

The Weekly Observer

October 13-17, 2025

The 194th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Chinese and Taiwanese oceanographic survey vessels entering Japan's exclusive economic zone, the GOJ mulling export of used escort ships to Southeast Asia, the LDP and Ishin's talks to form a new coalition government, party-to-party talks ahead of the extraordinary Diet session, the G7 and G20 finance ministers and central bank governors' meeting in Washington, D.C., IMF projections that Japan will be overtaken by India as the fourth largest economy, and more.

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I. News of the Week

1. Foreign Policy Developments

- *Sankei* [reported](#) Friday that U.S. President Donald Trump is arranging to meet Abe Akie, the widow of the late Prime Minister Abe Shinzo, during his diplomatic visit from October 27-29 to meet the new Japanese prime minister.
- Ruling Liberal Democratic Party (LDP) President Takaichi Sanae [offered](#) the *tamagushi* fee on the occasion of the autumn festival at Yasukuni Shrine. Despite visiting the shrine as minister in the past, she has decided not to visit to prevent any diplomatic issues with China or South Korea over historical recognition.
- On Thursday, Prime Minister Ishiba Shigeru [received](#) a courtesy call from new South Korean Ambassador to Japan Lee Hyuk. He indicated that he hopes the two governments can continue close communication to ensure the stable development of bilateral relations.
- The Japan Coast Guard (JCG) [spotted](#) a Taiwanese oceanographic survey vessel dropping what appears to be a wire in waters inside Japan's exclusive economic zone off the coast of Yonaguni Island, Okinawa. Meanwhile, the GOJ [protested](#) a similar incident with a Chinese oceanographic survey vessel the previous day west of Tokunoshima, Kagoshima. Chinese vessels have been spotted near Amami Oshima since the end of September.
- *Jiji* [reported](#) Wednesday that the Japan-Korea Parliamentarians' Union will meet with its South Korea counterpart in Seoul on November 16. The two sides are expected to confirm the mutual desire to strengthen future-oriented relations under the Lee Administration and the new Japanese administration.
- Chief Cabinet Secretary Hayashi Yoshimasa [revealed](#) that Japan received notification from Russia that it would suspend "right of innocent passage" between October 13-20 for vessels other than those registered in Russia in the waters surrounding the Northern Territories. The GOJ protested this and the notification of firing drills between October 10-November 1.

2. Defense/Security Developments

- *Asahi* [reported](#) Friday that the Ministry of Defense (MOD) plans to merge the JGSDF's special operations group and the Central Readiness Regiment in FY 2026 to establish the Special Operations Brigade. The brigade integrates the counter-guerrilla unit and the advance team for overseas deployment to better prepare for evacuations of Japanese nationals from foreign countries in active conflict.

- The Board of Audit of Japan [announced](#) that fifty four “critical” defense equipment items procured via foreign military sales from the United States Government amounting to ¥1.2 billion were not recorded in the JSDF’s inventory report. The MOD is required to report to the Diet on its purchases of “critical goods.”
- *Asahi* [reported](#) Thursday that the GOJ is exploring the possibility of exporting used escort ships to Southeast Asia as a way to deepen security ties with the region, though there are concerns over consistency with the Three Principles on Transfer of Defense Equipment and Technology that limits the permitted categories of exports.
- The GOJ is contemplating exporting its Abukuma-class destroyer escorts to countries like the Philippines. Japan only permits exports of five categories of items — rescue, transport, patrol, surveillance, and mine sweeping. The exception would be “joint development/manufacturing,” such as the Australian frigate and the Global Combat Air Programme with the United Kingdom and Italy.
- On Tuesday, the MOD [announced](#) that the JSDF will provide approximately thirty vehicles to the Ukrainian Government amid its ongoing war with Russia. The MOD is sending over twenty-eight half ton trucks and two high mobility vehicles.

3. LDP and Ishin Close to Coalition Agreement

- On Friday, the LDP and Japan Innovation Party (*Nippon Ishin no Kai*) [agreed in principle](#) on a policy framework, paving the way for Takaichi to be elected prime minister in the Diet on October 21. The Diet session [runs](#) until December 17. The two parties are a few seats short of a majority in both Houses.
- Takaichi and *Ishin* leader Yoshimura Hirofumi and co-leader Fujita Fumitake [held](#) a summit meeting on Wednesday that kicked off coalition discussions, in a [surprise move](#) that saw the LDP shift focus from the Democratic Party for the People (DPFP) to *Ishin* this week to ensure Takaichi has a majority of votes in the prime minister designation vote. *Ishin* also saw this as an opportunity to move forward [twelve key policy demands](#), including non-negotiables like the second capital initiative, social insurance fee cuts, and reducing Diet member numbers by 10 percent.
- The third non-negotiable condition was [added](#) on Friday, likely to take some attention off of political reform, which *Ishin* understands from the LDP-Komeito talks will not be addressed fully from the get-go. The LDP is [said](#) to not be against reducing the number of Diet members, as this would [disproportionately affect](#) smaller parties with a greater share of seats in the proportional representation bracket.
- The union between the two parties is somewhat more natural than the LDP-Komeito coalition, as the two parties align ideologically for the most part. However, a key

challenge will be [election coordination](#), as the two parties compete in around 20 percent of Lower House districts and share a rivalry in Osaka, where *Ishin* wiped out the LDP in last year's election.

- During the first interaction, Takaichi [requested](#) “full spec” integration into the Cabinet, even promising multiple Cabinet ministerial positions. However, *Ishin* is [reportedly leaning](#) toward an “out-of-Cabinet” partnership, which entails a policy agreement but no ministerial commitments. This would enable *Ishin* to assess the LDP's commitment to a working relationship, having been “burned” in the past over political reform legislation during the days of Prime Minister Kishida Fumio.
- The sudden union between the two parties can be viewed as success on *Ishin*'s part to take advantage of the situation — the DPFP's [failure](#) to fully commit to either the LDP or the main opposition Constitutional Democratic Party-led (CDP) voting bloc. The DPFP [dragged its feet](#) with the LDP due to labor union opposition, while it [refused to entertain](#) serious talks toward forming an opposition government without alignment with the CDP on fundamental policies. This refusal to commit to either side provided an opening for *Ishin* to pursue talks with the LDP — already [underway](#) behind the scenes at the working level — while the CDP and DPFP bickered on.

4. Other Political Developments

- On Friday, CDP leader Noda Yoshihiko [met](#) with Komeito Chief Representative Saito Tetsuo, agreeing to work on legislation to restrict recipients of corporate political donations to party HQs and prefectural branches. This is viewed as a compromise between the CDP's total ban and the LDP's measures to improve transparency.
- The DPFP and Komeito's policy chiefs and Diet chiefs [agreed to urge](#) the LDP to engage in three-party talks toward designing a concrete plan toward raising the income tax exemption threshold further. The DPFP and Komeito aim to cooperate on policy issues of common interest, especially around political reform.
- *Mainichi* [reported](#) Thursday that Takaichi may appoint former Regional Revitalization Minister Katayama Satsuki and former Justice Minister Matsushima Midori as ministers as she aims to increase the number of women represented in the highest levels of government. *Yomiuri* [reported](#) earlier that presidential rivals Hayashi Yoshimasa and Koizumi Shinjiro are expected to be offered a position in her Cabinet too — Hayashi as internal affairs minister and Koizumi as defense minister.
- The LDP and DPFP policy chiefs [met](#) to discuss the income tax exemption threshold — discussed during Takaichi and Tamaki's summit on Wednesday — and agreed to move forward with inflation relief measures “regardless of coalition or cooperation” between the two parties.

- On Wednesday, Takaichi [met](#) with CDP leader Noda, sharing the notion that the two parties should cooperate to achieve policies like scrapping the provisional gasoline tax rate. Noda revealed that the two leaders agreed on the need for a swift enactment of the FY 2025 supplementary budget to finance inflation relief measures.
- The LDP, Komeito, and CDP policy chiefs [agreed](#) to work on a draft bill to scrap the provisional gasoline tax rate once the LDP presents a plan to cover for lost government revenue. The six-party talks between ruling and opposition parties [resumed](#) after a brief hiatus during the LDP presidential election campaign period.

5. Economic Security and Tech Developments

- On Thursday, Minister of Finance Kato Katsunobu [expressed](#) strong concerns regarding China's rare earths-related export restrictions imposed on October 9 during the G7 finance ministers and central bank governors meeting in Washington, D.C..
- Taiwan Semiconductor Manufacturing Company (TSMC) CEO C. C. Wei [revealed](#) that construction of the second chip facility in Kikuyo town, Kumamoto Prefecture, has started. TSMC's schedule was initially last year, which was delayed to "during 2025" due to reasons such as avoiding traffic congestion in the local area.
- On Wednesday, the Ministry of Foreign Affairs (MOFA) [announced](#) that the second meeting of the Japan-Germany Economic Security Consultations took place on Tuesday in Tokyo, in which the two sides discussed issues including strengthening the resilience of supply chains, responding to non-market policies and practices, and protecting and promoting critical and emerging technologies.
- *Yomiuri* [reported](#) that the GOJ will investigate the state of laws and regulations in Canada, Germany, South Korea, and Taiwan on real estate transactions by foreign nationals this year, with an eye toward tightening domestic laws related to purchasing land near areas critical to security like JSDF facilities.
- *Nikkei* [reported](#) Monday that the Ministry of Economy, Trade and Industry (METI) will tighten rules in FY 2026 around connecting storage batteries, essential to the stable use of renewable energy, to the power grid. It will set an upper limit on applications submitted to transmission distribution companies and require paperwork on site surveys, in an effort to prevent companies from securing connection rights with impractical plans and to foster a fair competitive environment.

6. Key Economic/Financial Developments

- On Saturday, METI [announced](#) that Minister Muto Yoji had visited Kuala Lumpur, Malaysia, from October 16-18 to co-host the Asia Zero Emissions Community

ministerial meeting with the Malaysian Government. METI [announced](#) that a memorandum of understanding was signed with Malaysia to transport carbon dioxide emitted in Japan to Malaysia for underground storage.

- On Friday, the G20 finance ministers and central bank governors' meeting [concluded](#) in Washington, D.C., without a joint declaration for the first time in two meetings. The chair's statement [issued](#) by South Africa avoided mention of Russia's war in Ukraine, the Middle East, the United States' tariffs, or China's export restrictions.
- On Thursday, Bank of Japan (BOJ) Governor Ueda Kazuo [said](#) at a press conference that a decision on whether to hike interest rates at the next monetary policy meeting from October 29-30 would be made "based on information and data available by then," after policy board member Tamura Naoki (pro-rate hike) [stated](#) at an event that "the time to make a decision on a rate hike has come."
- On Wednesday, Kato [met](#) with U.S. Secretary of the Treasury Scott Bessent, reaffirming their shared understanding expressed in the finance ministers' joint statement in September. The two did not discuss foreign exchange levels. Bessent [revealed](#) on X that he told Kato that the U.S. Government hopes that the GOJ stops purchasing Russian energy.
- *Nikkei* [reported](#) that the Japan Financial Services Agency (JFSA) will begin regulating inside trading of cryptocurrencies, explicitly stipulating in the Financial Instruments and Exchange Act prohibited trading acts based on undisclosed information. The tighter regulations aim to regulate an exponentially growing market in a manner that is conducive to a healthy market of transactions.
- On Tuesday, the Tokyo financial market [saw](#) stock prices down, the yen appreciate, and bond prices go up as the so-called "Takaichi trade" winds back with the uncertainty over stable government mounting after the end to the LDP-Komeito coalition and ongoing talks between parties to form a new government. The uncertainty over how stable the new government will be — likely a minority government either way — has impacted how investors see the Japanese market.

7. State of the Economy

- On Thursday, the Cabinet Office [announced](#) that seasonally adjusted machinery orders in August excluding ships and power generation fell 0.9 percent from July to ¥890 billion, the second consecutive month on the decline. Manufacturing fell 2.4 percent, while non-manufacturing fell 6.4 percent. CAO [downgraded](#) the assessment to "signs of some recovery but the economy remains at a standstill."

- On Wednesday, the Japan Tourism Agency [announced](#) that spending by inbound tourists between July-September increased 11.1 percent from the same quarter last year to ¥2.13 trillion.
- The number of tourists [exceeded](#) thirty million on an annual basis at the fastest pace in history. The increase in the number of tourists covered for the decrease in per person spending. Tourists from China, Taiwan, and the United States increased, while tourists from Hong Kong and South Korea decreased.
- On Tuesday, the IMF [released](#) its latest batch of statistics that projected India overtaking Japan as the fourth largest economy in 2026. Japan was overtaken by Germany as the third largest economy in 2024.
- Japan's nominal GDP in 2026 is expected to be \$4.46 trillion, impacted by the weak yen reducing GDP in dollar terms. Japan is expected to be overtaken by the United Kingdom in 2030.

II. Public Opinion Poll

- An NHK poll [released](#) on Monday found that the Ishiba Cabinet's approval rating was 39 percent, up one point from September, while disapproval was 42 percent, down three points.
 - 34 percent of respondents [said](#) that they have some expectations for LDP President Takaichi Sanae; 27 percent said they have little expectation for Takaichi; 18 percent said they have great expectations; and 17 percent said they have no expectations.
 - 27 percent of respondents said they have expectations for Takaichi because she is the first female president; 21 percent said because they support her political beliefs; and 20 percent said because they have hope for reform.
 - 36 percent of respondents said that they do not have expectations for her because it's the same regardless of who is leader; 18 percent each said because of her character or image and because they have no hope for reform; and 16 percent said because they do not support her political beliefs.
 - 43 percent of respondents said that they want Takaichi to focus on inflation relief measures; 16 percent said politics and money issues; and 14 percent said social security and addressing the declining population.
 - 33 percent of respondents said that they somewhat disapprove of the new LDP leadership team; 29 percent said they strongly disapprove; 26 percent said they somewhat approve; and 7 percent said they strongly approve.
 - 69 percent of respondents said that they oppose the appointment of slush fund implicated lawmakers to party leadership or Cabinet positions, while 17 percent said they support such appointments.

- 35 percent of respondents said that they somewhat approve of Komeito's decision to leave the ruling coalition; 31 percent said they strongly approve; 18 percent said they somewhat disapprove; and 9 percent said they strongly disapprove.
- 37 percent of respondents said that the LDP does not need to form a coalition with another party; 19 percent said the DPFP; 12 percent said *Ishin*; 8 percent said the CDP; 6 percent said *Sanseitō*; and 1 percent said other parties.
- 52 percent of respondents said they are unsure what to think about the CDP's efforts to unite the opposition behind a single prime minister candidate; and 21 percent each said they see or do not see the need for coordination.
- 40 percent of respondents said that they somewhat approved of the Ishiba Cabinet's efforts over the past year; 28 percent said they somewhat disapproved; 20 percent said they strongly disapproved; and 7 percent said they strongly approved.
- 41 percent of respondents said that they want the new government to focus on tax cuts as inflation relief; 36 percent said reducing social insurance fees; and 13 percent said cash handouts.
- 36 percent of respondents said that, if anything, the Osaka Expo 2025 was good; 34 percent said it was very good; 13 percent said that, if anything, it was not good; and 10 percent said it was not good.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	27.4 (-0.5)
Constitutional Democratic Party	5.6 (+0.6)
Japan Innovation Party	1.7 (-1.9)
Komeito	3.2 (+0.1)
Democratic Party for the People	4.8 (-0.9)
Japan Communist Party	2.6 (-0.3)
Reiwa Shinsengumi	1.2 (-0.5)
Do It Yourself Party (Sanseitō)	4.5 (-1.8)
Japan Conservative Party	0.7 (-1.1)
Social Democratic Party	0.2 (-0.6)
Team Future (Mirai)	0.4 (± 0)

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Independent (No Party)	41 (+6.2)
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