

## ***The Weekly Observer***

October 20-24, 2025

*The 195<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Takaichi's first phone call with President Trump, preparations for Takaichi's diplomatic debut, new personnel appointments in the national security apparatus, Takaichi's election as Japan's first female prime minister, the rollout of the Takaichi Cabinet, Takaichi's first Diet policy speech, the end of the Ishiba Administration, new capital investment in domestic shipbuilding, changes in Japan's agricultural policy, Japan's trade balance in the first half of FY 2025, and more.*

## **By Content**

### **I. News of the Week**

#### **Foreign Policy/Security**

1. Takaichi Speaks with Trump Ahead of Meeting in Tokyo
2. Foreign Policy Developments
3. Defense/Security Developments

#### **Domestic Politics**

4. Takaichi Elected the 104th Japanese Prime Minister
5. Takaichi Cabinet Takes Shape
6. Takaichi Delivers Policy Speech to the Diet
7. Other Political Developments

#### **Economics/Finance**

8. Economic Security and Tech Developments
9. Key Developments
10. State of the Economy

### **II. Public Opinion Polls**

1. Kyodo News (10/23)

## **I. News of the Week**

### **1. Takaichi Speaks with Trump Ahead of Meeting in Tokyo**

- On Saturday, Prime Minister Takaichi Sanae had a [summit telephone talk](#) with U.S. President Donald Trump, in which she stated that strengthening the Japan-U.S. alliance is a top priority of Japan's foreign and security policy. The two confirmed that they would cooperate to continue elevating the alliance to new heights.
- Takaichi [told](#) reporters after the call that she informed Trump that Japan is an indispensable partner in the United States' strategy toward China and the Indo-Pacific strategy. She said her impression of Trump is that he is a "very cheerful and engaging person," and that he shared some "fond memories" of the late Prime Minister Abe.
- The Ministry of Foreign Affairs (MOFA) [announced](#) Wednesday that Trump will be making a state call on His Majesty the Emperor and meeting with Takaichi during his visit to Japan from October 27-29. The summit is [expected](#) on October 28.
- The two governments are [expected to write up](#) a joint document promising to carry out the tariff agreement, as well as a memorandum of cooperation to [advance](#) collaboration in seven areas of technology including AI and 6G. [Nikkei reported](#) Monday that the GOJ will also consider purchasing one hundred Ford F-150 pickup trucks for use when inspecting roads and dams across the country.
- Minister of Economy, Trade and Industry Akazawa Ryosei [revealed](#) that Minister for Foreign Affairs Motegi Toshimitsu will lead Japan's response to U.S. tariffs, while he will continue to engage with U.S. counterparts to coordinate on implementation. Minister in charge of Economic and Fiscal Policy Kiuchi Minoru will be in charge of domestic policy responses to the tariffs.
- Akazawa had his [first phone call](#) with U.S. Secretary of Commerce Howard Lutnick as METI minister, agreeing to strengthen the alliance, ensure economic security, and significantly promote economic growth through the implementation of the agreement. New Minister of Finance Katayama Satsuki had her [first phone call](#) with U.S. Secretary of the Treasury Scott Bessent on Friday.

### **2. Foreign Policy Developments**

- On Friday, Takaichi [took part](#) in a virtual meeting of the "coalition of the willing" supporting Ukraine. She reiterated Japan's commitment to stand with Ukraine and to continue coordinating with the international community on support for Ukraine and sanctions against Russia toward fair and sustained peace.

- MOFA [announced](#) that Takaichi will visit Kuala Lumpur, Malaysia, from October 25-27 to attend the ASEAN Summit and related meetings, aiming to deepen relations with ASEAN — the global growth center and key to FOIP — a trusted partner. Motegi will [stand in](#) for Takaichi from October 26-28 to attend the ASEAN+3 Summit meeting, the RCEP Summit, and the East Asia Summit.
- *Nikkei* [reported](#) that Chinese Premier Li Qiang sent a congratulatory message to Takaichi upon her assuming office on Tuesday. It had been customary for President Xi Jinping to send the message to an incoming Japanese leader. He likely decided not to out of concern for Takaichi's "far-right nationalist" viewpoint.
- On Thursday, Chief Cabinet Secretary Kihara Minoru [announced](#) that Takaichi would be attending the ASEAN Summit and related meetings as well as the APEC Economic Leaders' Meeting in the following weeks. At APEC, she is expected to have her [first in-person engagements](#) with South Korea President Lee Jae-myung and Chinese President Xi.
- *Kyodo* [reported](#) that Takaichi is expected to skip the 2025 United Nations Climate Change Conference (COP30) in Brazil from November 10-21 to prioritize the extraordinary Diet session, where the political parties will be discussing the FY 2025 supplementary budget that will finance inflation relief measures.
- On Wednesday, Motegi [closed out](#) the Ukraine Mine Action Conference 2025 in Tokyo, where the participants issued an outcome document around three pillars: people, technology, and nexus. During the conference, Japan [announced](#) its own mine response support initiative, including talent development, support for reconstruction, and the diversification and strengthening of multilateral partnerships.

### 3. Defense/Security Developments

- On Friday, the Ministry of Defense (MOD) [set up](#) the "Defense Capability Transformation Promotion Headquarters Meeting" under Minister of Defense Koizumi Shinjiro to move discussions forward toward revising the three strategic documents by the end of FY 2026.
- On Wednesday, Takaichi [revealed](#) that the GOJ was responding to a North Korean ballistic missile launch announced by the South Korean government, stating that there were no confirmations that any projectiles hit Japan's territorial sea or exclusive economic zone.
- On Tuesday, Takaichi [announced](#) that she plans to instruct her Cabinet to revise the three strategic documents — the National Security Strategy, the National Defense Strategy, and the Defense Buildup Plan — ahead of schedule by the end of FY 2026.

Plans to proactively push forth defense policy will likely be [easier to pass through](#) without Komeito's involvement in the ruling coalition.

- The Takaichi Cabinet [announced](#) that former Assistant Chief Cabinet Secretary Ichikawa Keiichi — nominated to be Ambassador to Indonesia — would be appointed national security advisor, taking over the role from Okano Masataka just nine months into his tenure. Ichikawa, who first came up with the FOIP concept, is just one of many new appointees [signaling](#) a shift back to the “Abe era” of security policy making under the new prime minister.
- On Monday, then-Minister of Defense Nakatani Gen [met](#) with New Zealand Chief of Navy Rear Admiral Garin Golding, who informed him that the Navy is considering the procurement of the Mogami-class frigate adopted by the Australian Royal Navy back in August. The two sides [agreed](#) on the importance of partnership, especially in light of increasing Chinese maritime activity in the region.

#### 4. Takaichi Elected the 104th Japanese Prime Minister

- On Tuesday, ruling Liberal Democratic Party President Takaichi Sanae was [elected](#) Japan's 104th prime minister, winning the Lower House vote in one round and the Upper House vote in a runoff.
- Takaichi [secured](#) 237 votes in the Lower House, owing to a few votes from independent lawmakers to get across the majority line, while the LDP and Japan Innovation Party (*Nippon Ishin no Kai*) fell short of the majority in the Upper House but had a plurality of votes in the runoff to secure Takaichi the victory.
- In her first Cabinet meeting, Takaichi [instructed](#) her ministers to “create a strong economy, changing concerns about livelihood and the future into hope.” She instructed ministers to work on three policy areas: economy, local and safety, and diplomacy and defense.
- The Takaichi Cabinet was [formed](#) solely by the LDP, with the help of *Ishin* in a “confidence and supply” arrangement. Unlike a fully fledged coalition agreement, *Ishin* will not provide Cabinet members and can vote freely on legislation.
- The two parties [entered](#) into a policy agreement on Monday, based on twelve policy items that *Ishin* demanded be addressed, including non-negotiables like the second capital initiative, reducing social insurance fee costs, and reducing the total number of Diet members by 10 percent. The parties [passed up](#) on discussions around election cooperation, as the two parties do not have complementary relations like the LDP did with Komeito, its former coalition partner.

- On Wednesday, Takaichi [named](#) her state minister and parliamentary vice ministers, which included ten women and seven slush fund implicated lawmakers. The ministerial lineup is a balance of experienced hands and new faces, on average younger than past Cabinets but lacking in gender balance (two women).

## 5. Takaichi Cabinet Takes Shape

- On Tuesday, Takaichi named her Cabinet ministers and [handed](#) each minister a detailed set of instructions outlining their roles and responsibilities. The Cabinet [includes](#) close aides like Chief Cabinet Secretary Kihara Minoru and Economic Security Minister Onoda Kimi, as well as her three presidential rivals — Motegi, MIC Minister Hayashi Yoshimasa, and Koizumi.





- At her inaugural press conference, Takaichi [stated](#) that her Cabinet will be one of “decisions and progress,” promising to create a “strong economy” and defend Japan’s national interests. As minority government, she indicated a desire to work with opposition parties as long as they do not contradict her government’s basic policies. She said alleviating economic pains comes first before another election.
- Takaichi’s picks for her staff in the Prime Minister’s Office signalled a shift from the previous Ishiba Administration to a more conservative, Abe-style team, [led](#) by Chief Executive Secretary Iida Yoji (METI), Deputy Chief Cabinet Secretary Tsuyuki Yasuhiro (NPA), Deputy Chief Cabinet Secretary for Crisis Management Masuda Kazuo (MOD), Special Advisor to the Prime Minister on National Security Ret. LTG Oue Sadamasa, and Special Advisor to the Cabinet Imai Takaya (Abe’s former chief executive secretary). It is an unprecedented overhaul of top government staffers.
- Takaichi appointed *Ishin* Diet Affairs Chair Endo Takashi as one of her special advisors, tasked with coordinating between the two ruling parties. The parties must [first develop](#) a new mode of policy consultations as the established LDP-Komeito consultative bodies no longer function under the new coalition arrangement. *Ishin* co-leader Fujita Fumitake [indicated](#) on Wednesday that the party could leave the new arrangement if the LDP fails to make progress on reducing Diet member numbers.
- As the Takaichi Cabinet kicked off, the political parties [each began discussions](#) on key legislative matters ahead of the start of the extraordinary Diet session. Discussions between the ruling and opposition parties centered around scrapping the

provisional gasoline tax rate, tightening rules around corporate political donations, and raising the income tax exemption threshold.

- On Wednesday, the LDP, *Ishin*, and Komeito [agreed](#) to effectively scrap the provisional gasoline tax rate by the end of the year, gradually raising the subsidy amount to cover for the lost revenue until the abolition takes effect (¥25.1 per liter). The opposition [strongly opposes](#) the LDP's plan to end the tax in February 2026.

## 6. Takaichi Delivers Policy Speech to the Diet

- On Friday, Takaichi [delivered](#) her first policy speech to the Diet, declaring her intent to "strengthen and enrich the Japanese archipelago" and work to revitalize the economy and reinforce security.
- On social security, she [stated](#) that a national conference would be established to discuss the state of handouts and costs, as well as progress on designing the cash handout plus tax deduction scheme replacing the LDP's ¥20,000 handout proposal.
- On economic and fiscal policy, she proposed "responsible, proactive fiscal policy" to strategically introduce fiscal expenditure, as well as the creation of the "Japan Growth Strategy Council" centered around crisis management investments.
- On foreign policy and security, she announced that Japan would amend the three strategic documents next year and meet its targeted 2 percent of GDP spending on defense two years earlier by the end of FY 2025. She touched on the need for constructive and stable ties with China, while pointing out security concerns.
- Takaichi [appealed](#) her new coalition partner by touching on the consideration of its second capital initiative, though avoiding any mention of the idea to reduce Diet members by 10 percent. *Ishin* leader Yoshimura Hirofumi [praised](#) the speech as "major progress," pointing out that the content "exuded her colors" and touched on key non-negotiables like the second capital initiative and social security reform.
- Meanwhile, opposition parties [criticized](#) the speech. Main opposition Constitutional Democratic Party (CDP) leader Noda Yoshihiko characterized it as "postponing and retreating," while Democratic Party for the People leader Tamaki Yuichiro said he did not see concrete policy proposals to address pressing issues like inflation relief. Komeito Chief Representative Saito Tetsuo criticized Takaichi for failing to mention political reform in her address, pointing out that cash handouts are necessary for the very needy and that the election result was a product of the political scandal, not unpopularity of the cash handout (Komeito was still part of the ruling government).

## 7. Other Political Developments



- On Friday, the LDP Tax Research Commission's unofficial "inner" team of tax experts [met](#) for the first time to begin discussions on the FY 2026 tax system reform proposals. The Commission determines the LDP's position on tax reform and has been reformed under Takaichi to include pro-expansionary fiscal expenditure lawmakers to promote her cause. Yamagiwa Daishiro, named deputy chair, is an auto expert who is expected to support Takaichi's pro-expenditure policy approach. The "inner" also includes Special Advisor to the Prime Minister Matsushima Midori.
- The LDP [finalized](#) its executive board appointments, including all policy division directors and special commission chairs. Nakasone Hirofumi, Takaichi's campaign manager, was named chair of the HQ for the Realization of the Revision of the Constitution. Two slush fund implicated lawmakers — Matsukawa Rui and Suzuki Eikei — were named division directors in line with the "all hands on deck" approach.
- On Thursday, Takaichi [met](#) with families of the victims of North Korean abductions, promising to make progress with her leadership toward bringing back the victims to Japan at the earliest possible date. She [indicated](#) that she would be willing to meet with Chairman Kim Jong Un directly to speed up the process.
- *Mainichi* [reported](#) that the LDP plans to reorganize the Research Commission on the Election System — currently under the chairperson of the Policy Research Council — as a new body directly reporting to President Takaichi in order to speed up discussions toward reducing the number of Diet members by 10 percent. Chairperson Aisawa Ichiro will likely be replaced, as he indicated opposition to moving forward with the proposal without adequate discussion with opposition parties.
- On Tuesday, outgoing Prime Minister Ishiba Shigeru [issued](#) a statement reflecting back on his tenure as Japan's leader, highlighting successes across the board and in passing legislation despite the challenges of being a minority government. Ishiba [leaves](#) office after 386 days, surpassing Suga Yoshihide as the twenty-fourth longest serving prime minister out of thirty-six leaders in the post-war era.
- The LDP, Komeito, and *Ishin*'s three-party agreement on free high school education [puts](#) the ceiling on subsidies for private online schools at ¥337,000, while raising the amount for private schools from ¥396,000 to ¥457,000.

## 8. Economic Security and Tech Developments

- On Friday, Chief Cabinet Secretary Kihara [revealed](#) that the GOJ began exploring the establishment of a "National Intelligence Bureau" to collect and analyze intelligence from both home and overseas.

- Tokyo Gas [announced](#) that it signed a letter of intent with U.S. energy company Glenfarne to explore procurement of one million tons of LNG annually from the Alaskan LNG project. JERA [announced](#) Thursday that it will procure rights to shale gas fields in Louisiana, its first U.S. procurement, for around \$1.5 billion.
- Japan Advanced Semiconductor Manufacturing, the Japanese subsidiary of Taiwan Semiconductor Manufacturing Company, [signed](#) a location agreement with Kikuyō town in Kumamoto Prefecture for its second chip facility to begin operations in December 2027. The facility will mass manufacture advanced six nanometer chips. Investment amounts to approximately \$13.9 billion.
- On Thursday, Japan Automobile Manufacturers Association (JAMA) Chairman Katayama Masanori (Isuzu Motors CEO) [said](#) that the shipment suspensions resulting from China and the Netherlands' dispute over Nexperia will have "serious impacts on global automotive manufacturing," pointing to notifications to parts suppliers that shipments cannot be made. No comments were made on whether Japanese auto companies have been affected by this development.
- Kihara [indicated](#) that Japan will make its own judgment on whether to sanction Russian oil companies in line with U.S. sanctions. The Trump Administration has been pushing other G7 countries to comply, but Japan has held firm, [arguing](#) that Russian LNG is "extremely critical to Japan's energy security."
- *Nikkei* [reported](#) Wednesday that Imabari Shipbuilding and sixteen other domestic shipbuilders plan to soon announce a ¥350 billion capital investment to increase manufacturing capacity, aiming to draw out GOJ support to meet the target of doubling capacity by 2035. LDP policy chief Kobayashi Takayuki [stated](#) that a ¥1 trillion fund is in the works to raise global market share to 20 percent by 2035.

## 9. Key Economic/Financial Developments

- On Friday, the Ministry of Agriculture, Forestry and Fisheries (MAFF) [indicated](#) that production targets for FY 2026 staple rice will decrease 2 percent from the previous year to 7.11 million tonnes, which is set based on demand from the previous year (between 6.94-7.11 million tonnes). The GOJ [plans to resume](#) buy-ins of stockpiled rice in FY 2026 — likely around 210,000 tonnes next year — to replenish depleted stockpiles after a massive release this year (target stockpile of one million tonnes).
- New MAFF Minister Suzuki Norikazu [said](#) at his inaugural press conference on Wednesday that he will "not commit" to rice prices, stating that "prices should be determined by the market." This effectively signals a shift from the Ishiba Administration's policy to increase rice production to lower prices.

- The Nikkei Stock Average (Nikkei 225) [rose](#) for the first time in three business days by ¥658.04 to ¥49,299.65, at one point breaking past the record of ¥49,316. This owed largely to U.S. stocks performing well after concerns over U.S.-China conflict receded, and as the yen depreciated against the U.S. dollar.
- *Nikkei* [reported](#) Tuesday that over two thousand Japanese companies are now part of the SBT Initiative (SBTi), a corporate climate action organization established to encourage greenhouse gas emissions reduction. SBTi is spreading across the supply chain, with a more than twenty-fold leap in the last five years or so.
- *Nikkei* [reported](#) that the gap between long-term interest rates between Japan and the United States hit 2.3 percent, the smallest gap in three-and-a-half years. This comes as speculation intensifies over the Federal Reserve Board choosing an early rate cut and the Bank of Japan (BOJ) heading into what is likely a rate hike. BOJ policy board member Takada Hajime — who advocated for a rate hike to 0.75 percent — [said](#) Monday that the “time has come” to decide on a rate hike.

#### 10. State of the Economy

- On Friday, the Ministry of Internal Affairs and Communications (MIC) [announced](#) that the consumer price index in September excluding volatile fresh food items rose 2.9 percent from September 2024 to 111.4, the [first hike](#) in the rate of increase in four months as energy prices rebounded from subsidized prices last year.
- Food prices excluding volatile food items rose 7.6 percent, the second consecutive month that the rate of increase has subsided. Meanwhile, the rate of increase in rice prices was 49.2 percent, lower than 69.7 percent in August.
- On Thursday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that the average delivery costs for normal births in FY 2024 went up ¥13,265 to ¥519,805. The gap between the most expensive (Tokyo) and least expensive (Kumamoto) was ¥243,898. The average cost of giving birth has gone up every year; for reference, the national average in FY 2014 was approximately ¥430,000.
- On Wednesday, the Ministry of Finance (MOF) [announced](#) that Japan ran a ¥1.22 trillion trade deficit in the first half of FY 2025, with the deficit amount shrinking by 61.2 percent off a 3.2 percent decrease in imports and a slight bump in exports to the European Union in steel and auto parts.
- Meanwhile, the total export amount to the United States [fell](#) 10.2 percent from the same period last year to ¥9.71 trillion, with a 22.7 percent decline in auto exports amounting to ¥2.39 trillion. The number of vehicles exported to the United States fell 2.4 percent to 662,914, as the impact of the U.S. tariffs linger on.

## II. Public Opinion Poll

- A *Kyodo* poll [released](#) on Thursday found that the Takaichi Cabinet's approval rating was 64 percent, up 30 points from Ishiba's approval in September, while disapproval was 23 percent, down 28 points.
  - 39 percent of respondents said that they would like Prime Minister Takaichi to focus on inflation relief measures; 12 percent said social security including pensions; and 8 percent said politics and money issues.
  - 42 percent of respondents said that, if anything, the LDP-*Ishin* coalition is good; 22 percent said it is good; 17 percent said it is not good; and 13 percent said that, if anything, it is not good.
  - 70 percent of respondents said that the appointment of slush fund implicated lawmaker Hagiuda Koichi to a senior LDP leadership position is not appropriate, while 23 percent said it is appropriate.
  - 42 percent of respondents said that, if anything, the election of Japan's first female prime minister will support the promotion of women's empowerment; 35 percent said that it will; 11 percent said that it will not; and 10 percent said that, if anything, it will not.
  - 66 percent of respondents said that they approve of Komeito's decision to leave the ruling coalition, while 27 percent said they disapprove.
  - 61 percent of respondents said that they did not believe that the opposition parties should have united and ushered in a change in government, while 32 percent said they believe the opposition should have ushered in a change in government.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	31.4 (-2.4)
Constitutional Democratic Party	8.4 (-0.4)
Japan Innovation Party	8.3 (+3.2)
Komeito	3.8 (-0.5)
Democratic Party for the People	8.8 (-0.8)
Japan Communist Party	3.1 ( $\pm 0$ )
Reiwa Shinsengumi	3.1 (+1.2)
Do It Yourself Party (Sanseitō)	6.8 (-1.3)

*The Weekly Observer* (10/20-10/24)

Japan Conservative Party	2.4 (-0.1)
Social Democratic Party	1.1 (+0.2)
Team Future (Mirai)	1 (+0.4)
The Party Created by Everyone	0.4 (+0.1)
Independent (No Party)	19.8 (+1.8)