

The Weekly Observer

November 10-14, 2025

The 198th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Takaichi's Taiwan contingency comment sparking bilateral tensions with China, the G7 foreign ministerial meeting in Canada, the upcoming G20 Summit in South Africa, the LDP and Ishin's plans to kickstart talks toward revising the three security documents, the GOJ's growth strategy discussions, the GOJ's proposed economic stimulus package, LDP-Ishin tensions over domestic political priorities, other working level LDP-Ishin talks, plans to add more commodities to the ESPA list, plans to abolish the single-year primary balance targets, the latest trade statistics, and more.

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I. News of the Week

1. Takaichi's Taiwan Statement Results in Strong Chinese Response

- Prime Minister Takaichi Sanae's remarks in the Diet last week on how a Taiwan contingency may trigger a collective self-defense response from Japan based on designation as a "survival threatening situation" under the peace and security legislation has heightened tensions with China.
- Over the weekend, Chinese Consul General Xue Jian [wrote](#) on X that Takaichi's "filthy neck must be cut off without a moment's hesitation," resulting in strong rebuke from the Japanese Government.
- The statement was said to have [overstepped](#) a careful line drawn by former prime ministers on whether Japan would get involved in a Taiwan contingency. Takaichi's reference to a "survival threatening situation" could be seen as a commitment to direct intervention in a conflict between China and Taiwan.
- Xue's post on X prompted severe backlash from the Diet, with the ruling Liberal Democratic Party's (LDP) Foreign Affairs Division [voting](#) to urge the GOJ to take action, including declaring Xue persona non grata for the inappropriate post. The LDP also [urged](#) its members to refrain from attending an event hosted by the Chinese Consulate General in Osaka.
- While the GOJ maintained that Takaichi's remarks did not change Japan's basic position, the PRC Foreign Ministry [summoned](#) Japanese Ambassador to China Kanasugi Kenji on Friday to express "strong protest" and withdrawal of the remarks, stating that the people of China will not tolerate such a position. The Ministry of National Defense also [warned](#) that Japan would "pay a terrible price" should it intervene in a Taiwan contingency.
- On Friday, Vice Minister for Foreign Affairs Funakoshi Takehiro [summoned](#) Chinese Ambassador to Japan Wu Jianghao, strongly demanding "appropriate actions" over Xue's post. Chief Cabinet Secretary Kihara Minoru also [said](#) Friday that the remark did not contradict leader level agreements to pursue constructive and stable, mutually beneficial strategic relations. China has since warned its citizens to refrain from traveling to Japan.

2. G7 Foreign Ministers Meet in Canada

- Minister for Foreign Affairs Motegi Toshimitsu [participated](#) in the G7 foreign ministers' meeting that took place in Niagara, Canada, from November 11-12.

- The ministers took part in four sessions: [global peace and security](#); [Ukraine and defense](#); [maritime security and prosperity](#); and [energy security and critical minerals](#).
- The joint statement [issued](#) after the meetings reaffirmed unwavering support for Ukraine and the need for an immediate ceasefire. It reiterated strong support for President Donald Trump’s comprehensive plan to end the Gaza Conflict, as well as the importance of a free and open Indo-Pacific based on the rule of law. It voiced concerns about China’s military build-up and rapid increase of nuclear weapons.
- The statement reiterated a commitment to strengthen coordination with partners to prevent vessels from engaging in sanctions evasion, risky navigation practices, illicit trade, among other things. It reaffirmed a commitment to address hybrid threats, including activity against critical undersea infrastructure.
- The statement expressed particular concern with the use of non-market policies and practices to disrupt critical minerals supply chains, as well as other forms of market distortions including overcapacity. It welcomed U.S.-China talks and discouraged any future policy impediments to predictable trade, including in critical minerals.
- Motegi also held bilateral meetings on the sidelines with his counterparts from [Ukraine](#), [France](#), the [United Kingdom](#), and [Canada](#).

3. Foreign Policy Developments

- On Thursday, Takaichi [held](#) a summit meeting with Prime Minister Sitiveni Ligamamada Rabuka of Fiji, signing the “Lomavata Kizuna Partnership” to elevate bilateral relations to greater heights. The leaders welcomed the first delivery of equipment through Official Security Assistance (OSA) to Fiji.
- On Wednesday, Kihara [revealed](#) that the GOJ formally protested Russia’s decision to ban thirty Japanese nationals, including government officials and academics, from entering the country as retaliation against Japan’s sanctions related to the war in Ukraine. He stated that Japan cannot accept Russia shifting the blame for measures resulting from a war that it waged against Ukraine.
- On Tuesday, Takaichi [held](#) a working dinner with King Abdullah II Ibn Al Hussein of Jordan. The two welcomed the signing and exchange of notes regarding ODA loan “enhancing resilience for economic growth and human capital development program loan” and grant aid “economic and social development program” (provision of cybersecurity equipment) between the two countries.

- *Jiji* [reported](#) that Takaichi will travel to Johannesburg, South Africa, from November 21-24 for the G20 Summit. She looks to discuss the uncertain state of the global economy resulting from U.S. tariffs and regional issues such as the Ukraine war.
- The Summit will also focus on priority issues for South Africa, such as disaster resilience and sustainable debt repayment for African nations struggling with heavy debt burdens. Trump will not attend as he claims the South African government is persecuting White individuals.

4. Defense/Security Developments

- *Asahi* [reported](#) Saturday that the LDP has entered final arrangements to begin exploring the revision of the Three Non-Nuclear Principles, specifically the “not permitting the introduction” of weapons to Japan, as it contradicts efforts to strengthen U.S. extended nuclear deterrence. Takaichi has avoided commenting on the matter, though stating that a review is underway.
- On Friday, the GOJ [announced](#) that the third “2+2” meeting between foreign and defense ministers of Japan and Indonesia will take place in Tokyo on November 17. Japan positions Indonesia as a critical maritime nation from a geopolitical perspective, given its position as a maritime hub near the Malacca Strait.
- *Yomiuri* [reported](#) that the LDP and Japan Innovation Party (*Nippon Ishin no Kai*) will begin talks toward revising the three national security documents by the end of the year. The ruling parties will also discuss scrapping the five permitted categories of defense exports, with plans for wholesale approval of exports in mind.
- On Thursday, Kihara [stated](#) that the GOJ plans to move forward swiftly with plans to revise the JSDF’s ranking system, which is unique from other foreign militaries. Unlike in other countries where there are “generals” and “colonels,” the JSDF has sixteen different ranks that make it an outlier from international standards.
- On Tuesday, the Fiscal System Council’s subcommittee [indicated](#) that defense spending should be “secured in accordance with established policy,” referring to the income tax hike that the GOJ is yet to determine the timing of. The GOJ has already decided on a corporate tax and tobacco tax hike set to kick in between 2026-2027.
- *Yomiuri* [reported](#) Monday that the Ministry of Defense (MOD) plans to begin developing a control system enabling multiple anti-ship missile warheads to be equipped with AI and to communicate with each other, in an effort to improve responsiveness to enemy warships far away. Deployment as early as 2029.

5. Government Kickstarts Growth Strategy Discussions

- On Monday, the GOJ's new Japan Growth Strategy Council [met](#) for the first time to begin discussions on its growth strategy and priority areas to be covered in the economic stimulus package.
- Takaichi [stated](#) at the meeting that the stimulus package will “indicate the direction of taxation measures to promote investment,” and that the Council will encourage private investment by creating predictability in the GOJ's budget over multiple years.
- The GOJ [identified](#) seventeen strategic areas under “crisis management investment” and “growth investment,” as well as eight areas under “cross-disciplinary challenges” as focus points of Japan's growth strategy.
- Five in the former category and four in the latter were identified as priority areas for the economic stimulus package.
 - 17 strategic areas: AI/semiconductors; Shipbuilding; Quantum; Synthetic biology/bio; Aerospace; Digital/cybersecurity; Contents (animation, games, etc.); Food tech (development of food products utilizing cutting-edge technologies, etc.); 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
 - 8 cross-disciplinary challenges: New technology-oriented nation/strengthening competitiveness; Talent development; Startups; Releasing potential through finance; Labor market reform; Reducing the burden by externalizing elderly and nursing care; Developing an environment for wage hikes; Cybersecurity
- The stimulus package aims to realize a strong economy by creating a positive cycle between strengthening supply structure, creating a profit, and improving the consumption mindset of consumers through an increase in income.
- The measures will be [carried forth](#) alongside other critical policy areas such as the implementation of the Japan-U.S. investment deal, the regional future strategy, the creation of regional industrial clusters, and regional transportation reform.

6. Government Presents Proposed Stimulus Package

- *Mainichi* [reported](#) Thursday that the GOJ's stimulus package will be approved by the Cabinet as early as November 21. The FY 2025 supplementary budget will finance the stimulus package.

- A key challenge for the Takaichi Administration is the extent to which it will need to compromise with opposition parties to enact the budget. Failure to garner support from one or two of the parties could spell trouble for the minority government.
- The draft of the stimulus package leaked to the press identified three pillars: inflation relief measures; crisis management and growth investments; and measures to strengthen defense and diplomatic capabilities.
 - **Inflation relief:** Expanding regional grants for intensive support; issuing points for premium gift vouchers and regional use; utility subsidies for the winter season; financial support to hike wages among SMEs running a deficit
 - **Crisis management and growth investments:** Supporting technology development and capital investment toward AI utilization and mass manufacturing of next-generation semiconductors; strengthening shipbuilding manufacturing capacity
 - **Strengthening defense and diplomatic capabilities:** Financial measures for JBIC and NEXI to carry out \$550 billion investment deal; financial support for SMEs affected by the U.S. tariffs
- The GOJ's Economic and Fiscal Policy Council [convened](#) on Wednesday to discuss the stimulus package and medium- to long-term fiscal policy. Civilian members of the Council [advocated](#) for a larger supplementary budget than last year, highlighting the government's shift toward expansionary fiscal policy.
- On Tuesday, the [LDP](#) and [Ishin](#) separately submitted policy recommendations to Takaichi, calling on the GOJ to strengthen inflation relief measures and economic security. *Ishin* in particular urged the GOJ to focus on its policy asks, including the second capital initiative and reducing social insurance fee costs on the working population as part of social security reform.
- Meanwhile, the opposition parties also made their respective demands, with the main opposition Constitutional Democratic Party [offering](#) a package including a temporary zero food consumption tax that can be financed by a smaller budget. The [Democratic Party for the People](#) (DPFP) and [Komeito](#) also made their respective demands in areas ranging from tax write-offs and cash handouts for families with children.

7. LDP and Ishin Face Potential Conflict Over Diet Seat Reduction Bill

- *Nikkei* [reported](#) Wednesday that there is a growing possibility that the bill to reduce the number of Diet members — a key item in the LDP-*Ishin* policy agreement — will be pushed back until next year amid strong resistance from the opposition parties.

- The LDP and *Ishin* [held](#) the first working level talks on Friday with the goal of enacting a bill by the end of the year. *Ishin* wants a complete bill enacted, while the LDP has floated the idea of a “program bill” that decides the basic principles but leaves the details for a later date.
- *Asahi* [reported](#) Monday that *Ishin* lawmakers are calling on the party to leave the coalition framework if the LDP continues to drag its feet on the matter. Special Advisor to the PM and *Ishin* Diet Affairs Chairperson Endo Takashi [told](#) *Nikkei* in an interview that a vote is “absolutely required” for the LDP to show its commitment.
- Takaichi [indicated](#) on Tuesday that discussions on the bill could be folded into ongoing cross-party discussions on electoral reform, which has been opposed by *Ishin* as taking too much time. She [expressed](#) on Monday that it would be “extremely difficult” to pass the bill with so much resistance from the opposition.
- The opposition [argues](#) that the issue touches on the very foundations of democracy and must be discussed across all parties in an institutionalized setting. Doing so would delay deliberations and therefore enactment of the bill.
- Meanwhile, the LDP and *Ishin* have also [launched](#) talks over the “second capital initiative,” with the goal set to submit legislation next year. Some lawmakers oppose *Ishin*’s proposed structure as it effectively sets conditions that favor Osaka over other municipalities.

8. Other Political Developments

- On Friday, the LDP [kickstarted](#) discussions toward crafting a new national vision for the next century on the occasion of the seventieth anniversary since the party’s founding, aiming to announce the vision at its party convention on March 15, 2026.
- On Thursday, the LDP and *Ishin* [kickstarted](#) working level discussions on amending the Constitution, agreeing to aim for submission of a motion to start the legislative process to insert an emergency situations clause next year. The parties agreed to propose the creation of a drafting committee in the Diet by the end of the month.
- The LDP and *Ishin* also [started](#) working level discussions on regulating corporate/organizational political donations, agreeing to discuss donation recipients and imposing a donation cap. The DFP and Komeito have [already finalized](#) a proposal empowering the Ministry of Internal Affairs and Communications (MIC) to conduct on-site inspections if an oversight committee decides there is probable cause to suspect false statements in political expense reports.

- On Tuesday, the GOJ [decided](#) to temporarily scrap additional salary amounts for the prime minister and Cabinet ministers as part of “self-defeating reforms” to cut expenses. The GOJ aims to submit a bill to finalize the process. Cabinet members receive an added salary from ministries and agencies on top of Diet member salaries.
- The GOJ [approved](#) the creation of a “Regional Future Strategy Headquarters” led by the prime minister to improve the value-add of local industry, expand export destinations, and create industrial clusters. It replaces the Ishiba Administration’s “New Regional Economy and Livelihood Creation Headquarters.”
- The LDP’s Headquarters for Foreign Nationals Policy [set up](#) three project teams during its inaugural meeting, focused around streamlining immigration, creating appropriate rules around foreign nationals, and security and land restrictions. The HQ plans to submit recommendations to the GOJ as early as mid-January next year.

9. Economic Security and Tech Developments

- *Nikkei* [reported](#) Saturday that the MIC will begin developing a foundation system to evaluate the trustworthiness and safety levels of generative AI, with the goal of testing a prototype next fiscal year to determine any risks of bias in output.
- On Friday, Minister of Finance Katayama Satsuki [met](#) with Takaichi and discussed the establishment of an inbound investment screening mechanism dubbed the Japanese version of the Committee on Foreign Investment in the United States (CFIUS). She indicated the need to amend the Foreign Exchange and Foreign Trade Act (FEFTA).
- On Thursday, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) [presented](#) a set of recommendations issued by its expert panel on the “revitalization of science,” which included targets like doubling selected projects to support novel research and increasing deployment of researchers abroad by 70 percent. The proposals will be reflected in the GOJ’s seventh Science, Technology and Innovation Basic Plan.
- NHK [reported](#) Wednesday that the Ministry of Economy, Trade and Industry (METI) plans to provide financial support to Japanese companies acquiring rights to secure rare earths critical in things like the production of electric vehicles. This comes as there are increasing risks of overdependence on China for such rare earths.
- *Yomiuri* [reported](#) Tuesday that the GOJ plans to add five new commodities to its list of “specially designated critical commodities” under the Economic Security Promotion Act — ship hull components, drones, artificial satellites and rocket components, magnetic sensors, and ventilators — which will be amended next year.

- The MIC [held](#) the first session of its expert panel discussing measures to protect undersea cables, which aims to finalize a report in June 2026 on measures to strengthen protective and repair systems in anticipation of sabotage and failures.

10. Key Economic/Financial Developments

- *Nikkei* [reported](#) Friday that the GOJ and ruling parties plan to postpone amendment of the retirement pay taxation scheme in FY 2026 — the third postponement in a row — as reducing the tax burden could raise the burden on the working age population. Rewarding long-term employment at a company delays labor market fluidity/reform.
- On Thursday, the LDP’s so-called “inner” team of the Tax Research Commission [held](#) a closed session to discuss FY 2026 tax system reform, with the goal of promoting investment and wage hikes through tax reform. Discussions have begun toward cutting ineffective tax deductions and expanding tax cuts to promote investment.
- Bank of Japan (BOJ) Governor Ueda Kazuo [said](#) that the “underlying inflation rate, excluding temporary factors, is gradually rising toward 2 percent (target).” Meanwhile, Katayama [said](#) Wednesday that the “negatives” of the foreign exchange market (yen depreciation) are starting to show in the economy.
- *Nikkei* [reported](#) that the GOJ plans to craft a new strategy by summer 2026 to accelerate the establishment of a leading asset management center via the vitalization of regional financial institutions as part of efforts to realize a “strong economy.”
- *Mainichi* [reported](#) Tuesday that the GOJ is mulling whether to raise the international tourist tax levied on all departing individuals from ¥1,000 to over ¥3,000 to create revenue to combat overtourism in the nation. To offset costs on Japanese nationals, the GOJ will also consider lowering issuance fees on ten year passports.
- On Monday, Takaichi [indicated](#) that she will instruct her Cabinet in January next year to withdraw the single-year primary balance target — currently set to achieve a surplus in FY 2025-2026 — in order to create room for the GOJ to strategically plan out expenditure in line with her “responsible proactive fiscal expenditure” approach.

11. State of the Economy

- On Thursday, the BOJ [announced](#) that the corporate goods price index (CGPI) in October rose 2.7 percent from the same month last year to 127.5, a 0.1 point [decrease](#) in the rate of increase from September.
- On Tuesday, the Cabinet Office (CAO) [released](#) the Economy Watchers Survey for October, which [raised](#) the seasonally adjusted diffusion index by two points from

September to 49.1, the sixth consecutive month on the rise. The CAO revised upward its assessment from “showing signs of picking up” to “picking up.”

- The Ministry of Finance (MOF) [announced](#) that Japan ran a ¥3.3 trillion travel balance surplus in the first half of FY 2025 (April-September), a 7 percent increase from the same period last year. The [slowed pace](#) of increase has weakened the power of travel offsetting the digital deficit, which hit ¥3.35 trillion.
- The MOF [announced](#) that Japan ran a ¥17.51 trillion current account surplus in the same period, a 14.1 percent increase in the surplus amount from the same period last year and the largest surplus on a half-year basis in history. This was led by a ¥49.4 billion trade surplus, a result of a 3.8 percent cut in imports especially around energy.
- On Monday, the CAO [announced](#) that the coincident index of business conditions in September rose 1.8 points from August to 114.6, the [first improvement](#) in three months. The CAO maintained the assessment that the conditions are “halting to fall.”

II. Public Opinion Poll

- A NHK poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 66 percent, up 27 points from the Ishiba Cabinet’s last poll, while disapproval was 15 percent, down 27 points from last month. This is the third highest approval rating for a new government in the period since 1998.
 - 33 percent of respondents [said](#) that they approve of the Cabinet because it has executive ability; 26 percent said because they have high hopes for its policies; and 22 percent said because it seems better than the alternatives.
 - 26 percent of respondents said that they disapprove because they do not trust the prime minister; 24 percent said because they do not have high hopes for its policies; and 18 percent said because the alternatives seem better.
 - 50 percent of respondents said that they somewhat approve of the Takaichi Cabinet lineup; 23 percent said they somewhat disapprove; 11 percent said they strongly approve; and 8 percent said they strongly disapprove.
 - 41 percent of respondents said that they somewhat approve of the new LDP-Ishin coalition government; 26 percent said they somewhat disapprove; 17 percent said they strongly approve; and 11 percent said they strongly disapprove.
 - 70 percent of respondents said that they support fewer Diet members, while 15 percent said they oppose it.
 - 44 percent of respondents said that they somewhat approved of the Taksichi-Trump summit; 25 percent said they strongly approved; 18 percent said they somewhat disapproved; and 7 percent said they strongly disapproved.

- 47 percent of respondents said that they somewhat approved of the Takaichi-Xi summit; 23 percent said they strongly approved; 18 percent said they somewhat disapproved; and 5 percent said they strongly disapproved.
 - 45 percent of respondents said that they somewhat approved of the ruling and opposition parties' agreement to scrap the provisional gasoline tax rate; 24 percent said they strongly approved; 18 percent said they somewhat disapproved; and 5 percent said they strongly disapproved.
 - 41 percent of respondents said that they supported the GOJ's reversal on rice policy away from an increase in production, while 41 percent said they opposed it.
 - 47 percent of respondents said that they believe the GOJ should be cautious when revising its foreign nationals policy; 42 percent said they should be more proactive; and 3 percent said there is no need for change.
 - 71 percent of respondents said that they believe the GOJ should strengthen efforts to combat increasing damage done by bears, while 19 percent said the current line of effort was enough.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	30.7 (+3.3)
Constitutional Democratic Party	7.2 (+1.6)
Japan Innovation Party	3.3 (+1.6)
Komeito	2.6 (-0.6)
Democratic Party for the People	3.5 (-1.3)
Japan Communist Party	2.6 (± 0)
Reiwa Shinsengumi	0.9 (-0.3)
Do It Yourself Party (Sanseitō)	3.4 (-1.1)
Japan Conservative Party	0.7 (± 0)
Social Democratic Party	0.2 (± 0)
Team Future (Mirai)	0.2 (-0.2)
Independent (No Party)	38.7 (-2.3)