunday that the GOJ and the Government of the Philippines plan to agree on the transfer of old JMSDF escort vessels, the first case of such exports as Japan looks to deepen interoperability with its regional partners. Japan plans to export six Abukuma-class destroyer escort vessels.

6. Mid-Campaign Polling Suggests Ruling Parties May Lose Majority

- On Sunday, the ruling and opposition party leaders [held](#) a TV debate, in which they discussed economic policy and growth strategies. Each party has a distinct position on how they plan to elevate Japan's economic growth.

	Consumption Tax Cut	Social Security Reform	Growth Strategy	Foreign Policy/Security
LDP	None (cash handout)	Raise basic pension amount	Create “jōkamachi” of firms in 100 areas	Fundamentally reinforce defense capabilities
Komeito			Expand re-skilling	Realize a world without nuclear weapons
CDP	Zero on food items (2 years maximum)	Increase in pension amount for low-income elderly citizens	Expand trade with Global South	Abolish unconstitutional parts from peace and security law
Ishin		Reduce social insurance premiums by ¥60,000 per person a year	Shift to increasing rice production	Reinforce space and cyber domain defense
JCP		Reduce over-the-counter medical costs		Abolish the Japan-U.S. Security Treaty
DPFP	Blanket 5 percent (conditional)	Introduce guaranteed minimum pension	Redesigning global trading regime	Reinforce defense industrial base
Reiwa	Scrap		Promote renewable energy	Move away from U.S.-led diplomacy
Sanseitō	Gradual scrap	Strengthen preventative medicine	Create a fund to support AI development	Restrict land purchases by foreigners

- The latest media surveys suggest across the board that the LDP and Komeito are expected to struggle to maintain a majority in the Upper House on July 20. The parties have been losing votes to new and emerging parties like Sanseitō, which have gotten increasingly popular amongst younger voters.

	Overall	SMD/MMD	PR
Mainichi	<p>Ruling parties continue to struggle to maintain a majority</p> <p>LDP and Komeito expected to secure 31-55 seats (50 is the threshold)</p>	<p>LDP leads in only 6 of the 32 SMDs, down from 9 at the beginning of the campaign cycle</p> <p>LDP expected to secure at least one seat in every of the 13 MMDs</p>	<p>LDP likely to lose big from 18 seats secured in 2022</p> <p>CDP is expected to increase from 7 seats won in 2022; Sanseitō and DPFP around 7 too</p>
Sankei	<p>Ruling parties may or may not secure a majority</p>	<p>LDP leads in only 9 out of the 32 SMDs, likely to fall by half from 28 SMDs won in 2022</p>	N/A
Kyodo	<p>Ruling parties competing with opposition parties to secure a majority</p>	<p>LDP leads in around half of the 32 SMDs</p> <p>Ruling and opposition parties competing in 10 SMDs, with CDP, Ishin, DPFP, and JCP working together in 17 SMDs</p>	<p>LDP to lose big as voters critical to government propelling opposition parties forward</p> <p>CDP, DPFP and Sanseitō to make gains</p>

7. Other Political Developments

- On Friday, CDP leader Noda Yoshihiko [demanded](#) that Upper House Budget Committee Chair Tsuruho Yosuke resign as a lawmaker following his insensitive remarks during a campaign rally stating that the January earthquake “luckily” happened in Noto.
- Noda said that the LDP must make a decision on Tsuruho’s future given his role as a chairperson of an important Diet committee. Tsuruho himself [apologized](#) on Wednesday for making the comment on Tuesday. He said the remark was made over the idea that the earthquake served as a motivation for some to obtain residency in other areas outside disaster-stricken areas.
- On Tuesday, Ishiba [announced](#) that the GOJ will establish a new secretariat in the Cabinet Secretariat to strengthen efforts to respond to crimes and illegal activities undertaken by foreigners living in Japan.

- This comes as media reports [suggest](#) that the GOJ plans to introduce a pre-payment plan for national health insurance fees to prevent foreigners from receiving medical treatment without paying insurance fees. According to GOJ data, 63 percent of foreign nationals have paid fees, while 93 percent of Japanese nationals have paid.
- *Nikkei* [reported](#) on Saturday that the GOJ plans to set up the “Japan Dashboard” by the end of the month to integrate all government statistics. The tool would enable users to examine and assess over seven hundred sets of data.

8. Economic Security and Tech Developments

- *Nikkei* [reported](#) Thursday that investment company JAFECO Group plans to set up Japan’s largest fund of over ¥100 billion as early as 2026 to invest in cutting-edge technologies like nuclear fusion and quantum computing. A venture capital tied to the University of Tokyo also plans to create a ¥50 billion fund.
- *Nikkei* [reported](#) that the Ministry of Internal Affairs and Communications (MIC) plans to support prototype development of deep sea submarine cables toward cultivating large-scale contracts with big tech firms like Meta and Google. The plan is to test cables developed in Japan — known for resilient, high-speed, high-capacity communications capabilities — before selling to clients like the big tech firms.
- On Wednesday, the Cabinet Office and the U.K. Department for Business and Trade [signed](#) a memorandum of cooperation to expand foreign direct investment, especially in areas like green and digital transformation. The United Kingdom is the second largest investor at around ¥9 trillion. Japan has targeted ¥120 trillion by 2030.
- On Tuesday, MIC [released](#) its White Paper on Information and Communications in Japan, which noted that use of generative AI stands at 26.7 percent, almost [triple](#) from the last survey, but still lagging behind peers like China (81.2 percent), the United States (68.8 percent), and Germany (59.2 percent).
- *Sankei* [reported](#) Monday that METI designated undersea cables used for international communications as a critical technology for economic security. METI plans to subsidize the development of technology, as well as the procurement of cable laying ships and the expansion of business abroad.
- *Nikkei* [reported](#) Sunday that Nissan and Foxconn have entered discussions to partner up in the EV business, with plans to develop Foxconn EVs at the Oppama facility in Kanagawa currently under consideration for scrapping as part of business restructuring. This would enable Nissan to continue producing vehicles at a facility that has the manufacturing capacity of 240,000 vehicles.

9. Key Economic/Financial Developments

- On Friday, MIC [announced](#) that local tax revenue in FY 2024 amounted to ¥47.6 trillion, 4 percent higher than in FY 2023 and the fourth consecutive year revenue has hit record levels. Local corporate tax revenue [increased](#) as business performed better.
- The Ministry of Health, Labor and Welfare's (MHLW) Central Minimum Wage Council [began](#) discussions on the amount to raise the minimum wage this year. In order to meet the ¥1,500 national average target by the end of the decade, wages will have to rise by 7.3 percent on average a year. The council will determine the amount of increase in late July to early August, taking into account consumer expenditure, wage hikes, and labor share of net profits.
- On Thursday, the Bank of Japan (BOJ) [released](#) its Regional Economic Report for July, which maintained assessments in all nine regions. Most regions were [kept](#) at "slowly recovering" or "recovering," while uncertainty remains over future outlook given the U.S. tariffs.
- *Nikkei* [reported](#) Monday that the Japan Financial Services Agency plans to forgo the requirement to disclose sustainability information in securities reports for Tokyo Stock Exchange prime listed companies with market capitalization below ¥500 billion. The Agency planned to require this information starting March 2027. The change was made to reflect requirements abroad in places like the European Union where sustainability disclosure requirements are stricter.
- The Ministry of Finance (MOF) [announced](#) that the foreign exchange reserves as of the end of June rose 1.2 percent from the end of May to \$1.31 trillion, the first increase in two months. Interest income from bond holdings [increased](#), as well as the market value of bonds due to lower long-term interest rates in the United States.

10. State of the Economy

- *Nikkei* [reported](#) Friday that dividends paid out by listed companies as of March 2026 rose 3 percent from the previous quarter to ¥19.9 trillion, the fifth consecutive year that dividends have hit record levels. This translates roughly to ¥3.5 trillion distributed to households, which may help encourage individual consumption.
- On Thursday, the BOJ [announced](#) that the corporate goods price index (CGPI) in June rose 2.9 percent from June 2024 to 126.2, the first time in ten months that the index reached 2 percent. The rate of increase [fell](#) as the overall increase in prices fell due to gas subsidies, despite rice prices leading the way on price hikes.

- On Wednesday, the Organisation for Economic Co-operation and Development (OECD) [announced](#) that the rate of increase in Japan's GDP per capita by 2060 could rise 0.13 point to 0.33 percent on an annual basis if it taps into the potential labor force, such as by [redressing](#) the gender wage gap and accepting more immigrants.
- On Tuesday, the Cabinet Office (CAO) [released](#) its Economy Watchers Survey for June, which found that the seasonally adjusted diffusion index rose 0.6 point to 45, the second consecutive month on the rise. Consumption of items like clothing [rose](#) due to the hot weather, while comments related to U.S. tariff policy decreased from the previous month.
- MOF [announced](#) that Japan ran a ¥3.44 trillion current account balance in May, a 16.5 percent increase from May 2024. This was a [fourth consecutive month](#) in surplus as the trade balance cut back the deficit. The same statistics [found](#) that the tourism balance hit ¥629.2 billion, the largest surplus for the month of May.
- On Monday, the MHLW [announced](#) that real wages in May fell 2.9 percent from May 2024, the largest rate of decline since September 2023. The [restructuring](#) of surveyed firms, conducted every six months or so, may have affected the numbers.

II. Public Opinion Poll

- A NHK poll [released](#) on Monday found that the Ishiba Cabinet's approval rating was 31 percent, down three points from the previous week, while disapproval was 50 percent, up four points.
 - 56 percent of respondents said that they plan to definitely vote in the Upper House election; 23 percent said they plan to go; 7 percent said they are unsure; and 6 percent each said they plan to not go or have utilized early voting.
 - 45 percent of respondents said that they are somewhat interested in the Upper House election; 30 percent said they are very interested; 15 percent said they are not so interested; and 5 percent said they are not interested at all.
 - 28 percent of respondents each said that rice/inflation relief and social security/depopulation is the most important theme in the election; 9 percent each said politics and money and the tariff situation; and 6 percent said policies related to foreigners.
 - 38 percent of respondents said that they cannot say for sure whether the ruling or opposition parties should win; 36 percent said the opposition should win more seats; and 20 percent said the ruling parties should win more seats.
 - 52 percent of respondents said that they would like a consumption tax cut or elimination; 23 percent said neither; and 17 percent said cash handouts are desirable.

- 40 percent of respondents said that they somewhat approve of the GOJ's rice policies; 27 percent said they somewhat disapprove; 18 percent said they strongly disapprove; and 8 percent said they strongly approve.
 - 42 percent of respondents said that they are greatly concerned about the impact of U.S. tariffs on the Japanese economy; 34 percent said they are somewhat concerned; 12 percent said they are not so concerned; and 3 percent said they are not concerned at all.
 - 29 percent said that they do not really use social media or video platforms to determine their vote; 28 percent said they will not use these platforms at all; 26 percent said they somewhat use these platforms; and 9 percent said they use these platforms a lot.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	28.1 (+1.1)
Constitutional Democratic Party	8.5 (+0.1)
Japan Innovation Party	2.3 (+0.2)
Komeito	3 (-0.8)
Democratic Party for the People	5.1 (-0.7)
Japan Communist Party	3.1 (+0.2)
Reiwa Shinsengumi	3.2 (+1.2)
Suffrage Party (Sanseitō)	4.2 (+1.1)
Japan Conservative Party	1 (+0.2)
Social Democratic Party	0.5 (-0.2)
Party Created by Everyone (ex-NHK)	0.1 (+0.1)
Independent (No Party)	30.1 (-2.3)