

The Weekly Observer

November 3-7, 2025

The 197th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Takaichi's summit calls with Zelenskyy and Meloni, Takaichi's remarks about Taiwan, the start of discussions around flagship government policies, the LDP and Ishin's new consultative framework, the formal agreement between ruling and opposition parties on the provisional gasoline tax rate, preparations to amend ESPA, discussions on the latest AI Basic Plan text, Takaichi's decision to begin talks toward revising the single year primary balance surplus target, the economic conditions report for September, and more.

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I. News of the Week

1. Foreign Policy Developments

- On Friday, the Ministry of Foreign Affairs (MOFA) [announced](#) that Minister for Foreign Affairs Motegi Toshimitsu will be traveling to Niagara, Canada, for the G7 foreign ministerial meeting from November 11-12.
- Chief Cabinet Secretary Kihara Minoru [revealed](#) that approximately six tons of scallops from Hokkaido Prefecture were sent to the People's Republic of China on Wednesday, marking the resumption of seafood imports banned since August 2023 due to the Fukushima Daiichi nuclear power plant accident.
- MOFA Vice Minister Funakoshi Takehiro and First Vice Minister of Foreign Affairs Park Yoonjoo [met](#) on November 7 in Seoul for the sixteenth iteration of the Japan-ROK vice ministerial strategic dialogue. The two sides discussed shared challenges like North Korea and continued cooperation toward future-oriented stable relations and with the United States.
- The Seventh Meeting of the Japan-Philippines Maritime Dialogue was [held](#) in Tokyo. Both sides reaffirmed the importance of maritime cooperation and of bilateral and multilateral cooperation to address the situations in the East and South China Seas. The two sides discussed the future direction of cooperation, including through official security assistance (OSA) and official development assistance (ODA).
- On Wednesday, Prime Minister Takaichi Sanae [held](#) a summit telephone talk with Ukrainian President Volodymyr Zelenskyy. She emphasized Japan's stance that "Japan stands with Ukraine" will not change. She explained that Japan will continue to support Ukraine's reconstruction and efforts toward achieving a just and lasting peace as soon as possible.
- Takaichi [held](#) a summit telephone meeting with Italian President Giorgia Meloni. The leaders agreed on the need to further strengthen the unity of the G7 and deepen cooperation with like-minded countries to realize a FOIP.

2. Defense/Security Developments

- On Friday, Takaichi [stated](#) that a Taiwan contingency involving China's use of force utilizing warships could trigger Japan designating the situation as a "survival threatening situation" enabling Japan to invoke its right to collective self-defense. Her remarks overstepped previous GOJ remarks that maintained ambiguity over Japan's involvement in a potential Taiwan contingency.

- The Ministry of Defense (MOD) [announced](#) that North Korea launched a ballistic missile eastward that landed in waters outside Japan's exclusive economic zone. The missile flew a maximum altitude of approximately fifty kilometers and a distance of 450 kilometers. Takaichi instructed the MOD to coordinate closely with the United States and South Korea to collect and analyze intelligence.
- *Asahi* [reported](#) that Japan and Indonesia plan to hold a security consultative committee meeting ("2+2") in Tokyo in mid-November, with the purpose of strengthening defense ties amid China's maritime provocations in the South China Sea. Indonesia has expressed an interest in acquiring used submarines.
- On Monday, the MOD [announced](#) that Minister of Defense Koizumi Shinjiro had met with Minister for Defence of Australia Richard Marles on the sidelines of the ASEAN Defence Ministers' Meeting Plus the previous day. The ministers committed to expand cooperation across all areas and strengthen the collective deterrence of the two countries, and to coordinate with the United States, a common ally.
- Koizumi also [met](#) with Minister of Defense of New Zealand Judith Collins. Collins expressed an interest in procuring the JMSDF's upgraded Mogami-class frigate (FFM). She also stated that the acquisition and cross-servicing agreement (ACSA) would be concluded this year and that the two sides should meet in Japan at the earliest possible date.
- *Yomiuri* [reported](#) Sunday that plans for the JSDF to provide refueling support for the South Korean Air Force in early November — the first of its kind and strongly supported by Takaichi — was cancelled by the GOJ after the the Black Eagles aerobatic team flew within close range of the Takeshima/Dokdo Islands. The refueling mission was seen as a step toward the future signing of a ACSA.

3. Takaichi Kickstarts Discussions on Flagship Policies

- On Monday, the Japan Growth Strategy Headquarters — one of Takaichi's flagship policy areas — [convened](#) for the first time to begin discussions toward crafting a new growth strategy by next summer. Ministers have been assigned to each of the areas.
- The GOJ [identified](#) seventeen strategic areas for focused investments: AI/semiconductors; shipbuilding; quantum; synthetic biology/bio; aerospace; digital/cybersecurity; contents; food tech; resources/energy security/GX; disaster management/building national resilience; drug development/cutting-edge medical care; fusion energy (nuclear); material (critical minerals/materials); port logistics; defense industry; information communications; ocean.

- Meanwhile, the GOJ also [convened](#) the ministerial meeting to discuss policies to realize a harmonious and cohesive society with foreign nationals — another one of Takaichi's flagship policy areas.
- Takaichi instructed relevant ministers to begin work on three areas toward crafting comprehensive measures by January next year: 1) compliance with existing rules and the proper functioning of various systems like residence status screening; and 2) the appropriate use and management of national land and acquisition by foreign nationals. She stressed that the measures are not xenophobic in any way.
- *Nikkei* [reported](#) Wednesday that the Takaichi Administration is preparing a stimulus package for the end of this month in the scale of approximately over ¥10 trillion, with the need to enact a FY 2025 supplementary budget by December 17.
- Measures to be included fall mainly under three buckets: 1) inflation relief measures like utility subsidies and subsidies until scrapping the provisional gasoline tax rate; 2) crisis management and growth investments in areas like AI, chips, and shipbuilding; and 3) reinforcing defense capabilities by spending over ¥1 trillion to reach the 2 percent of GDP spending target by the end of FY 2025.

4. LDP and Ishin Establish Policy Consultation Framework

- The ruling Liberal Democratic Party (LDP) and its partner Japan Innovation Party (*Nippon Ishin no Kai*) have [set up](#) a policy consultative body similar to the LDP-Komeito arrangement, with a 1) leaders' summit, 2) secretary generals/Diet Affairs chairs meeting, and 3) policy chiefs meeting along with working level discussions to review progress on the policy agreement signed last month.
- The LDP and *Ishin* [convened](#) working level discussions (chaired by acting secretary generals Inoue Shinji and Kanemura Ryuna) on Thursday for the first time, seeking to make progress on five key policy areas for the time being:
 - Political Funding: (Chairs) Furukawa Yoshihisa (LDP), Urano Yasuto (*Ishin*)
 - Election System: Kato Katsunobu, Urano Yasuto
 - Amending the Constitution: Shindo Yoshitaka, Baba Nobuyuki
 - Social Security Reform: Tamura Norihisa, Umemura Satoshi
 - Governance Reform: Miyashita Ichiro, Saito Alex
- NHK [reported](#) Thursday that the two parties are expected to set up a new council as early as next week to begin discussions toward submitting a bill to reduce the number

of Diet members by 10 percent. *Mainichi* [projected](#) that the two parties are likely to secure a majority of Lower House seats if proportional representation seats are cut.

- There has been bipartisan resistance to swiftly reducing the number of Diet members. On Thursday, a cross-party parliamentary group including LDP and *Ishin* lawmakers [urged](#) Speaker of the House Nukaga Fukushima to hold discussions on the matter alongside election system reform discussions to conclude next spring. LDP Secretary General Suzuki Shunichi [indicated](#) that it may be difficult to come to a unanimous consensus on the matter by the end of the extraordinary Diet session next month.
- Meanwhile, the LDP, *Ishin*, and Komeito [began](#) working level discussions on Friday toward realizing free elementary school lunches. The parties agreed to finalize system design by mid-November to begin the free lunch program next fiscal year. Combined with measures to realize free high school tuition, total costs could come to around ¥800 to ¥900 billion.

5. Other Political Developments

- On Thursday, Takaichi [concluded](#) three days of questioning from political party leaders in both Houses. She played it safe on most matters, though she emphasized her proactive stance on promoting security policy. The LDP and main opposition Constitutional Democratic Party [agreed](#) Friday to hold a leaders' debate this month, likely on November 26.
- On Wednesday, the Board of Audit of Japan [submitted](#) its audit report for FY 2024, which found that the GOJ wasted a total of ¥54 billion on 319 projects. The Ministry of Health, Labor and Welfare (MHLW) [accounted](#) for 30 percent of the projects. Meanwhile, spending on infrastructure maintenance has been delayed.
- Six ruling and opposition parties came to an [official agreement](#) to scrap the provisional gasoline tax rate (¥25.1 per liter) on December 31, and the provisional tax on light oil transactions (¥17.1 per liter) on April 1, 2026. The parties agreed to come to a conclusion on identifying alternative funding sources for lost tax revenue by the end of the year, looking at expenditure cuts, reducing special corporate tax measures, and strengthening the tax regime on high income earners. Subsidies for gasoline will be [increased](#) from ¥10 to ¥15 starting November 13.
- *Asahi* [reported](#) Tuesday that the Democratic Party for the People (DPFP) and Komeito's proposal to amend the Political Funds Control Act will impose a cap on corporate political donations and limit recipients to political party HQs and prefectural party organizations. The bill, aimed to be submitted during the extraordinary Diet session, will take effect on January 1, 2027.

- On Monday, Takaichi [participated](#) in a national rally urging the return of victims of North Korean abductions, stating that she will do “whatever it takes” to resolve the issue, revealing that the GOJ has already proposed a meeting with Kim Jong Un.
- *Nikkei* [reported](#) Sunday that Takaichi aims to reduce salary amounts for herself and Cabinet ministers in line with *Ishin*’s principle of “self-defeating reforms.” This could see a cutback in salary by ¥1.15 million for the prime minister and ¥489,000 for ministers. Opposition parties [oppose](#) the idea, arguing that this is a “deflationary mindset” and that good work should be rewarded with an appropriate salary.

6. Takaichi Instructs Preparation to Amend ESPA

- On Friday, the GOJ [convened](#) the Economic Security Promotion Council, where Takaichi instructed relevant ministers to begin working toward amending the Economic Security Promotion Act (ESPA) next year.
- Takaichi [pointed out](#) that the GOJ “must respond swiftly and decisively to new challenges,” adding that “this Cabinet will pursue robust economic growth through bold crisis management investments while ensuring economic security.”
- The main areas for amendment to be discussed are:
 - **Strengthening supply chains:** Financial support for “services” like laying undersea cables.
 - **Core infrastructure:** Adding “medical care” to strengthen cybersecurity measures.
 - **Foreign business:** Government support for international business in areas like shipbuilding and high-speed communications.
 - **Think tank:** Establishing a “comprehensive think tank” led by the National Security Secretariat.
 - **Data protection:** Protecting personal information important to security like genome data.
- The GOJ [believes](#) in the need to prevent damages to national and public safety from leaks, as well as to prevent information leaks by individuals under the influence of foreign countries. Target data will include genome, medical, finance, and important security data like location information. Targeted actors include data handling entities and data center/cloud service providers. Key discussion points include the effectiveness of data protection, consistency with the Personal Information Protection Act, and concerns about excessive regulations on economic activity.

- New Chairperson of the LDP Economic Security Promotion HQ Ohno Keitaro [said](#) Friday that “the most important discussion point is around data security.” The HQ plans to finalize recommendations for the GOJ by the end of the year.

7. Economic Security and Tech Developments

- On Friday, Mitsubishi UFJ Bank, Mitsui Sumitomo Bank, and Mizuho Bank [announced](#) that the three megabanks will launch a pilot project to jointly develop a stablecoin pegged to the value of the yen. This comes after fintech firm JPYC began issuing its “JPYC” stablecoin in late October.
- On Thursday, Mitsubishi Electric and Taiwanese electronics manufacturer Foxconn [announced](#) a partnership on AI data centers, aiming to globally supply products and services that reduce power consumption that is becoming an issue with AI development and realize highly reliable AI data centers. Foxconn will also [manufacture](#) AI servers at Sharp’s Kameyama No. 2 facility in Mie Prefecture.
- *Yomiuri* [reported](#) Wednesday that the Cabinet Office (CAO) and the Ministry of Economy, Trade and Industry (METI) will begin developing a maritime digital communication network linking multiple satellites that will enhance the ability to detect suspicious vessels and illegal fishing boats. The GOJ will invest ¥14.7 billion by FY 2029 to catch up to the land-based communications environment.
- Nissan Motor [revealed](#) that it plans to cut back on production at its Oppama factory and subsidiary Nissan Motor Kyushu’s factory due to chip shortages fueled by Nexperia’s suspension of chip shipments due to the China-Netherlands dispute. Honda has also suspended production in Mexico due to the shortage.
- *Nikkei* [reported](#) that Nippon Steel plans to manufacture high grade steel in the United States for use in data centers and other areas. The high grade steel will also support the Japan-U.S. agreement to pursue cooperation in AI infrastructure.
- On Tuesday, the AI Strategy Expert Research Commission [discussed](#) the draft Basic AI Plan, which centers around the idea of making Japan the world’s most AI friendly nation. Key provisions [include](#): 1) accelerating the promotion of AI utilization; 2) strategic strengthening of development capabilities; 3) leading AI governance; and 4) sustained change toward an AI society.

8. Key Economic/Financial Developments

- On Friday, Takaichi [stated](#) that she plans to instruct her Cabinet to revise the single year primary balance surplus target, aiming to take a more balanced approach

examining national and local government finances across several years. This will help roll out Takaichi's "responsible yet proactive expansionary fiscal policy."

- The GOJ [appointed](#) three civilian members to join the Economic and Fiscal Policy Council — former Bank of Japan Deputy Governor and “reflationist” Wakatabe Masazumi, Dai-ichi Life Insurance Economic Research Institute Chief Economist Nagahama Toshihiro, and DeNA Executive Chairperson Nambu Tomoko. Japan Business Federation Chairperson Tsutsui Yoshinobu was reappointed to serve another term. The four will [serve](#) a baseline tenure of two years.
- *Nikkei* [reported](#) Thursday that the GOJ plans to include a hike in commission fees for visa applications in its fall stimulus package. Japan's visa issuance fees are approximately four times cheaper than in other developed countries like the United States. Meanwhile, the Japan Tourism Agency [plans](#) to balance out foreign travelers to metro and rural areas, which requires doubling travelers to rural areas.
- On Wednesday, the Bank of Japan (BOJ) [released](#) a summary of notes from its monetary policy meeting on September 18-19, which [showed](#) that policy board members pointed out that the “conditions for raising interest rates are gradually falling into place.” Two members advocated for a rate hike to 0.75 percent.
- The Ministry of Finance's (MOF) Fiscal System Council [began](#) discussions toward formulating next fiscal year's budget. Council members pointed out the need to balance economic revitalization and fiscal consolidation amid Takaichi's push for “responsible proactive fiscal policy.” Others [stated](#) that there are concerns about inflation resulting from proactive expansionary fiscal policy amid excess demand.
- On Tuesday, MHLW Minister Ueno Kenichiro [announced](#) that the ministry will move forward with plans to utilize information on unpaid national health insurance payments by foreign nationals in the visa review process starting June 2027. The GOJ [plans to deny](#) visa status changes or renewals if insurance payments are unpaid.

9. State of the Economy

- On Friday, the Ministry of Internal Affairs and Communications (MIC) [announced](#) that real consumption expenditure for households with two or more individuals in September increased 1.8 percent from the same month last year to ¥303,214. This is the [fifth consecutive month](#) of positive growth as auto sales pushed numbers up.
- On Thursday, the MOF [released](#) its economic conditions report for October, maintaining the assessment for a ninth consecutive quarter that the economy nationwide is “gradually recovering.” The report is compiled four times a year.

- The MOF [pointed out](#) that while the employment and income environment is improving, it is necessary to closely monitor the impacts of rising prices and U.S. trade policies.
- The MHLW [announced](#) that real wages in September fell 1.4 percent from the same month last year, a ninth consecutive month on the decline as inflation [continues to outpace](#) wage increases. Nominal wages rose 1.9 percent to ¥297,145, while base salary increased 1.9 percent to ¥268,653.
- The MHLW [announced](#) that summer bonuses in 2025 averaged out to ¥426,337, an increase of 2.9 percent from the previous year. Summer bonuses increased for a fourth consecutive year, with the growth rate gap between large and small businesses getting larger.

II. Public Opinion Poll

- A JNN poll [released](#) on Sunday found that the Takaichi Cabinet's approval rating was 82 percent, up 38 points from the Ishiba Cabinet's last poll, while disapproval was 14 percent, down 39 points from last month. This is the second highest approval rating for a new government in the period since 2001.
 - 52 percent of respondents said that they approve of the LDP-*Ishin* partnership, while 29 percent said they disapprove.
 - 48 percent of respondents said that the bill to reduce the number of total Diet members should be enacted this year, while 35 percent said that it should not.
 - 58 percent of respondents said that they believe the economy will be better under the Takaichi Administration, while 23 percent said they believe that it will not get better.
 - 56 percent of respondents said that they support the early realization of the defense spending target, while 33 percent said they do not support it.
 - 64 percent of respondents said that they support relaxing regulations around the maximum allowable labor hours, while 24 percent said they oppose it.
 - 83 percent of respondents said that they approve of Takaichi's diplomatic debut, while 9 percent said they disapprove.
 - 30 percent of respondents said that they want the government to prioritize zero consumption tax on food items as an inflation relief measure; 23 percent said reducing social security insurance fees on the working population; and 14 percent said scrapping the provisional gasoline and light oil transaction taxes.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
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Liberal Democratic Party	28.9 (+1)
Constitutional Democratic Party	5.5 (-0.3)
Japan Innovation Party	3.9 (+0.3)
Komeito	3.2 (+1.2)
Democratic Party for the People	3.6 (-4)
Japan Communist Party	2.8 (+0.6)
Reiwa Shinsengumi	1.8 (± 0)
Do It Yourself Party (Sanseitō)	4.7 (-1.1)
Japan Conservative Party	0.6 (-0.5)
Social Democratic Party	0.2 (-0.3)
Team Future (Mirai)	0.1 (-0.5)
Independent (No Party)	41 (+4.3)