



The Weekly Observer

October 13-17

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

LDP and Ishin Close to Coalition Agreement

On Friday, the ruling Liberal Democratic Party and Japan Innovation Party (*Nippon Ishin no Kai*) agreed in principle on a policy framework, paving the way for Takaichi Sanae 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.

A summit meeting was held 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 was added

on Friday, likely to take some attention off 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 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 — while the CDP and the DPFP bickered on.

Cabinet Approval



39% (+1 pt.)

42% (-3 pts.)

[NHK](#) (October 13)

State of the Economy

IMF Nominal GDP Projections (2026):

Japan to be overtaken by India as 4th largest global economy in 2026; the U.K. projected to overtake Japan in 2030

Japan's nominal GDP expected to be \$4.46 trillion

Spending by Inbound Tourists (July-Sept.):

¥2.13 trillion (+11.1%)

Number of tourists exceeded 30 million on annual basis at fastest pace

Machinery Orders (Aug.):

¥890 billion (-0.9%)