



The Weekly Observer

July 14-18

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

LDP Suffers Embarrassing "Three-Peat" of Election Losses

On Sunday, the ruling Liberal Democratic Party (LDP) and coalition partner Komeito narrowly lost their majority in the Upper House, concluding a "three-peat" of election defeats under Prime Minister Ishiba Shigeru starting with the Lower House election in October last year.

The biggest loser on Sunday was none other than Ishiba himself, who will now be under massive pressure having lost the majority in both Houses in less than a year. He will face calls to resign from both inside and outside the LDP.

The biggest winners were **Sanseitō** and the **Democratic Party for the People (DPFP)**, the parties that gained eight seats and twelve seats, respectively. They carried momentum from **June's Tokyo Metropolitan Assembly election**, collecting votes from anti-mainstream and anti-LDP voters.

The election results **create a new**

political dynamic in Japan, where the ruling parties have no power on their own to effectively pass legislation or make policy decisions.

It also signals a **shift in voter preference**, as the ruling parties' losses did not translate directly to the **main opposition Constitutional Democratic Party (CDP)** winning seats, but rather the emergence of **multiple parties outside of the so-called mainstream**. Each of these parties now holds a **"casting vote"** in determining whether the ruling or opposition parties take control of the legislative process.

Following the election, Ishiba stated that the **results are a solemn reflection of voter preferences** and must be accepted sincerely. **He indicated a desire to continue leading the government** as head of the largest political party in the Diet.

The big question going forward will be: **1) will Ishiba continue as prime minister? If so, how long; and 2) how will realignment of ruling and opposition parties turn out?**

Cabinet Approval



31% (+/-0 pts.)

53% (+3 pts.)

[NHK](#) (July 14)

State of the Economy

Trade Balance (Jan.-June):

¥2.22 trillion deficit (-34.2% amount)
Exports to the United States in June fell 11.4% to ¥1.7 trillion due to tariffs

Consumer Price Index (June):

111.4 (+3.3% from June 2024)
4th consecutive month rate of increase has fallen

BOJ Opinion Survey (June):

Respondents believe prices will increase 12.8% on average
Highest increase since Sept. 2006

Tourism (June):

3.37 million (+7.6% from June 2024)
Jan.-June numbers reached 21.51 million; fastest rate to 20 million