

The Weekly Observer

November 17-21, 2025

The 199th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the ongoing Japan-PRC rift, Takaichi's attendance at the G20 Summit, the Japan-Indonesia "2+2" meeting, discussions around loosening defense export rules, the GOJ's proposed economic stimulus package, the LDP-Ishin agreement on reducing the number of Diet member seats, progress on political funding regulations, additional funding for Rapidus, rising concerns over yen depreciation, the trade deficit in October, and more.

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I. News of the Week

1. Japan's Spat with China Spills Over Into International Arena

- Japan's spat with China over Prime Minister Takaichi Sanae's "Taiwan contingency" remark has spilled over into the international arena, with the Chinese side [reportedly rejecting](#) a proposal to host the next Japan-PRC-ROK summit in Japan early next year. Beijing also [announced](#) that it would be postponing a trilateral cultural ministers' meeting planned for November 24 in Macau.
- Beijing took its complaints to the United Nations, with Ambassador Fu Cong [sending](#) a letter to Secretary-General António Guterres on Friday stating that Takaichi is the "first leader to express ambitions for military intervention in the Taiwan issue, issuing a military threat against China." The Chinese side demanded withdrawal of the statement and even [hinted](#) at the use of the enemies clause in the UN Charter that would allow China to take direct military action without Security Council approval.
- China has already taken measures ranging from [reimposing](#) the seafood import suspension, [issuing](#) travel advisories to tourists and students, [cutting back](#) flights to Japan, and [cancelling or postponing](#) events in Japan. Beijing has [threatened](#) to take "necessary measures resolutely if Japan continues down the wrong path."
- On Tuesday, Director-General of the Asian and Oceanian Affairs Bureau Kanai Masaaki [met](#) with his Chinese counterpart Liu Jinson in Beijing, reiterating Japan's strong protest regarding Consul General Xue Jian's inappropriate remarks and demanding that China take appropriate measures to maintain bilateral exchanges. China has upped its information campaign, [posting](#) photos (not prearranged with the Japanese side) from the meeting that showed Liu with his hands in his pocket and one shot with Kanai seemingly bowing to Liu in apology (which was not the case).
- Japan attempted to combat accusations that the number of crimes against Chinese nationals in Japan have increased this year, [releasing](#) statistics on Friday that showed the number of crimes has remained consistent in the last three years.
- On Friday, Takaichi [told](#) reporters that the GOJ's position to seek mutually strategic beneficial relations and constructive and stable relations with China has "not changed." She indicated that a "survival threatening situation" over a Taiwan contingency would be determined on a case-by-case basis.

2. Takaichi Attends G20 Summit in South Africa

- Takaichi [took part](#) in the G20 Summit in Johannesburg, South Africa, from November 21-24. She [held](#) sidelines meetings with more than a dozen world leaders.

- In Session 1, titled “Inclusive and Sustainable Economic Growth that Leaves No One Behind,” Takaichi [discussed](#) the importance of lasting peace in Ukraine, rebuilding Gaza, fiscal sustainability of economies around the world, the development of a rules-based, free, and fair international economic order, the enormous need for development finance, and the promotion of quality infrastructure investment.
- In Session 2, titled “Resilient World,” Takaichi [discussed](#) Japan’s contribution to disaster management, climate change, marine environment, international health, energy transition, and food security.
- In Session 3, titled “A Fair and a Just Future for All,” Takaichi [discussed](#) the importance of a stable supply of critical minerals, efforts to promote the use and safe development of AI, and the need to identify common ground and points of agreement in an international community facing multiple crises.
- Takaichi also [took part](#) in the summit meeting related to Ukrainian peace, where she emphasized the importance of unity toward realizing peace in Ukraine with the involvement of the United States.
- The G20 leaders [issued](#) a leaders’ declaration that emphasized the areas of cooperation that the G20 countries can address together. Takaichi [told](#) reporters after the summit that she aims to continue dialogue with China despite not having an opportunity to meet with Premier Li Qiang during the summit.

3. Foreign Policy Developments

- On Tuesday, Minister for Foreign Affairs Motegi Toshimitsu [issued](#) a statement welcoming the adoption of the UN Security Council resolution 2803 on the situation in Gaza, which endorses and calls on all parties to implement the comprehensive plan to end the Gaza conflict announced by U.S. President Donald Trump in September.
- On Monday, Motegi and Minister of Defense Koizumi Shinjiro [participated](#) in the third Japan-Indonesia Foreign and Defense Ministerial Meeting (“2+2”) in Tokyo, agreeing to expand security cooperation and to launch discussions between defense authorities on protecting military information.
- Motegi [held](#) a working dinner with Indonesian Foreign Minister Sugiono, in which he stated that Japan intends to promote cooperation in various areas like decarbonization and energy, critical minerals, disaster management and infrastructure, and improving the business environment. The two also discussed ASEAN centrality, global governance, and the establishment of a free and fair economic order.

- The cross-party Japan-Korea Parliamentarians' Union [met](#) with its National Assembly counterpart in Seoul on Sunday, signing a joint declaration committing to “establish a new-era partnership based on a medium- to long-term perspective for the future generations of both Japan and Korea, and elevate the mutual cooperation between Japan and Korea in all fields to new heights.”
- *Nikkei* [reported](#) that the Ministry of Internal Affairs and Communications (MIC) plans to support the export of digital technologies to Central Asia and the Caucasus region, an effort to deepen relations with the resource and mineral rich region that is being courted by China and Russia.

4. Defense/Security Developments

- On Thursday, the ruling Liberal Democratic Party's (LDP) Research Commission on Security [held](#) a session to discuss the revision of the three strategic documents and loosening defense export rules, with plans to submit recommendations to Takaichi in mid-April. Meanwhile, coalition partner Japan Innovation Party (*Nippon Ishin no Kai*) also [held](#) a session to discuss scrapping the five permitted categories of exports.
- Chief Cabinet Secretary Kihara Minoru [revealed](#) that Japan exported the JASDF's Patriot missiles to the United States for its support for Ukraine, the first case that Japan has exported a licensed product back as a finished product to the origin country.
- On Tuesday, the Ministry of Defense (MOD) [revealed](#) that only around 30 percent of drones possessed by the JSDF are domestically produced as of the end of September. Koizumi indicated that the MOD will continue to reinforce domestic production.
- The Cabinet [approved](#) a statement confirming that thirty-four airports and ports had been designated for use by the JSDF and Japan Coast Guard in times of contingency as part of efforts to reinforce defense capabilities. As of February, this number was twenty-three and had been used 140 times.
- NHK [reported](#) Monday that the South Korean Government informed the GOJ that it will postpone a planned joint exercise between the ROK Navy and the JMSDF, likely over ongoing disagreements over ROK Air Force aircraft flying around the Takeshima/Dokdo Islands. Koizumi [commented](#) that this postponement does not change the fact that Japan-ROK defense cooperation is “increasingly important.”
- Koizumi [held](#) a meeting with Indonesian Defense Minister Sjafrie Sjamsoeddin and agreed to launch a Defense Strategy Dialogue at the vice-ministerial level on policy matters, as well as a high-level dialogue between the chief of staff of the Joint Staff and the Commander of the Indonesian National Armed Forces called the “Integrated Defense Dialogue Mechanism.”

5. GOJ Adopts Economic Stimulus Package

- On Friday, the GOJ [adopted](#) the economic stimulus package to build a strong Japanese economy, amounting to ¥21.3 trillion, of which ¥11.7 trillion will be utilized for inflation relief measures.
- The stimulus package [centers](#) around three pillars: inflation relief; crisis management investment and growth investments; and reinforcing defense and diplomatic capabilities.

	Fiscal Expenditure	Project Size
Inflation Relief	¥11.7 trillion	¥16.2 trillion
Crisis Management and Growth Investments	¥7.2 trillion	¥17.5 trillion
Reinforcing Defense and Diplomatic Capabilities	¥1.7 trillion	¥8.4 trillion
Reserve Funds	¥700 billion	¥700 billion
Total	¥21.3 trillion	¥42.8 trillion

- The key measures included in the stimulus package are items like scrapping the provisional gasoline tax rate, rice vouchers, and targeted investments in sectors like semiconductors, AI, and shipbuilding.
 - A ¥20,000 handout per child under 18 years of age;
 - A ¥7,000~ utility subsidy from January-March 2026;
 - Encouraging distribution of rice vouchers and e-coupons by municipalities;
 - A ten-year fund to improve shipbuilding capacity;
 - Investments for AI, chips, space, national resilience, etc.;
 - Subsidies for hospitals and medical staff;
 - Reserve fund in anticipation of the spread of damage by bears; and
 - Social security reform and second capital refurbishment requested by *Ishin*.

- Takaichi [explained](#) that the measures were necessary to assuage public concerns over the future of the economy. She defended the size of the budget, stating that it is not expansive by design and will adhere to the responsible proactive spending principle.
- Takaichi [reportedly rejected](#) the Ministry of Finance's (MOF) initial proposal as "downright pathetic," adding a series of policies — including those proposed by opposition parties — to increase the spending amount by over ¥4 trillion. She reportedly added items around household and business management support.
- Opposition parties were [mixed](#) in their reactions, with Democratic Party for the People (DPFP) Secretary General Shimba Kazuya commenting "so far, so very good," while Constitutional Democratic Party (CDP) leader Noda Yoshihiko and Komeito Chief Representative Saito Tetsuo voicing concerns about fiscal health.

6. LDP and Ishin Agree on Framework to Reduce Diet Members Seats

- On Friday, the LDP and *Ishin* [agreed](#) to reduce the number of Lower House members by at least forty-five seats from the current 465. The parties agreed to come to a conclusion on the matter within one year from the law taking effect.
- *Ishin* is demanding the inclusion of a clause that would automatically reduce fifty seats in the proportional representation block if a conclusion is not reached within a year since the bill's promulgation. Specifics will be discussed in the cross-party council discussing electoral system reform.
- LDP Secretary General Suzuki Shuichi and *Ishin* counterpart Fujita Fumitake [agreed](#) on Thursday to not limit the seat reduction to proportional representation, an unpopular proposal among opposition parties that would lose more seats. The ruling parties need opposition parties to support the bill for it to be enacted.
- The two parties [disagreed](#) on how specific the bill should be on the number of seats to reduce, with *Ishin* demanding explicit mention of "fifty seats," while the LDP wants to keep it at "reducing by 10 percent" in accordance with the two-party policy agreement signed in October.
- While discussions are ongoing, Fujita [reached out](#) to DPFP leader Tamaki Yuichiro on Friday to request cooperation on the bill, including potentially co-sponsoring the bill. Fujita told reporters that Tamaki responded "positively" to the request.
- Meanwhile, CDP leader Noda [urged](#) for consensus in the Diet, pointing out that the matter "should not be decided by just the ruling parties." Komeito Chief Representative Saito said he has not heard justifications for the 10 percent threshold.

7. Other Political Developments

- *Sankei* [reported](#) Saturday that the ruling and opposition parties plan to freeze plans for the time being to raise annual expenses for Diet members by ¥50,000 a month, as there is strong opposition to raise salaries for lawmakers in the aftermath of the LDP's political scandal. Discussions will be pushed back until next year.
- On Friday, the Lower House Committee on Financial Affairs [passed](#) the bill to scrap the provisional gasoline tax and light oil transaction tax rates. The bill is expected to pass the Lower House on November 25 and to be enacted by the end of the session.
- The LDP and *Ishin* [held](#) a working level meeting on social security and agreed to discuss the process of reflecting financial income such as stock dividends in the insurance premiums and out-of-pocket costs for medical expenses for the elderly. The plan is to submit legislation next year.
- On Thursday, the Lower House Commission on the Constitution [held](#) its first debate since Takaichi took office, discussing social media regulations around a national referendum. *Ishin* demanded during the session that the Commission establish a drafting committee to move forward with amendments to the Constitution.
- On Wednesday, the DPFP and Komeito [co-submitted](#) revisions to the Political Funds Control Act to tighten rules around corporate and organizational political donations. The bill, supported by the CDP, would limit donation recipients to political party headquarters and prefectural branches and limit amounts to ¥100 million (¥20 million to one organization). The bill, if enacted, would take effect on January 1, 2027.
- On Tuesday, the GOJ [convened](#) a Tax Commission meeting, where Takaichi stated that the “top priority is addressing the high prices the public is facing.” She [asked](#) for discussions on measures to raise the basic income tax deduction in line with inflation.

8. Economic Security and Tech Developments

- On Saturday, Minister of Land, Infrastructure, Transport and Tourism Kaneko Yasushi [visited](#) Imabari Shipbuilding's facility in Kagawa Prefecture and indicated that the GOJ would be crafting a ten-year shipbuilding revitalization roadmap by the end of the year. The Japan Fair Trade Commission [said](#) Thursday that it would permit mergers and acquisitions between shipbuilders even in an oligopolistic market given the need to strengthen domestic competitiveness in an international market.
- *Jiji* [reported](#) Friday that the GOJ's economic security think tank will be manned by fifty officials across government with four divisions: intelligence analysis, supply

chain analysis, technology controls, and risk assessment. The GOJ aims to submit a bill next year to establish the think tank in spring 2027.

- The Ministry of Economy, Trade and Industry (METI) [announced](#) that it would provide an additional ¥1 trillion in funding for chip foundry Rapidus in FY 2026-2027, [raising](#) the total subsidy amount to ¥2.9 trillion. The GOJ continues to support Rapidus as it aims to mass produce cutting-edge semiconductors in 2027.
- The GOJ's AI Strategy Headquarters [discussed](#) the draft framework of its AI Basic Plan, which outlines the government's roadmap for becoming the most AI friendly nation. *Nikkei* [reported](#) that the Ministry of Internal Affairs and Communications (MIC) will draft guidelines for developers and service providers to prevent cyber-attacks launched against generative AI models that aim to trigger data leaks or malfunctions in systems.
- On Thursday, METI's expert panel discussing measures to strengthen industry and technological bases related to economic security [adopted guidelines](#) for economic security business management and [basic principles](#) for cases of corporate collaboration that do not violate antitrust law. The guidelines recommend exploring listing with consideration of technology leaks from buyouts or capital support, as well as prior coordination to craft risk scenarios and alternative procurement strategies. The principles note that information sharing, joint activities like procurement, and mergers between companies with small global shares or in competitive industries is permissible from an economic security perspective.
- *Nikkei* [reported](#) Tuesday that six major asset management companies plan to develop the first investment trusts incorporating cryptocurrencies. Meanwhile, the Japan Financial Services Agency (JFSA) [plans to require](#) crypto issuers to disclose information every year if the token is for asset procurement purposes.

9. Key Economic/Financial Developments

- On Friday, Minister of Finance Katayama Satsuki [indicated](#) that the government could intervene in the foreign exchange market to address yen depreciation, which hit ¥157 to the dollar. This comes after Katayama, Minister in charge of Economic and Fiscal Policy Kiuchi Minoru, and Bank of Japan (BOJ) Governor Ueda Kazuo [met](#) on Wednesday and did not discuss any specifics on intervention.
- Chief Cabinet Secretary Kihara Minoru [welcomed](#) progress toward restarting Kashikawazaki-Kariwa nuclear power plant, stating the importance of the restart to stable electricity supply and suppressing utility fees. Niigata Governor Hanazumi Hideyo [made the decision](#) to seek final approval from the prefectural assembly.

- On Thursday, the Ministry of Health, Labor and Welfare (MHLW) [released](#) a draft framework of its basic position on medical fee revisions in FY 2026, positioning inflation and wage hike responses by medical institutions as a priority. Meanwhile, the MHLW [proposed](#) maintaining the 10 percent cost burden on elderly citizens with deposit amounts below a certain level, taking into account income and savings.
- *Yomiuri* [reported](#) that the GOJ plans to raise commission fees related to visa processing to United States and European levels starting next fiscal year. The GOJ will consider raising fees for visa extensions and status changes to ¥30,000-40,000 and for permanent residency to over ¥100,000. The commission fee revenue will be used to implement policies related to foreign nationals.
- *Nikkei* [reported](#) Wednesday that the GOJ will conduct a joint survey with ASEAN to review progress on greenhouse gas reduction targets and decarbonization initiatives in the region. The goal is to compile a report in FY 2027 to expand investment by Japanese companies in Southeast Asia.
- On Tuesday, Takaichi [met](#) with BOJ Governor Ueda for the first time since taking office, agreeing with Ueda's plan to gradually adjust the degree of monetary easing to ensure that the inflation rate lands smoothly at 2 percent in a sustainable and stable manner. Takaichi has been vocally cautious about rate hikes, as it could run counter to government efforts to stimulate the economy.

10. State of the Economy

- On Friday, the Ministry of Finance [announced](#) that Japan ran a ¥231.8 billion trade deficit in October, the fourth consecutive month in a deficit. Auto exports to the United States [fell](#) 7.5 percent from October 2024 to ¥460.7 billion, a smaller rate of decrease from September as the United States lowered auto tariff rates in September.
- The MIC [announced](#) that the consumer price index (CPI) excluding volatile fresh food items in October rose 3 percent to 112.1, the [second consecutive month](#) that the rate of increase expanded. This was the first time in three months that the growth rate hit 3 percent.
- On Wednesday, the Cabinet Office (CAO) [announced](#) an overview of the revision of standards for GDP based on input-output tables compiled every five years. Nominal GDP in 2020 would increase ¥14.4 trillion from current data to ¥554.1 trillion on a temporary value basis as software investments were revised.
- The CAO [announced](#) that seasonally adjusted machinery orders in the July-September period fell 2.1 percent to ¥2.72 trillion, the [first negative value](#) in four quarters. The

outlook for October-December rose slightly by 0.2 percent, with U.S. tariffs [playing](#) a limited role in the outcome of capital investments.

- On Tuesday, the Japan National Tourism Organization (JNTO) [announced](#) that the number of tourists visiting Japan in October rose 17.6 percent from October 2024 to 3.89 million, the [highest value](#) in October ever recorded as South Korean and Chinese visitors came in droves. Canadian and Mexican travelers hit a monthly record high.
- On Monday, the CAO [announced](#) that real GDP in the July-September period fell 0.4 percent from the previous quarter, [equivalent](#) to a 1.8 percent decline on an annual basis. Real GDP fell for the first time in six quarters as exports fell.

II. Public Opinion Poll

- An *Asahi* poll [released](#) on Monday found that the Takaichi Cabinet's approval rating was 69 percent, up one point from October, while disapproval was 17 percent, down two points from last month.
 - 34 percent of respondents said that they support the Cabinet because it seems better than the alternatives; 33 percent said because of its policies; and 25 percent said because Takaichi is prime minister.
 - 36 percent of respondents said that they do not support the Cabinet because it is centered around the LDP; 31 percent said because of its policies; and 15 percent said because Takaichi is the prime minister.
 - 34 percent of respondents said that they would vote for the LDP in the proportional representation block if a Lower House election were to take place now; 18 percent said undecided/unknown; 9 percent said the CDP; 8 percent each said the Japan Innovation Party (*Nippon Ishin no Kai*) and the DPFP; 7 percent said *Sanseitō*; 5 percent said Komeito; 3 percent each said *Reiwa Shinsengumi* and the JCP; 2 percent said the Japan Conservative Party; and 1 percent each said the SDP, Team Mirai, and other political parties.
 - 53 percent of respondents said that they believe the LDP has not been hearing the public's widespread opinion, while 34 percent said they believe it has.
 - 68 percent of respondents said that they disapprove of the LDP's efforts around politics and money issues, while 20 percent said they approve.
 - 44 percent of respondents said that they approve of Takaichi's inflation relief measures, while 35 percent said they disapprove.
 - 58 percent of respondents said that they believe the scrapping of the provisional gasoline tax rate will have a huge effect as an inflation relief measure, while 32 percent said they believe it will have a small effect.
 - 60 percent of respondents said that they believe the rice vouchers will have a small effect as an inflation relief measure, while 60 percent said they believe it will have a huge effect.

- 43 percent of respondents said that they oppose the Takaichi Cabinet's decision to reverse course on the Ishiba Cabinet's plan to increase rice production, while 40 percent said they support it.
- 56 percent of respondents said that they believe there should be a decrease in the number of foreigners traveling or living in Japan, while 26 percent said they believe there should be an increase.
- 66 percent of respondents said that they have high expectations for the Takaichi Cabinet's foreign nationals policy, while 24 percent said there are greater concerns over its policies.
- 67 percent of respondents said that they approved of the Takaichi-Trump summit in October, while 21 percent said they disapproved.
- 44 percent of respondents said that they do not have high hopes for Takaichi improving relations with China, while 43 percent said they have high hopes.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	29 (-1)
Constitutional Democratic Party	5 (± 0)
Japan Innovation Party	3 (-2)
Komeito	4 (+2)
Democratic Party for the People	4 (-2)
Japan Communist Party	2 (± 0)
Reiwa Shinsengumi	1 (-1)
Do It Yourself Party (Sanseitō)	5 (+1)
Japan Conservative Party	1 (± 0)
Social Democratic Party	1 (+1)
Team Future (Mirai)	0 (± 0)
Independent (No Party)	39 (+3)