

The Weekly Observer

October 6-10, 2025

The 193rd edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Ishiba's post-war anniversary message, Trump's congratulatory social media post for Takaichi, the MOD's contracts for long-range counterstrike missile capabilities, Takaichi's new LDP leadership team, Komeito's withdrawal from the ruling coalition, the ruling and opposition parties' efforts to win the PM designation vote, policy discussions ahead of the PM vote, the expansion of dual-use export controls, the "Takaichi effect" on financial markets, the current account surplus in August, and more.

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I. News of the Week

1. Ishiba Issues 80th Post-War Anniversary Message

- On Friday, Prime Minister Ishiba Shigeru [issued](#) a message reflecting on eighty years since the end of World War II. Unlike past anniversary statements, Ishiba focused on “why” Japan’s actions in the war could not be avoided.
- Ishiba analyzed that civilian control was lacking in the Imperial Japanese government and that the legislature failed to serve as a check on the military government. He pointed out that the media proactively supported the war, heightening nationalism to increase readership. He questioned the government’s assessment of the international situation, which perhaps prompted it to wage an aggressive war.
- Ishiba [said](#) that the lessons from the war was the importance of liberalism and democracy — to learn from history, listen to others sincerely, and promote a healthy and resilient democratic system. He emphasized that “we must possess the pride and sense of responsibility as politicians who won’t yield to irresponsible populism or get swept along by the masses.”
- There were [many questions](#) over Ishiba’s decision to issue the message despite his impending resignation and despite missing the landmark days (August 15 and September 2). Some even called it a self-serving legacy building effort.
- Conservatives within the ruling Liberal Democratic Party (LDP) opposed Ishiba issuing the message, arguing that the late Abe Shinzo’s seventieth anniversary statement should be the final reflection of wartime actions. The LDP’s Conference to Japan’s Dignity and National Interest [held](#) a press conference asking for Ishiba to stop the announcement, as it could be “used in historical wars by China, South Korea, North Korea, and China.”
- Japan Innovation Party (*Nippon Ishin no Kai*) co-leader Fujita Fumitake [agreed](#) that “I believe there is no need” for a new statement, stating that it feels “weird” for an outgoing prime minister to issue a message as one of his last acts in office.

2. Foreign Policy Developments

- *Jiji* [reported](#) Saturday that the new Japanese prime minister and U.S. President Donald Trump may visit the U.S. naval base in Yokosuka to see the nuclear-powered aircraft carrier *USS George Washington* during his visit to Japan later this month.
- On Friday, a delegation of the cross-party Japan-ROC Diet Members’ Consultative Council [met](#) with Taiwanese President Lai Ching-te in Taipei on the occasion of their visit for National Day celebrations. The delegation, including new LDP Election

Strategy HQ Chair Furuya Keiji, handed a letter of gratitude from President Takaichi to Lai on the latter's congratulatory message after her presidential election victory. Chief Cabinet Secretary nominee Kihara Minoru [decided](#) not to visit Taiwan.

- The Cabinet Secretariat [announced](#) that Economic Revitalization Minister Akazawa Ryosei had an hour-long phone call with U.S. Secretary of Commerce Howard Lutnick to discuss implementation of the bilateral tariff agreement and steps to deepen alliance cooperation in areas like economic security and growth.
- *Yomiuri* [reported](#) Tuesday that LDP President Takaichi will not visit Yasukuni Shrine during the autumn festival from October 17-19, choosing to avoid any diplomatic issues with countries like China and South Korea. Takaichi also chose not to ruffle any feathers with the United States before Trump's visit to Japan.
- On Monday, Trump took to Truth Social to congratulate Takaichi for her victory in the LDP presidential election, [writing](#) that "Japan has just elected its first female Prime Minister, a highly respected person of great wisdom and strength. This is tremendous news for the incredible people of Japan. Congratulations to all!"
- *Sankei* [reported](#) Sunday that a Chinese marine exploratory vessel has been spotted again in waters near the Senkaku Islands, increasingly asserting its maritime dominance in the East China Sea.

3. Defense/Security Developments

- On Friday, the Ministry of Defense (MOD) [announced](#) that it would be dispatching two JGSDF instructors to educational training courses on humanitarian demining for Ukrainian soldiers, to be conducted together with Lithuania, Iceland, Denmark, Norway, Sweden and Finland between November 3-December 5.
- On Tuesday, nominee for U.S. Assistant Secretary of Defense for Indo-Pacific Security Affairs John Noh [said](#) in his nomination hearing that the DOD plans to ask its allies and friends in the Indo-Pacific region to increase defense spending and do more to contribute to the peace and stability of the region.
- Minister of Defense Nakatani Gen [held](#) a video teleconference with Philippine Secretary of National Defense Gilberto Teodoro, promising support for victims of the earthquake that occurred offshore the Cebu island on September 30. The ministers also welcomed the application of the reciprocal access agreement, which came into effect on September 11.
- The MOD [announced](#) that it signed contracts with Mitsubishi Heavy Industries in the last month to begin manufacturing the long-range counterstrike capabilities

“submarine launched guided missiles” and “improved Type-12 ground-to-ship guided missile.” The Type-12 is commissioned for deployment in FY 2027.

- The LDP’s National Defense Division and Research Commission on Security [held](#) a joint session to discuss defense equipment exports, where members voiced the opinion that the five non-lethal categories for permitted exports should be scrapped to enable Japan to expand its export market and help grow its domestic industry.

4. Takaichi Names Her Party Leadership Team

- On Tuesday, LDP President Takaichi [named](#) her party leadership team, stating that she hopes the team can focus on “transforming anxieties about life and the future into hopes and dreams.” The team included those who supported her in the election.



- The team is [heavily influenced](#) by LDP Vice President Aso Taro, whose support was instrumental in Takaichi’s victory. Many were quick to criticize Takaichi for forming what essentially looks like the “second Aso administration” and for [including](#) slush fund implicated lawmakers like Hagiuda Koichi in the team.
- Main opposition Constitutional Democratic Party (CDP) leader Noda Yoshihiko [criticized](#) Takaichi’s choice of Hagiuda, stating that “there are no signs of reflection having caused the political scandal.” New Secretary General Suzuki Shunichi [defended](#) the appointment, saying Hagiuda had served his punishment for his involvement in the Abe faction’s slush fund scandal.

- Takaichi is [expected to appoint](#) all her presidential rivals to key positions, including Motei Toshimitsu to foreign minister. Former defense minister Kihara Minoru is expected to be named chief cabinet secretary.
- Takaichi made a [surprise appointment](#) on Thursday, choosing former policy chief Onodera Itsunori as the next chair of the Research Commission on Taxation, responsible for formulating tax policy and coordinating with other parties. Onodera is [not part](#) of the so-called “inner” team of tax experts in the Commission, replacing former Ministry of Finance bureaucrat Miyazawa Yoichi who retained the role under prime ministers Kishida Fumio and Ishiba Shigeru.
- [Challenges](#) in forming a new coalition arrangement has pushed back the prime minister designation vote, delaying the formulation of a stimulus package and supplementary budget to implement much-needed inflation relief measures. The vote, initially expected on October 17, is likely to be pushed back until at least the 20th.

5. Komeito Announces Withdrawal From Ruling Coalition

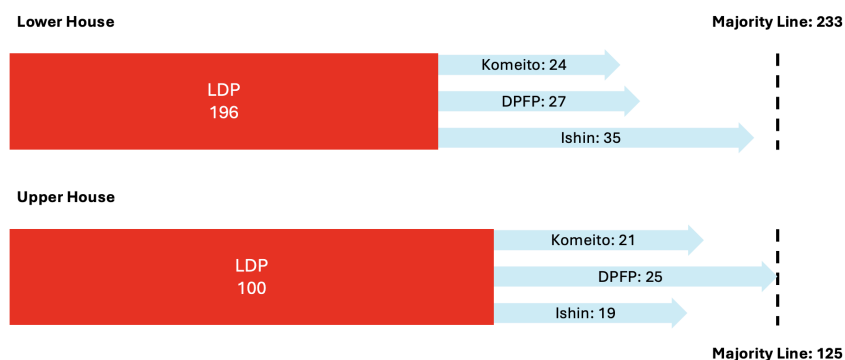
- On Friday, Komeito Chief Representative Saito Tetsuo [informed](#) Takaichi that his party plans to leave the ruling coalition, ending the twenty-six year long union between the two parties. Saito explained that there was no sincere effort by the LDP to address political reform and that party members had grown tired of defending the LDP’s political scandal during elections. He said election cooperation is over too.
- In response, Takaichi [explained](#) that Komeito demanded a response on the spot on legislation to tighten rules around corporate political donations, to which she said she must discuss internally with her party. She characterized the decision as “unilateral” and expressed her disappointment at the end of a two decades-long partnership.
- Trouble had been brewing earlier in the week, with Saito [communicating](#) to Takaichi immediately after her election victory that several points on basic principles must be addressed to continue the coalition arrangement. With no positive response from the LDP, Saito [faced](#) an emergency party meeting on Thursday where local party organizations [expressed](#) their frustrations with the LDP and the coalition partnership.
- Komeito’s reasons for leaving the coalition are manifold. One was Takaichi’s [position](#) on political reform and history, which do not align with Komeito’s views. Another was the [asymmetrical election cooperation](#) between the two parties, in which Komeito provided the LDP with its *Soka Gakkai* votes in exchange for a decreasing number of PR votes. Finally, Takaichi’s decision to secretly meet Democratic Party for the People (DPFP) leader Tamaki Yuichiro before meeting with Saito, presumably to discuss expanding the coalition arrangement, was [seen](#) as “disregarding” Komeito.

- Local LDP organizations are [worried](#) about the implications of the end to the union, as the LDP would likely face a series of election defeats without Komeito's support. *Asahi* [reported](#) that the LDP may even send rival candidates to districts it previously ceded to Komeito in the name of the coalition in order to expand its party presence.
- Nikkei* [calculates](#) that the end of election cooperation with Komeito will result in around 20 percent of LDP Diet members in the Lower House losing their seats. *Mainichi* [projects](#) that anywhere between 13 to 24 percent of all LDP Diet members (both SMD and PR) could end up losing their seats.

6. Ruling and Opposition Parties Scramble to Form PM Vote Coalitions

- The race is now on to [find](#) a “winning solution” before the prime minister vote expected around October 20 or 21. Both the LDP and CDP don't have the numbers to win with an outright majority, meaning they need to lobby for support from other parties like *Ishin* and the DPFP to win the runoff.

LDP's Road to a Majority

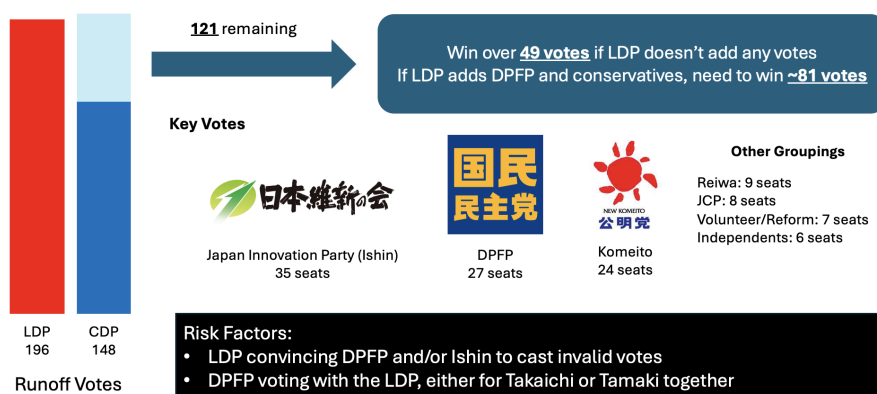


LDP Conditions for Runoff Victory



- The CDP [sees](#) the new situation as an “opportunity” to win back the government, urging the five other national opposition parties on Tuesday to rally around a united candidate — likely its leader Noda Yoshihiko. This will be challenging, as the parties swing from left to right on the political spectrum and rarely see eye to eye.

CDP Conditions for Runoff Victory



- On Wednesday, the CDP went so far as to [declare](#) that DPFP leader Tamaki would be a “viable candidate” to be the opposition’s unified candidate for prime minister. However, the DPFP has indicated that alignment on basic policies is a precondition to proceed, noting that “working together just to win a numbers game is unthinkable.”
- The DPFP is in a tough position, as it believes in working with parties that will enable it to achieve its policy objectives but cannot fully commit to either side. Tamaki [indicated](#) that the opposition are too far apart on basic policies and that the public [likely wants](#) an “LDP-Komeito plus opposition” arrangement. However, the DPFP’s support base — the labor organization RENGO — [opposes](#) a coalition with the LDP.
- *Ishin*, which holds a decisive thirty-five votes in the Lower House, has [stated](#) that it will only enter serious negotiations toward an opposition coalition if the CDP and DPFP — formerly both of the Democratic Party of Japan — can come to an agreement. Co-leader Fujita Fumitake [added](#) that it is “challenging” at this point to foresee a united opposition front against the LDP.
- Meanwhile, Komeito is in an awkward position too, as it has [claimed](#) that it can continue to work with the LDP on a person-by-person basis in elections, while also [indicating](#) a desire to join the opposition ranks. Chief Representative Saito [said](#) that his party may work with the opposition during elections but ruled out voting for an opposition leader in the prime minister designation vote.

7. Other Political Developments

- On Thursday, nine opposition party and group's policy chiefs [agreed](#) to demand an early convening of the extraordinary Diet session and to accelerate discussions toward scrapping the provisional gasoline tax rate. On Tuesday, four opposition parties [agreed](#) to urge the new LDP leadership to present funding sources to compensate for lost tax revenue as soon as possible.
- *Ishin* leader Yoshimura Hirofumi [told](#) *Yomiuri* in an interview that his party may join talks on legislation to tighten regulations around corporate political donations, though maintaining that his party wants to ban such donations. The DPFP-Komeito proposal aims to limit donation recipients to party HQs and prefectural branches and caps donation to one organization to ¥20 million per annum.
- On Wednesday, the GOJ and LDP [gave up](#) on convening the extraordinary Diet session on October 15, as it had not yet reached a coalition agreement with Komeito at that point. *Mainichi* [reported](#) that the GOJ and LDP plans to delay it by a week to around October 21.
- The DPFP [internally discussed](#) the “special self-governing city” system, deciding to submit a bill to amend the Local Autonomy Act during the extraordinary Diet session. This is expected to be a counterproposal to *Ishin*'s “Osaka metropolis plan.”
- On Tuesday, Ishiba [took part](#) in the Japanese Trade Union Confederation's (RENGO) annual convention and emphasized that wage hikes “must be accomplished under any administration,” [pointing out](#) that he hopes to work with the trade union beyond their respective positions in society.
- *Yomiuri* [reported](#) Sunday that the Lower House groups “Volunteer Association” and the “Reform Group” of seven lawmakers plan to soon merge groups as the numbers game ensues ahead of the prime minister designation vote. The three “Reform Group” lawmakers recently left *Ishin* over irreconcilable differences.

8. Economic Security and Tech Developments

- *Nikkei* [reported](#) Saturday that the GOJ will permit drone flight tests for the first time in populated areas on a zone-by-zone basis, starting the new scheme in the national strategic special zones in Fukushima and Nagasaki. Drone flights across multiple sites will be permitted in anticipation of use in logistics and infrastructure inspections.
- On Friday, the Ministry of Agriculture, Forestry and Fisheries (MAFF) [announced](#) that the food self-sufficiency rate on a calorie basis in FY 2024 remained at 38 percent for the fourth consecutive year. While consumption [increased](#), domestic wheat consumption declined due to worsening crop conditions.

- On Thursday, ordinances related to the Foreign Exchange and Foreign Trade Act (FEFTA) [took effect](#), expanding the list of dual use exports requiring prior screening for risks of use in weapons. The six items — machine tools, radars and navigation radios, integrated circuits, drones, aerial navigation equipment, and inspection equipment — increases restrictions on around ¥4.6 trillion worth of exports. Any exports with risks of military use must be approved by the METI minister.
- On Tuesday, the GOJ [presented](#) a proposal to subsidize investments by companies utilizing decarbonized electricity sources such as renewable energy and nuclear power generation in factories producing highly competitive cutting-edge goods like chip equipment and robots. To begin in 2026, the plan is to encourage use of green energy to reduce greenhouse gas emissions effectively to zero.
- On Monday, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) [issued](#) guidelines to promote “AI for science,” with the aim of leveraging Japan’s strengths — [including](#) its national supercomputer “Fugaku” and other computational infrastructure, as well as data accumulated in materials science — to elevate research capabilities to top global standards.
- *Nikkei* [reported](#) that the GOJ plans to expand the scope of anti-dumping tariffs to transshipment via third countries, with one proposal to impose tariffs on products originating from another country if more than 60 percent of the value of an exported product is generated in the original country of taxation. This aims to address China’s dumping of goods and prevent cheap products coming in from third countries.

9. Key Economic/Financial Developments

- On Friday, Minister of Justice Suzuki Keisuke [announced](#) amendments to ordinances to raise the capital condition for the business manager visa from ¥5 million to ¥30 million, adding a Japanese language test as well to prevent misuse of the visa by those coming into the country for other purposes. The ordinance takes effect on October 16.
- The yield on newly issued ten-year JGBs, a key indicator of long-term interest rates, [hit](#) a milestone of 1.7 percent, the first time it has hit this level in seventeen years. Investors are selling bonds as they are cautious about new LDP President Takaichi pushing for expansionary fiscal policy as prime minister.
- *Nikkei* [reported](#) Wednesday that the number of children of foreign nationality born in 2024 reached twenty thousand, or over 3 percent of all newborn children. This suggests that the number of foreign workers, as well as the next generation, are on the rise and requires future-oriented policies related to foreigners.

- On Monday, Japan's financial markets [fluctuated significantly](#) in response to Takaichi's victory in the LDP presidential race, with the Nikkei Stock Average [hitting](#) ¥47,000 for the first time, the yen depreciating to the ¥150s, and yield on interest rates on bonds with a range of maturities hitting record levels. Many look forward to Takaichi bringing change, while the bond market is cautious about her fiscal policy. The rate of increase in the stock average was the highest among new LDP presidents.
- The Ministry of Internal Affairs and Communications (MIC) [revealed](#) a plan to introduce a system that increases the tax burden on electric vehicles (EVs) and fuel cell vehicles (FCVs) based on vehicle weight. Currently, the category-based portion of the automobile tax paid annually by vehicle owners is lower for EVs and FCVs than for gasoline vehicles, and the tax amount is uniform despite expensive EVs taking up more weight in recent years. MIC aims to reflect this change in next year's tax system reform plan to be finalized by the end of the year.

10. State of the Economy

- On Friday, the Bank of Japan (BOJ) [issued](#) the Opinion Survey on the General Public's Views and Behavior for September, which found that 84.8 percent of respondents believe prices will be higher in five years time, the first high since September 2019. Persistent inflation, including soaring food prices, may be [pushing up](#) individuals' medium- to long-term inflation expectations.
- The Immigration Services Agency [announced](#) that the number of foreign residents in Japan as of June 2025 was a record-high 3.95 million, [up](#) 5 percent (187,642 people) since the end of 2024. The number of residents under the specified skilled workers visa increased 18 percent to 336,196. The list does not include short-term tourists.
- On Wednesday, the Cabinet Office (CAO) [released](#) the Economy Watchers Survey for September, which found that the seasonally adjusted diffusion index rose 0.4 point from last month to 47.1, the fifth consecutive month on the rise [due](#) to household and employment related trends. CAO maintained the assessment that the "economy is showing movements of picking up."
- The Ministry of Finance (MOF) [announced](#) that Japan ran a ¥3.78 trillion current account surplus in August, the seventh consecutive month with a positive balance. The surplus amount was [reduced](#) by 4.8 percent, mostly due to a decrease in primary income, which reflects investment flows with foreign countries.
- On Tuesday, the MIC [announced](#) that real consumption by households of more than two persons in August increased 2.3 percent from August 2024 to ¥313,977, the fourth consecutive month in the positive range. Last year, spending on automobile purchases and travel [decreased](#) due to the impact of earthquakes and other factors,

and this year saw a rebound effect. Meanwhile, real wages [fell](#) 1.4 percent, the eighth consecutive month on the decline as high capital costs were [reflected](#) in food prices.

- The CAO [announced](#) that the coincident index showing the current state of the economy in August fell 0.7 point from July to 113.4, the [second consecutive month](#) the index has fallen. CAO maintained the assessment that the economy is “halting to fall.” Meanwhile, the BOJ’s Regional Economic Report (Sakura Report) for October [found](#) that only the economic assessment for Hokkaido was downgraded. While some [pointed](#) to reduced uncertainty due to progress in tariff negotiations, persistent concerns about economic outlook remain.

II. Public Opinion Poll

- A JNN poll [released](#) on Monday found that the Ishiba Cabinet’s approval rating was 44 percent, up six points from September, while disapproval was 53 percent, down six points.
 - 66 percent of respondents said that they have high hopes for Takaichi Sanae, while 26 percent said they do not have high hopes.
 - 25 percent of respondents said that they have high hopes because of her policies, while 23 percent each said because there are no other options and because there is a sense of renewal.
 - 26 percent of respondents said that they do not have high hopes because she is the LDP president; 20 percent said because they do not trust her character; and 18 percent said because of her policies.
 - 48 percent of respondents said that they do not believe Takaichi’s election as president will not result in recovering trust in the LDP, while 40 percent said they believe it will result in recovering trust.
 - 65 percent of respondents said that they believe Takaichi is the best choice for prime minister; 11 percent said Noda Yoshihiko; and 7 percent said Tamaki Yuichiro.
 - 24 percent of respondents said that they would like Takaichi to enter coalition negotiations with the DPFP; 23 percent said there is no need for a coalition; 15 percent said *Ishin*; and 13 percent said the CDP.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	27.9 (+4.6)
Constitutional Democratic Party	5.8 (-0.7)
Japan Innovation Party	3.6 (-1.1)

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Komeito	2 (-1.2)
Democratic Party for the People	7.6 (+0.8)
Japan Communist Party	2.2 (-0.2)
Reiwa Shinsengumi	1.8 (-0.9)
Do It Yourself Party (Sanseitō)	5.8 (-2.7)
Japan Conservative Party	1.1 (-1.3)
Social Democratic Party	0.5 (± 0)
Team Future (Mirai)	0.6 (+0.1)
Independent (No Party)	36.7 (+4)