

The Weekly Observer

September 22-26, 2025

The 191st edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Ishiba's UN speech, the U.S. tariffs on pharmaceuticals, Japan exploring participation in the Ukraine drone coalition, the LDP presidential election, the GOJ's plans for rare earths drilling, METI Minister Muto's visit to Malaysia for ASEAN-related meetings, real wages statistics, and more.

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I. News of the Week

1. Ishiba Attends the UN General Assembly

- On Wednesday, Prime Minister Ishiba Shigeru [delivered](#) an address to the United Nations General Assembly in New York, pointing out that the Security Council is “still not functioning effectively” despite reforms, proposing the expansion of both permanent and non-permanent membership categories to reflect the growth in diversity and membership of the organization.
- Ishiba also announced that the GOJ will not make a decision on whether to accept Palestinian statehood at this point in time, though acknowledging that the “question is not whether to recognize a Palestinian state, but when.” Japan strongly supports a two-state solution.
- Ishiba stated in his conclusion that “no country can forge the path to a bright future unless it squarely faces history” and that “we must never again repeat the devastation of war.” He also asked other member-states to cooperate toward achieving a “world without nuclear war” and a “world without nuclear weapons.”
- Minister for Foreign Affairs Iwaya Takeshi took part in a series of meetings too, including the [G7 foreign ministers’ meeting](#) and the [Japan-U.S.-ROK trilateral foreign ministers’ meeting](#). The G7 joint statement [discussed](#) Russia and Gaza, among other issues. The trilateral joint statement [focused](#) on condemning North Korea and welcoming advancement on efforts against North Korean cyber threats.
- Iwaya also [announced](#) Japan’s decision on Palestinian statehood during a high-level international conference. The GOJ also [announced](#) ¥861 million in funding to support basic medical services and public sanitation for Palestine. He also took part in the [G4 countries’ meeting](#) on UN Security Council reform and the [meeting](#) between Europe and Indo-Pacific partners, as well as the [G20 foreign ministers’ meeting](#).
- Iwaya [attended](#) the fourteenth conference on facilitating the entry into force of the Comprehensive Nuclear-Test-Ban Treaty (CTBT) prohibiting nuclear testing and preventing qualitative improvements in nuclear weapons. He also [attended](#) the first ministerial meeting of the friends of the Fissile Material Cut-off Treaty (FMCT), calling for the maintenance of trust in the international nuclear disarmament and non-proliferation regime.

2. Foreign Policy Developments

- On Friday, the U.S. White House [announced](#) that Japan and the European Union would receive preferential treatment for its 100 percent tariffs on pharmaceuticals,

capping tariffs at 15 percent. Japan's chief tariff negotiator Akazawa Ryosei [welcomed](#) the announcement and said Japan has secured "most favored nation" status. Elsewhere, U.S. Energy Secretary Chris Wright [announced](#) that the Alaskan LNG project will commence construction within the next twelve months, indicating that participation in the project could be part of the \$550 billion investment scheme.

- Minister of Finance Kato Katsunobu [revealed](#) that the GOJ amended the JBIC Act, enabling the state-funded bank to provide funding and loans for projects in developed countries related to automobiles and pharmaceuticals. The amended act takes effect on October 2. It previously covered JBIC loans in developing countries.
- *Mainichi* [reported](#) that the Japanese and South Korean governments plan to sign a document outlining cooperation to tackle common social issues when Ishiba meets President Lee Jae-myung later in the month. New ROK Ambassador to Japan Lee Hyuk landed in Japan and [stated](#) his intent to "further develop" bilateral relations.
- Iwaya [met](#) with Thai Foreign Minister Sihasak Phuangketkeow in New York, expressing his hope that both Thailand and Cambodia will continue to observe their ceasefire agreement and that tensions will be eased peacefully through dialogue.
- The Board of Audit of Japan [found](#) that 145 cases amounting to approximately ¥460 billion of state funds between 2018-2023 for contributions to international institutions like the UN and ASEAN were not properly accounted for by the GOJ. The Board found that the GOJ has not implemented reporting mechanisms to assess spending and use of the funds.
- On Wednesday, Ishiba [revealed](#) that he plans to issue a statement marking the eightieth anniversary since the end of World War II, stating that "we must never allow the memory of war to fade; the perspective that war must never be waged again is crucial." He said it would not be a Cabinet approved statement.

3. Defense/Security Developments

- On Sunday, the Japan Coast Guard [announced](#) that it confirmed a Chinese oceanographic survey vessel lowered something like a wire inside Japan's exclusive economic zone (EEZ) off the coast of Amami Oshima, Kagoshima. The vessel stayed within Japan's EEZ for approximately three-and-a-half hours before leaving.
- On Friday, Minister of Defense Nakatani Gen [said](#) at a press conference that the GOJ is exploring the idea of joining the "drone coalition" led by Latvia and the United Kingdom to provide Ukraine with UAVs. Latvian Foreign Minister Baiba Braže [told Nikkei](#) that he hopes Japan joins the coalition. Japan would be the first Asian country.

- The GOJ [presented](#) draft guidelines for the implementation of “active cyber defense” to the ruling Liberal Democratic Party (LDP), urging all parties to use communication information at the absolute minimum level and comply with all laws and regulations. The guidelines are expected to be finalized by the end of the year.
- The Ministry of Defense (MOD) [announced](#) that the JMSDF’s Aegis destroyer JS Chōkai will head to the United States until mid-September next year for ship refurbishment and crew training in partnership with the U.S. Marines, with plans to establish standoff Tomahawk missile launch capabilities during this fiscal year.
- On Tuesday, two JASDF F-15 fighter jets [landed](#) at the Rostock-Laage Airport in Germany following visits to the United States, Canada, and the United Kingdom alongside transport aircraft. This exchange marks the first occasion that JASDF aircraft have been deployed to Europe and Canada.
- *Asahi* [reported](#) Monday that the GOJ had utilized “official security assistance” to provide Malaysia with fourteen drone units and seven rescue boats. This marks the first hand over of equipment to Malaysia, an effort to deepen maritime cooperation as Malaysia squares off with China in the South China Sea.

4. LDP Presidential Election Kicks Off

- On Monday, the LDP presidential election to replace Ishiba [kicked off](#). Five candidates will be vying to become the next party president and prime minister.
- On October 4, Diet members and party members/friends will [get](#) 295 votes each to elect the new president. Should no candidate receive a majority of votes, the race enters a run-off in which Diet members each vote in addition to forty-seven votes by each of the party’s prefectural branches.
- As of this week, former Economic Security Minister Takaichi Sanae and Minister of Agriculture, Forestry and Fisheries Koizumi Shinjiro seem to be headed for a run-off, while Chief Cabinet Secretary Hayashi Yoshimasa chases them down in third place.

	Dates	Takaichi	Koizumi	Hayashi	Motegi	Kobayashi
Surveys Targeting All Voters						
Nikkei	26~28	34%	25%	14%	5%	4%
Asahi	20~21	28%	24%	9%	4%	5%
Sankei	20~21	28.3%	25.7%	11.1%	3.8%	4%

Surveys Targeting LDP Supporters						
Kyodo	27~28	34.4%	29.3%	19.5%	5.2%	3.8%
Yomiuri	27~28	25%	40%	16%	4%	5%

- Several debates were held to test the candidates' policy vision. Topics ranged from LDP and political reform to inflation relief measures to security policy. The debates can make or break a campaign, as was evidenced from Koizumi's fall from pole position due to unconvincing debate performances.
- Koizumi faced an added headache this week, after media reports [surfaced](#) that his camp had run a so-called "stealth market" campaign to fill campaign-related broadcasts with positive comments about him. Former Digital Minister Makishima Karen [stepped down](#) as his campaign's PR manager over the incident. A major issue was the inclusion of defamatory comments targeting other candidates, including one that called on Koizumi to "defeat the business conservative (candidates)."
- A major question in this election is how the candidates plan to expand the coalition government to secure a stable government amid minority party rule. The Japan Innovation Party (*Nippon Ishin no Kai*) and the Democratic Party for the People (DPFP) are [named](#) as top choices for coalition partner, though each has its set of demands such as lowering social insurance premiums, a second capital initiative, raising the income tax exemption threshold, and scrapping the provisional gas tax.

5. Other Political Developments

- *Mainichi* [reported](#) Saturday that the GOJ's Local Government System Research Council is considering taking up *Ishin*'s "second capital initiative" and other ideas to disperse capital functions in its next session. Formal discussions within government would push *Ishin*'s agenda to the fore as the ruling parties mull coalition expansion.
- On Friday, *Ishin* leader Yoshimura Hirofumi [said](#) that "it will be difficult to designate the Constitutional Democratic Party's (CDP) leader (as prime minister) given major policy differences," indicating that the LDP president is likely to be elected prime minister. Co-leader Fujita Fumitake [said](#) Thursday that his party will sit at the negotiating table if invited by the new LDP president to discuss coalition expansion.
- The Ministry of Internal Affairs and Communications (MIC) [found](#) that political parties spent a total of ¥36.9 billion in political party grants distributed by the GOJ last year, a ¥10 billion increase from the year before. Political party grants are distributed based on the number of Diet members and votes obtained in elections.

- On Thursday, the secretary general and policy chiefs of the ruling parties and the main opposition CDP [commenced](#) discussions on the “cash handout and tax deduction” proposal to provide inflation relief to citizens. The CDP [envisions](#) a ¥40,000 handout to all and a progressive tax deduction structure that would adjust taxation amounts based on household income levels.
- On Wednesday, former Abe faction general secretary Matsumoto Junichiro [testified](#) in court that former education minister Shimomura Hakubun had instructed the revival of the kickback scheme after Abe Shinzo’s death in July 2022. Matsumoto was testifying in the court case involving slush fund implicated lawmakers.
- On Monday, the Lower House [announced](#) that three *Ishin* lawmakers who left the party created a new “Reform Group” with the hopes of merging with other groups or forming a new political party. Saiki Takeshi, Morishima Tadashi, and Abe Hiroki were removed from the party for submitting notices to leave the party out of frustration with the direction the current leadership plans to take the party.

6. Economic Security and Tech Developments

- *Asahi* [reported](#) Friday that the DFPF’s interim report on the idea of an anti-espionage law will include provisions to set up an independent intelligence agency and a registration scheme for organizations working on behalf of foreign governments. The party aims to submit the bill during the upcoming extraordinary Diet session.
- On Thursday, the GOJ [revealed](#) its schedule for test drilling for rare earths off the coast of Minamitorishima, planning to utilize the Japan Agency for Marine-Earth Science and Technology’s (JAMSTEC) scientific drilling ship Chikyū between January 11-February 14, 2026.
- Fujitsu and Standard Chartered Bank [announced](#) the creation of a new company to support the development of quantum computer software, providing development infrastructure toward the creation of finance-related software. The company will be established in London in October, providing infrastructure next year.
- On Monday, JSR Corporation and U.S. lithography company Inpria [announced](#) a cross-licensing contract with LAM Research for next-generation semiconductor manufacturing, with plans to jointly develop materials like photoresist that are critical to EUV lithography in the manufacturing process.
- *Nikkei* [reported](#) that Google agreed to a twenty-year contract with JERA and West Holdings to procure renewable energy supply for its data center in Inzai City, Chiba starting March 2027. Google aims for one hundred percent renewable energy by 2030; Japan’s ratio for renewable energy in data centers was 17 percent last year.

- *Nikkei* [reported](#) Sunday that the GOJ will set environmental guidelines for rare earths drilling as it prepares to move forward with drilling off the coast of Minamitorishima in 2027. Monitoring will commence in January 2026 by suctioning mud from six thousand meters under sea to check for environmental impact.

7. Key Economic/Financial Developments

- On Friday, the GOJ [decided](#) that the new “employment for skill development” scheme would be launched on April 1, 2027, resulting in an end to the controversial “technical intern trainee program” started in 1993. It aims to nurture foreign talent in industries with labor shortages within three years to the level of specified skilled workers (another visa type).
- The Ministry of Economy, Trade and Industry (METI) [presented](#) a plan to develop geothermal power generation capacity in 118 regions across the country by 2050. METI aims to begin test drilling in 2028 and operate generators in the 2030s. It is expected to yield 7.7 gigawatts of electricity.
- The Nikkei Stock Average [fell](#) for the first time in four days from record levels to ¥45,354.99 as investors sold stocks amid speculation that the U.S. Federal Reserve Board will not cut back interest rates further. Meanwhile, the [yield](#) on newly issued ten-year JGBs hit a seventeen year high this week as investors sell bonds in anticipation of an early Bank of Japan (BOJ) rate hike.
- METI announced that Minister Muto Yoji [visited](#) Kuala Lumpur, Malaysia, from Tuesday to Thursday to attend the 28th AEM+3 Consultation, the 31st AEM-METI Consultation, and the 4th RCEP Ministers’ Meeting. The meetings resulted in new initiatives with ASEAN on AI innovation co-creation and next-generation automotive industry.
- On Thursday, the BOJ [released](#) a summary from its monetary policy meeting from July 30-31, in which one of the nine policy board members stated that the BOJ’s “observing mode” can be lifted as early as by the end of the year if the U.S. economy holds better than anticipated. The board members [agree](#) that rates must be hiked in tandem with economic and price outlook.
- *Nikkei* [reported](#) Monday that the Japan Financial Services Agency (JFSA) will start regulating businesses that solicit investment without registration, reflecting a new trend where illegal, non-registered entities defraud people online via social media. The JFSA will consider empowering the Securities and Exchange Surveillance Commission (SESC) to indict entities on grounds of non-registration.

8. State of the Economy

- On Friday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that real wages in July fell 0.2 percent from the same month last year. The provisional numbers said a 0.5 percent increase. Real wages [fell](#) for a seventh consecutive month.
- Meanwhile, total cash salary amount (nominal wages) rose 3.4 percent to ¥416,744, with a 2 percent increase in the base rate and a 6.3 percent raise in bonuses and other special salary payments.
- MHLW has started employing a new calculation method for real wages utilizing the overall consumer price index. This new calculation method yielded a 0.3 percent increase in wages, adjusted downward by 0.7 point from the provisional number.
- On Thursday, the BOJ [announced](#) that the services producer price index (SPPI) in August rose 2.7 percent from the same month last year to 111.2, a [slight increase](#) in the rate of increase from July as human capital costs are passed onto service costs.
- Looking more closely, “various services” rose 3 percent, while building services and employment agency services rose 3.3 percent and 2.8 percent, respectively, as personnel costs are passed onto service costs.

II. Public Opinion Poll

- A FNN/*Sankei* poll [released](#) on Monday found that the Ishiba Cabinet’s approval rating was 38 percent, down one point from August, while disapproval was 56 percent, down one point.
 - 43 percent of respondents said that Ishiba’s resignation announcement came too late; 38 percent said he did not have to resign; 16 percent said it was the right timing.
 - 43 percent of respondents said that they are somewhat interested in the LDP presidential election; 28 percent said they are very interested; 19 percent said they are somewhat disinterested; and 10 percent said they are not interested at all.
 - 42 percent of respondents said that they will assess the next LDP president based on leadership or executive ability; 26 percent said policies or political principles; 15 percent said none of the choices; 9 percent said experience or accomplishments; and 7 percent said character or age.
 - 28 percent of respondents said that they believe Takaichi Sanae is the best fit to be next LDP president; 26 percent said Koizumi Shinjiro; 11 percent said Hayashi Yoshimasa; and 4 percent each said Kobayashi Takayuki and Motegi Toshimitsu.
 - 40 percent of respondents said that they want the presidential candidates to discuss economic policy including inflation relief; 25 percent said social security policy including pensions; 12 percent said security policy; 9 percent each said

policies related to foreigners and politics and money issues; and 5 percent said none of the choices.

- 47 percent of respondents said that the ideal government framework will be the ruling parties and some opposition party; 29 percent said opposition-led; and 16 percent said a continuation of the LDP-Komeito coalition government.
 - 26 percent of respondents each said that the DPFP or *Ishin* would be the best coalition partner; 20 percent said the CDP; 14 percent said another party; and 10 percent said *Sanseitō*.
 - 33 percent of respondents said that the consumption tax should be cut below 5 percent; 25 percent said the tax on food items should be zero; 24 percent said the current rate should be maintained; and 15 percent said it should be abolished.
 - 46 percent of respondents said that cash handouts proposed by ruling parties in the Upper House election should be axed; 29 percent said it should be implemented; and 24 percent said it should be implemented but with a narrower target pool.
 - 50 percent of respondents said that the provisional gasoline tax rate should be scrapped immediately; 31 percent said it should be scrapped gradually; and 16 percent said it should not be scrapped.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	27.9 (+5.7)
Constitutional Democratic Party	6.3 (+1.1)
Japan Innovation Party	3.4 (-0.6)
Komeito	2.5 (-1.7)
Democratic Party for the People	6.5 (-2.8)
Japan Communist Party	2.1 (-0.7)
Reiwa Shinsengumi	2.9 (-1)
Do It Yourself Party (Sanseitō)	8.3 (-1.6)
Japan Conservative Party	1.2 (-1.2)
Social Democratic Party	0.2 (-0.1)
Team Future (Mirai)	0.9 (-0.1)
Independent (No Party)	33.6 (+2.9)