

The Weekly Observer

August 25-29, 2025

The 187th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Akazawa's cancelled visit to the United States, the Japan-India Summit, Foreign Minister Iwama's visit to Central Asia, the MOD's updates on standoff missile capabilities, the FY 2026 budget requests, growing internal disagreements in the LDP over Ishiba's continued leadership, a fresh political scandal involving a Shin lawmaker, Mitsubishi Corp.'s decision to withdraw from a national wind power project, the GOJ's plan to develop a critical technologies list, the GOJ potentially setting a cap on the number of foreigners entering the country, August's Monthly Economic Report, and more.

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I. News of the Week

1. Akazawa Cancels U.S. Trip Over Tariff Executive Order Including Rice

- *Nikkei* [reported](#) Friday that Japan's chief tariff negotiator Akazawa Ryosei canceled his visit to Washington, D.C. to finalize a written agreement on the investment portion of the tariff deal due to the U.S. Government's insistence on adding a commitment by Japan to increase rice imports from the United States.
- The proposed executive order also included a commitment by Japan to lower sectoral agricultural tariffs, which the Japanese side contends is an "interference in domestic affairs." The two sides will continue discussions at the working level.
- Initial media reports [suggested](#) that Akazawa's planned visit from August 28-30 was canceled due to working level talks failing to materialize before the visit. Akazawa aimed to make his tenth visit one in which the United States revised its executive order on implementing the reciprocal tariff rate reduction and auto tariff reduction.
- U.S. Secretary of Commerce Howard Lutnick [told](#) Fox News in an interview on Monday that a written agreement with Japan would be "announced as early as the second half of this week," stating that the \$550 billion investment was part of the administration's efforts to produce semiconductors, antibiotics, and rare earths.
- *Mainichi* [reported](#) Tuesday that the two governments agreed to a written agreement on the request of the Trump Administration. The written agreement would explain the purpose of investments as strengthening economic security-related supply chains and specify the investment framework, such as loans from government-affiliated bodies.

2. Japan and India Announce Enhanced Partnership

- On Friday, Prime Minister Ishiba Shigeru [met](#) with Indian Prime Minister Narendra Modi for a summit meeting, where the two leaders issued several deliverables such as a [joint vision for the next decade](#), the [revised declaration on security cooperation](#), an [economic security cooperation initiative](#), a [revised digital partnership](#), progress on the [clean energy partnership](#), an [AI cooperation initiative](#), a [startup support initiative](#), [people-to-people exchange initiative](#), and the [lunar polar exploration project](#).
- The joint statement [issued](#) after the summit noted three priority areas to further advance the Special Strategic and Global Partnership: bolstering defense and security cooperation, reinforcing economic partnership, and deepening people-to-people exchanges.
- The joint vision for the next decade laid out efforts to steer the partnership in eight pillars such as economy, economic security, mobility, environment, technology and

innovation, health, people-to-people ties, and state-prefecture engagement. The joint declaration on security cooperation aims to elevate security ties taking into account the contemporary geopolitical realities and security configurations in the region.

- The Action Plan for Japan-India Human Resource Exchange and Cooperation laid out a roadmap for talent mobility and deepening people-to-people ties through exchanges of more than 500,000 personnel in five years, including 50,000 skilled personnel and potential talents from India to Japan.
- The Economic Security Initiative outlines areas of cooperation, including securing and strengthening supply chains in critical goods and sectors and accelerating cooperation in critical and emerging technologies, with heightened priority on telecommunications, pharmaceuticals, critical minerals, semiconductors, and clean energy. The Digital Partnership 2.0 was announced to promote joint collaboration in emerging technologies through digital talent exchange and partnerships. The AI Cooperation Initiative aims to support work on large language models, exchanges between industry and academia, and facilitating data center development in India.
- The leaders set a new target of ¥10 trillion in private investment in India from Japan. They also agreed to commence work for the early installation of the E10 series of the Shinkansen as part of the flagship Mumbai-Ahmedabad High Speed Rail project. In addition, the leaders welcomed the signing of the memorandum of cooperation on joint crediting mechanism and intent on clean hydrogen and ammonia, as the next step for the Clean Energy Partnership launched in 2022.

3. Foreign Policy Developments

- On Friday, the Ministry of Foreign Affairs (MOFA) [announced](#) that the twelfth Japan-Australia Foreign and Defense Ministerial Consultations (2+2) is scheduled to take place in Tokyo on September 5. Deputy Prime Minister and Minister for Defense Richard Marles is [expected to visit](#) a JMSDF's JS Mogami-class frigate, which will be the base design of Australia's next general frigate. The two countries are also [expected to sign](#) a memorandum of cooperation to mutually cooperate in evacuating respective nationals during contingencies in third countries.
- MOFA [announced](#) that Minister for Foreign Affairs Iwaya Takeshi plans to visit Kuwait from August 31-September 3 to attend the second Gulf Cooperation Council foreign ministerial meeting. Iwaya will discuss energy supply with member countries Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
- *Asahi* [reported](#) that Indonesian President Prabowo Subianto plans to visit Japan in early September to meet with Ishiba, likely on September 5. Prabowo plans to also

visit South Korea and China during the northeast Asia tour. Ishiba visited Indonesia in January; this would be Prabowo's first visit to Japan since he took office last October.

- On Wednesday, Iwaya [held](#) the first Japan-Uzbekistan Foreign Ministers' Strategic Dialogue with his counterpart Bakhtiyor Saidov, where they [signed](#) a joint communique confirming that the purpose of the dialogue is to promote long-term, constructive and mutually beneficial cooperation in areas like politics, security, trade, investment, economic security, including supply chain resilience, energy, food security, industry, innovation, healthcare, education, labor mobility, culture and human interaction, and other areas of mutual interest. Iwaya's trip, which included a [visit](#) to Kazakhstan, is part of Japan's efforts to [enhance influence](#) in Central Asia, a region where Russia, China, the United States, and Europe are vying for influence.
- On Monday, MOFA [announced](#) that it confirmed China had initiated an installation of a new structure on the west side of the geographical equidistance line between the two countries in the East China Sea. Japan protested the unilateral installation of what has become the [twenty-first installation](#) in an area where a 2008 agreement to jointly develop natural resources has remained in limbo. The Chinese foreign ministry [responded](#) Tuesday that Beijing "does not accept Japan's groundless accusations" and that the actions are "within the scope of China's sovereignty."
- On Sunday, Deputy Minister for Foreign Affairs Namazu Hiroyuki [attended](#) the G7 foreign minister's telephone meeting on behalf of Iwaya, where the ministers reaffirmed solidarity with Ukraine. Namazu delivered Iwaya's message that Japan welcomed Ukraine's active engagement under the proactive initiatives of the United States and reiterated the importance of G7 unity to realize an early ceasefire and to achieve a just and lasting peace.

4. Defense/Security Developments

- On Friday, the Ministry of Defense (MOD) [announced](#) that it plans to deploy the improved Type-12 surface-to-ship guided missile at JGSDF Camp Kengun in Kumamoto in FY 2025 and 2026 and at JGSDF Camp Fuji in Shizuoka in FY 2027. It also announced moving forward the timeline for deployment of the ship-launched and air-launched type of the missile in FY 2027. As for hyper velocity gliding projectiles, the timeline will be pushed up by a year to deploy at JGSDF Camp Fuji in FY 2025 and at JGSDF Camp Kamifurano and Camp Ebino in FY 2026.
- On Thursday, Minister of Defense Nakatani Gen and U.K. Secretary of State for Defence John Healey [met](#) in Tokyo for a ministerial meeting, where they confirmed working closely together to elevate cooperation to the next level in broad areas ranging from joint exercises, defense equipment and technology, new domains like

- space and cyber, and women, peace and security. The ministers [signed](#) the first joint statement between the two countries, which emphasized the United Kingdom's growing role in the Indo-Pacific region and deepened cooperation between the two countries as "each other's closest security partners in Europe and Asia."
- On Wednesday, the GOJ [issued](#) a joint statement on North Korean Information Technology Workers with the United States and South Korea, which expressed "serious concerns" over the evolving malicious activities of North Korean IT workers, who continue to generate revenue for Pyongyang's unlawful weapons of mass destruction and ballistic missile programs. The GOJ issued an alert to advise private sector entities to take risk mitigation measures to prevent hiring such workers.
 - *Sankei* [reported](#) Wednesday that the JGSDF and the U.S. Marine Corps plans to deploy the Strategic Mid-range Fires System (commonly referred to as Typhon) — capable of mounting the SM-6 missile and Tomahawk cruise missiles — for the first time in Japan during Exercise Resolute Dragon next month. Resolute Dragon may also [feature](#) for the first time the High Mobility Artillery Rocket System (HIMARS) as part of remote island defense exercises in Yonaguni, the island approximately 110 kilometers away from Taiwan.
 - The MOD's Okinawa Defense Bureau [informed](#) Okinawa Prefecture that the U.S. Marine Corps plans to switch from temporary to full-time deployment of the MQ-9 Reaper UAV (drone) at Kadena Air Base, as part of efforts to strengthen surveillance activities in the face of increasing Chinese maritime activities.
 - On Monday, the multilateral exercise Super Garuda Shield [began](#) in Jakarta, Indonesia, with approximately 6,500 participants from eighteen countries, including the United States Armed Forces and the JGSDF, as well as observers like the Australian Army. The exercise, initially started in 2007, has since been expanded to a multilateral exercise in 2022. The exercise takes place until September 4.

5. FY 2026 Budget Requests Hit Record High of ¥122 Trillion

- On Friday, the Ministry of Finance (MOF) [effectively closed](#) the period for ministries and agencies to submit FY 2026 budget requests. The general account total is expected to exceed the previous record high of ¥117.61 trillion from last year to hit the ¥120 trillion range for the first time. Expenses allocated for principal and interest payments on JGBs are [expected to also hit](#) a record high of ¥32.39 trillion.
- The FY 2026 budget request [reflects](#) inflation-related cost increases and allows for "discretionary spending items" that do not require a price tag to be attached to policy. This has bloated the budget, but cuts are expected as the opposition have an outsized

- opportunity to influence the budgetary process in the Diet under minority government rule. The budget will likely be finalized in December and sent to the Diet in January.
- The ministries and agencies also [submitted](#) their requests for FY 2026 tax system reform, which included measures around promoting corporate investment, supporting household and asset creation, and regional revitalization. The measures, such as tax cuts, aim to promote domestic innovation and also minimize the costs of U.S. tariffs.
 - A summary of the budget requests can be found below:
 - **Cabinet Secretariat:** [¥128.46 billion](#) (+¥18.9 billion from FY 2025)
 - Includes ¥260 million for regional revitalization and ¥13.08 billion for the new National Cybersecurity Office.
 - **Cabinet Office:** [¥790.69 billion](#) (+¥111.09 billion)
 - Includes ¥244.36 billion for regional revitalization, ¥69.79 billion for science and technology and innovation investments, and ¥58.43 billion for economic security policies.
 - **Digital Agency:** [¥614.37 billion](#) (+¥139.12 billion)
 - Includes funding for the development of government AI, the improved utilization of the My Number Card system, digitalization in semi-public fields, and the creation of a common government system network (cloud).
 - **Reconstruction Agency:** [¥451.4 billion](#) (+¥35 billion)
 - Includes ¥289.2 billion for recovery and reconstruction from nuclear disasters and ¥70.1 billion for the revitalization of industry and livelihoods in the disaster stricken areas in Fukushima Prefecture.
 - **Ministry of Internal Affairs and Communications:** [¥19.84 trillion](#) (+¥297.7 billion)
 - Includes ¥18.65 trillion for securing funding for local governments and ¥57.63 billion for the development of economic security related technologies like undersea cables and quantum cryptography that can serve as core digital infrastructure.
 - **Ministry of Justice:** [¥877.46 billion](#) (+¥71.9 billion)
 - Includes ¥562.10 billion for the digitalization of the judicial system and ¥229.24 billion (almost double) for setting up a system for the appropriate and smooth acceptance of foreign individuals (including stricter rules).
 - **Ministry of Finance:** [¥34.12 trillion](#) (+¥3.98 trillion)
 - Includes an increase of ¥4.17 trillion for JGB-related expenses and ¥21.3 billion for economic cooperation.
 - **Ministry of Foreign Affairs:** [¥874.3 billion](#) (+¥116.2 billion)
 - Includes ¥315.8 billion for rulemaking and offer-style ODA, ¥44.1 billion for infrastructure and strategic communications in an era of information

- warfare, and ¥321.8 billion to fundamentally strengthen diplomatic and consular servicing abroad.
- **Ministry of Education, Culture, Sports, Science and Technology:** [¥6.06 trillion](#) (+¥550.6 billion)
 - Includes ¥4.51 trillion for education-related expenses like improving working conditions for teachers and promoting the development of skilled expertise and ¥31.7 billion for AI R&D and ¥1.7 billion to attract skilled foreign researchers to Japan.
 - **Ministry of Health, Labor and Welfare:** [¥34.79 trillion](#) (+¥486.5 billion)
 - Includes ¥10.48 trillion for national treasury costs to cover medical expenses and a ceiling to “natural increases” in the budget related to the aging population and technological advancements to ¥400 billion.
 - **Ministry of Agriculture, Forestry and Fisheries:** [¥2.66 trillion](#) (+¥388.2 billion)
 - Includes ¥296 billion for direct payments for the utilization of paddies, ¥30.6 billion for supporting smart agriculture technology use, and ¥8.1 billion to cultivate export destinations and nurture exporters.
 - **Ministry of Economy, Trade and Industry:** [¥2.04 trillion](#) (+¥324.8 billion)
 - Includes ¥958.4 billion to promote high value-add growth investments in areas like GX, DX, quantum, and space, as well as a sustainable innovation ecosystem, and ¥767.1 billion for GX promotion.
 - METI’s tax reform request [includes](#) a five-year temporary measure in which investment amounts by corporations can be subtracted from corporate tax to encourage domestic capital investment. The tax deduction would apply to companies of all sizes and is designed to encourage large-scale investment.
 - **Ministry of Land, Infrastructure, Transport and Tourism:** [¥7.08 trillion](#) (+¥1.72 trillion)
 - Includes ¥1.08 trillion to address aging infrastructure like sewage and tunnels and ¥1.02 trillion for disaster prevention and safety measures taken by local municipal governments.
 - **Ministry of Environment:** [¥709.7 billion](#) (+¥115.1 billion)
 - Includes ¥9 billion to decarbonize housing and ¥12.5 billion for zero energy buildings that reduce energy consumption to a certain level.
 - **Ministry of Defense:** [¥8.845 trillion](#) (+¥370.6 billion)
 - Includes ¥1.02 trillion for standoff missile capabilities, ¥1.75 trillion for the maintenance of defense equipment, ¥517.3 billion for integrated air defense missile capabilities, and ¥312.8 billion for unmanned assets.

6. Internal Disagreement Surfaces Over LDP’s Election Review Report

- On Friday, the ruling Liberal Democratic Party (LDP) [discussed](#) the draft of its report reviewing the Upper House election results, deciding to continue discussions on September 2 ahead of the joint plenary session the same day.
- The report is expected to point out that last year's political funding scandal was one of the reasons for the LDP's historic defeat. The draft report, however, did not include mention of the leadership's responsibility for the defeat, causing "anti-Ishiba" lawmakers to criticize the report for evading personal responsibility of the leadership.
- Criticism has [spread](#) within Ishiba's Cabinet, with State Minister of Environment Kobayashi Fumiaki and Parliamentary Vice Minister of Justice Kanda Junichi posting on X that they would support holding a presidential election before Ishiba's three-year tenure comes to an end, even if it means resigning from their respective positions. Ten or so members of the former Motegi faction, including State Minister of Agriculture Sasagawa Hiroyoshi and State Minister of Land, Infrastructure, Transport and Tourism Furukawa Yasushi also [agreed](#) to demand an early presidential election.
- These lawmakers believe that the leadership, including Ishiba, have been evading responsibility, and that they are setting up the process to confirm whether to hold the presidential election in a way that makes it difficult for lawmakers to publicly express their desire to effectively remove Ishiba.
- A *Jiji* survey [found](#) that twenty-one prefectural branches out of the forty-seven prefectures expressed a desire to support an early presidential election, with sixteen still unsure about whether to support the move. A "recall" of the prime minister requires a majority of lawmakers and prefectural branches to support it.
- The LDP presidential election commission [decided](#) on Wednesday that it would require lawmakers to submit in paper their desire to support an early election, which will then be made public on September 8. This could deter some lawmakers from supporting the move, as failure to recall Ishiba could result in retaliation.

7. Other Political Developments

- On Friday, Japan Innovation Party (*Nippon Ishin no Kai*) Upper House lawmaker Ishii Akira [announced](#) that he would be resigning as a lawmaker following a prosecutor raid on his offices over allegations that he defrauded the state and received salary amounts for a secretary that had already quit. *Ishin* has since removed Ishii from the party. He is said to have [received](#) approximately ¥8 million.
- On Thursday, six ruling and opposition party representatives [met to discuss](#) scrapping the provisional gas tax rate. The opposition parties proposed a range of measures to cover the expected ¥1.5 trillion revenue loss, including utilizing excess tax revenue,

scrapping the vehicle tax, strengthening the financial income tax, among other things. The parties aim for a consensus next week.

- *Kyodo* [reported](#) that Ishiba will not issue a statement marking the eightieth anniversary since the end of World War II on September 2, the day Japan signed the document expressing intent to surrender, as he aims to prevent criticism from lawmakers on the day the LDP plans to host a joint plenary session to discuss the report reviewing the Upper House election results.
- On Wednesday, the main opposition Constitutional Democratic Party (CDP) [approved](#) its report reviewing the Upper House election results, revising the conclusion to read that the election was “effectively a defeat.” Meanwhile, the Democratic Party for the People (DPFP) also [plans to finalize](#) its report soon, which warns that the result was a product of “momentum” rather than solidified support and set a target of fifty-one seats (almost double) in single-member districts and nine million votes (20 percent increase) in the proportional representation block.
- *Mainichi* [reported](#) that the GOJ finalized plans to forgo creating a new scheme mandating the recycling of used solar panels, as it could not come up with a framework to require users to take on recycling fees. The proposed bill would require users to cover dismantling fees, while requiring manufacturers to cover recycling fees. This was deemed inconsistent with other recycling laws like for automobiles and electronic appliances. An alternative plan would be to require mega solar business providers to produce reports on recycling.
- On Tuesday, former Minister of Agriculture, Forestry and Fisheries (MAFF) Eto Taku was [appointed](#) head of the LDP’s new organization to discuss structural transformation of the agricultural industry, including increasing rice production. This comes as criticism grows over the GOJ’s policy to revise rice production management without adequate consideration of farmer needs. Meanwhile, the GOJ will [continue to distribute](#) stockpiled rice to retailers next month to suppress rice prices.

8. Japan’s Renewable Energy Strategy in Doubt as Wind Power Project Hits Snag

- On Wednesday, Mitsubishi Corporation and Chubu Electric Co. [announced](#) plans to withdraw from the national offshore wind power generation project in three sea areas off the coast of Chiba and Akita prefectures. The companies determined that in addition to the low winning bid price, profitability cannot be secured due to factors like inflated costs for materials.
- Mitsubishi Corporation’s cartel won the bids in 2021 and planned to complete the project as early as 2028. However, given rising material and labor costs, the company

had decided in February 2025 to “go back to the drawing board” on renewable energy projects. Offshore wind has cost the company ¥52.4 billion in losses.

- *Nikkei* [reported](#) that the financial penalty for withdrawing from the project will amount to approximately ¥20 billion in the form of the security deposit. Mitsubishi and the others in the cartel will lose the opportunity to bid for the next project.
- Offshore wind was [viewed](#) by the GOJ as a viable renewable energy source to meet its new Basic Energy Plan goals of raising the ratio of renewables in the energy mix from 22.9 percent in FY 2023 to around 40-50 percent in FY 2040 (offshore wind to take 4-8 percent). The failed project may push the GOJ to revise its energy policies.
- On Friday, Minister of Economy, Trade and Industry (METI) Muto Yoji [expressed](#) “deep regret” that one of Japan’s leading companies decided to leave the project midway. He indicated that the GOJ will swiftly explore reopening bids for the project. The GOJ will also consider reviewing the bidding process to prevent further occurrence of similar issues.
- Meanwhile, METI and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) [plans to extend](#) the period of maritime area use for offshore wind power from thirty years if deemed appropriate from the perspective of stable power supply and economic rationality. Extending the contract tenure to forty to fifty years may enable companies to secure profitability and reduce risks as construction costs increase.

9. Economic Security and Tech Developments

- *Sankei* [reported](#) Friday that chip foundry Rapidus plans to soon submit a business plan to METI outlining its production schedule and management strategy in order to receive government investment and loan guarantees.
- *Nikkei* [reported](#) Wednesday that the GOJ will craft a list of critical technologies as early as by the end of the year to prioritize policies and budget allocation, in an effort to maintain technology domains in which Japan possesses a comparative advantage. Potential areas include cutting-edge computing, next-generation communications, hypersonics, hydrogen and nuclear fusion, among other areas. The list will be reflected in the next Science, Technology, and Innovation Basic Plan for 2026.
- The Cabinet Office (CAO) and METI [presented](#) its FY 2026 budget requests to the LDP Subcommittee on International Standardization, including the appointment of “chief standard officers” as advisors to the government on international standards. Meanwhile, the LDP Research Commission on Science, Technology and Innovation Strategy [finalized](#) policies to revitalize Japan’s research capacity, including a target to

improve Japan's "top 10 percent academic research papers" global ranking from thirteenth to third in the next decade.

- On Tuesday, Ishiba [announced](#) that the GOJ will establish "green transformation (GX) strategy regions" to bring together data centers and the decarbonization industry. The GOJ will [select](#) municipalities and companies to provide subsidies to and to apply looser regulations surrounding land acquisitions and equipment usage. The selection period will [take place](#) between August 26-October 27.
- Minister in charge of Cybersecurity Taira Masaaki [announced](#) that Japan, the United Kingdom, Canada, Australia, and New Zealand signed a joint document to jointly manage encryption keys that protect sensitive data. Taira [added](#) that Japan's cooperation with Australia will deepen, especially as Japan learns from Australia's experience in public-private cooperation in cyberspace.
- *Nikkei* [reported](#) Sunday that non-profit organization Breakthrough Energy — founded by Microsoft co-founder Bill Gates — will work with METI to support R&D in the decarbonization field starting FY 2026. The two sides will provide funding in Japan's strong points like biomass and hydrogen-related research toward commercialization.

10. Key Economic/Financial Developments

- On Friday, Minister of Justice Suzuki Keisuke [revealed](#) that a project team within the Immigration Services Agency will discuss whether Japan should set a cap on the number of foreigners it receives in the country, as projections [suggest](#) that the ratio of foreigners to the total population may exceed 10 percent earlier than the anticipated 2070. Visa programs for workers have no cap on acceptance. The GOJ [set](#) the transfer restriction period for the talent development program to two years for seven areas like construction and restaurants, while setting it as a year for the remaining ten areas.
- *Mainichi* [reported](#) Thursday that the GOJ will revise the Act on Special Measures concerning Development of Areas around Nuclear Power Plants and Other Facilities to expand the target areas for national support to develop public facilities in municipalities around nuclear facilities from ten kilometers to thirty kilometers. This expands financial support to municipalities within thirty kilometers, which is consistent with the GOJ's requirements for evacuation plans after the Fukushima nuclear accident.
- On Wednesday, METI [held](#) the second meeting of the dialogue based on the Japan-Canada memorandum of cooperation concerning battery supply chains, agreeing to advance cooperation in the exchange of information on policies, measures to promote trade and investment, and research and development toward sustainable and reliable global supply chains.

- The yield on newly issued ten-year JGBs, an indicator of long-term interest rates, [rose](#) 0.01 percent from Tuesday to 1.63 percent, the first high since October 2008 as investors refrained from purchasing bonds out of caution over the potential of the Bank of Japan (BOJ) hiking rates and the Ministry of Finance (MOF) opening bids for ten-year bonds on September 2.
- On Tuesday, the Immigration Services Agency [revealed](#) proposed changes to an ordinance regarding the business manager visa, raising the capital requirements for applying for a visa sixfold to “over ¥30 million” as a way to prevent the influx of Chinese nationals utilizing the visa for other purposes. To be changed in October, the current system has been criticized for being too lax and allowing foreigners to obtain visas to stay in the country for a maximum of five years without doing business.
- *Nikkei* and *Asahi Shimbun* [announced](#) that they jointly filed a lawsuit with the Tokyo District Court against U.S. software company Perplexity for violating copyright by collecting and using newspaper articles via AI search engine without permission. The companies demanded ¥2.2 billion in damages. This follows *Yomiuri Shimbun*’s lawsuit against the company.

11. State of the Economy

- On Friday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that the number of births between January-June fell 3.1 percent from the same period last year to 339,280, the [fourth consecutive year](#) that births fell below 400,000 and the least number of births since comparable statistics became available in 1969. The number of births is expected to hit a record low in the calendar year.
- The CAO [announced](#) that the seasonally adjusted consumer confidence index in August was 34.9, up 1.2 points from July, the first improvement in two months. CAO [maintained](#) the assessment that there are signs of some recovery. The four categories making up the index have all improved, likely as the Japan-U.S. tariff deal has eased concerns about future uncertainty.
- The MHLW [announced](#) that the seasonally adjusted jobs-to-applicants ratio in July remained the same as June at 1.22 times, as wage increases have [led](#) to continued caution about changing jobs, while labor-saving investments and other factors are making it difficult for job openings to increase. The Ministry of Internal Affairs and Communications (MIC) also [announced](#) that the seasonally adjusted unemployment rate was 2.3 percent, down 0.2 point from June, the first decline in five months.
- The METI [announced](#) that the seasonally adjusted industrial production index in July fell 1.6 percent from June to 101.6, the first decline in two months, [maintaining](#) the

assessment that production results were “mixed.” The index for motor vehicles [fell](#) 6.7 percent as exports, manufacturing, and shipping were affected by the tariffs.

- On Wednesday, the GOJ [issued](#) its Monthly Economic Report for August, which maintained the assessment that the economy is “recovering at a moderate pace,” though it [lowered](#) the assessment in the corporate profits category to “appears to be pausing” due to the tariff situation.
- On Tuesday, the BOJ [announced](#) that the services producer price index (SPPI) in July rose 2.9 percent to 111.0, the first time in ten months that the growth rate fell to the 2 percent level. Although the impact of the previous year’s price increases is [visible](#) in some areas, the trend of reflecting rising labor costs in service prices continues.

II. Public Opinion Poll

- A *Kyodo* poll [released](#) on Sunday found that the Ishiba Cabinet’s approval rating was 35 percent, up thirteen points from July, while disapproval was 50 percent, down sixteen points.
 - 54 percent of respondents said that they approve of the Ishiba Cabinet because there are no alternatives; 22 percent said because they trust the prime minister; and 12 percent said because it is an LDP-Komeito coalition.
 - 40 percent of respondents said that they disapprove of the Cabinet because they have no expectations for its economic policies; 14 percent said because they do not believe Ishiba is fit to be prime minister; and 13 percent said because it is an LDP-Komeito coalition.
 - 44 percent of respondents said that, if anything, increasing rice production will stabilize rice prices; 25 percent said that, if anything, it will destabilize prices; 15 percent said that it will destabilize prices; and 10 percent said it will stabilize prices.
 - 62 percent of respondents said that they believe the Ishiba Administration should accept opposition proposals from the Upper House election to implement the consumption tax cut, while 34 percent said they believe it should not.
 - 59 percent of respondents said that they disapprove of the Ishiba Administration’s tariff response so far, while 34 percent said they approve.
 - 62 percent of respondents said that they believe Ishiba should issue a statement marking the eightieth anniversary since the end of WWII, while 30 percent said they do not believe that he should.
 - 30 percent of respondents said that the ruling parties should cooperate with the DPFP as a minority government; 28 percent said the CDP; 25 percent said *Ishin*; 23 percent said unknown; 15 percent said *Sanseitō*; 9 percent said *Reiwa Shinsengumi*; 7 percent said the Japan Conservative Party; and 4 percent said the Japan Communist Party.

- 58 percent of respondents said that they do not believe Ishiba should resign for losing the Upper House election, while 40 percent said they believe that he should resign.
- 49 percent of respondents said that they believe the LDP's lackluster response to politics and money issues like the slush fund scandal resulted in the election defeat; 31 percent said because policies like inflation relief are poor; and 10 percent said because Ishiba has no appeal.
- 25 percent of respondents said that they believe Takaichi Sanae should be the next LDP president; 20 percent said Koizumi Shinjiro; 13 percent said Ishiba; 9 percent said Kono Taro; 5 percent said Hayashi Yoshimasa; 4 percent said Kobayashi Takayuki; 3 percent each said Motegi Toshimitsu or Kamikawa Yoko; and 1 percent said Kato Katsunobu.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	22.5 (+1.8)
Constitutional Democratic Party	10.4 (-0.4)
Japan Innovation Party	7.3 (+2.1)
Komeito	3.2 (-1.4)
Democratic Party for the People	10.4 (-4.7)
Japan Communist Party	3.8 (+0.1)
Reiwa Shinsengumi	6.3 (+2)
Do It Yourself Party (Sanseitō)	11.2 (-0.6)
Japan Conservative Party	2.2 (-0.5)
Social Democratic Party	1.3 (± 0)
Team Future (Mirai)	3 (-1.1)
The Collaborative Party (ex-NHK)	0.3 (+0.1)
Other Parties	0.5 (-0.1)
Independent (No Party)	14.6 (+2.3)