

The Weekly Observer

November 24-28, 2025

The 200th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on China's intensifying information campaign, Prime Minister Takaichi's phone call with President Trump, the Japan-U.K.-Italy trilateral defense ministerial meeting, the FY 2025 supplementary budget, LDP-Ishin negotiations over the bill to reduce the number of Diet members, the LDP-Ishin coalition reaching a majority in the Lower House, the creation of a new domestic shipbuilding coalition, reported outline of the GOJ's foreign nationals policy, November's Monthly Economic Report, and more.

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I. News of the Week

1. China Intensifies Information Campaign

- China has continued to intensify its criticism and information campaign against Japan over Prime Minister Takaichi Sanae's remarks in the Diet about a Taiwan contingency potentially triggering a "survival threatening situation."
- On Wednesday, the Chinese foreign ministry [criticized](#) the Takaichi Cabinet's official position adopted on Tuesday that Japan's [basic position](#) on Taiwan has not changed as "insufficient," reiterating its demand for Takaichi to walk back her remarks.
- Beijing also [stated](#) on Monday that Japan's plans to deploy missiles on Yonaguni Island, just 110 kilometers away from Taiwan, "deliberately heightens tensions in the region and stokes military confrontation." Foreign Minister Wang Yi [said](#) Sunday that "we will never allow Japan's right-wing forces to turn back the clock on history." The Chinese Embassy in Japan also [wrote](#) on X that China could take military action against Japan based on the UN Charter's enemy state clause, to which the Japanese foreign ministry responded that the provision was basically killed in 1995.
- The Embassy also [wrote](#) on X this week that "discriminatory cases have increased" in Japan against Chinese nationals, warning nationals in Japan to stay safe. The Ministry of Foreign Affairs (MOFA) responded with an official announcement last week that the number of incidents involving Chinese nationals has not increased.
- Beijing [argued](#) on Monday that the conditions to hold a Japan-PRC-ROK trilateral summit have "not been met at this point in time," pointing out that Takaichi's remarks "ruined the atmosphere" for trilateral cooperation. Talks have [continued](#) at the working level between Vice Foreign Minister Funakoshi Takehiro and Chinese Ambassador to Japan Wu Jianghao. Japanese Ambassador to the UN Yamazaki Kazuyuki [penned](#) a letter to UN Secretary General António Guterres in response to a Chinese letter, arguing that China has made inconsistent and unsubstantiated claims.
- In response to these developments, Takaichi [said](#) Wednesday that Japan remains open to dialogue with China and that her responsibility is to develop comprehensively good relations that maximize national interests. This comes as she [failed to meet](#) Premier Li Qiang on the sidelines of the G20 Summit over the weekend and as media reports [claim](#) that U.S. President Donald Trump advised her not to provoke Beijing on the question of Taiwan's sovereignty.

2. Foreign Policy Developments

- On Friday, the Cabinet Office (CAO) [released](#) its foreign policy opinion survey, which found that 70.8 percent of respondents [said](#) Japan-U.S. relations are in a good position, down 14.7 points from the previous survey due to Trump's policies. This is the second lowest positive rating of bilateral relations.
- NHK [reported](#) Thursday that the GOJ plans to host a summit meeting with the five Central Asian states in Tokyo mid-next month. The goal is to deepen relations with the resource-rich nations with close ties to Russia.
- NHK [reported](#) Wednesday that the upcoming Japan-PRC-ROK trilateral summit meeting scheduled to take place in Tokyo next January may be postponed due to the ongoing Japan-PRC rift over Takaichi's Diet remarks about Taiwan.
- On Tuesday, MOFA [announced](#) that Takaichi had a phone conversation with President Trump, in which the two exchanged views on strengthening the alliance and the situation and various challenges facing the Indo-Pacific region. Trump told Takaichi that, as a close friend, he would be willing to receive calls from Takaichi at any time. Trump [said](#) he had a "great conversation" with Takaichi.
- On Monday, Takaichi [concluded](#) her visit to South Africa for the G20 Summit, where she took part in the summit meetings and met with over two dozen world leaders. Takaichi had an [opportunity to meet](#) with South Korean President Lee Jae-mung, agreeing to continue pursuing a future-oriented relationship between the two sides.
- *Sankei* [reported](#) that Italian Prime Minister Giorgio Meloni informed Takaichi on the sidelines of the G20 Summit that she plans to visit Japan in January 2026 for a summit meeting. The two countries celebrate the 160th anniversary of diplomatic ties next year.

3. Defense/Security Developments

- On Friday, Minister of Defense Koizumi Shinjiro [met](#) with ROK Ambassador to Japan Lee Hyuk, reaffirming the importance of bilateral and trilateral defense cooperation with the United States amid postponements of military exchanges due to South Korean military aircraft flying over Takeshima/Dokdo Islands.
- On Tuesday, Koizumi [responded](#) to Chinese claims that Japan is "deliberately creating tensions in the region" by deploying missile units to the Yonaguni Islands, stating that the units are not being deployed to attack other countries.
- Koizumi [virtually attended](#) the Japan-U.K.-Italy trilateral defense ministerial meeting, where the three sides reaffirmed their commitment to conclude the first international

contract between the GCAP International Government Organization and (GIGO) and the joint venture Edgewing by the end of the year for the GCAP.

- On Sunday, Koizumi [indicated](#) that the GOJ will inform locals in Yonaguni about the detailed deployment schedule for missile units as it continues to seek the understanding of locals for Japan's upgrade of deterrence capabilities.
- Koizumi [visited](#) the southwestern islands ahead of the revision of the three national security documents next year. He indicated that the most important thing is to gain the understanding of locals for the GOJ's so-called "Nansei shift" to reinforce defense capabilities across the southwestern island chain.

4. GOJ Adopts FY 2025 Supplementary Budget

- On Friday, the GOJ [adopted](#) the FY 2025 supplementary budget, which amounted to ¥18.3 trillion, most of which will be spent on inflation relief measures. The budget exceeds the ¥13.9 trillion supplementary budget enacted in FY 2024.
- The pillars of the budget are:
 - ¥8.9 trillion for inflation relief measures;
 - ¥6.4 trillion for crisis management and growth investments; and
 - ¥1.7 trillion for reinforcing defense and diplomatic capabilities.
- Inflation relief measures [include](#) rice vouchers, utility subsidies, and cash handouts for families with children. Crisis management and growth investments include sectors like AI, semiconductors, and cybersecurity. Defense spending will be allocated to achieve the 2 percent of GDP target two years earlier than the 2027 goal.
- Opposition responses were [mixed](#), with Democratic Party for the People (DPFP) supporting the prime minister's responsible proactive fiscal spending approach, while the main opposition Constitutional Democratic Party (CDP) questioned the validity of the enormous budget and the increased issuance of JGBs.
- Meanwhile, *Nikkei* [reported](#) that there are those within the ruling Liberal Democratic Party (LDP), including Vice President Aso Taro, who question the fiscal sustainability of the budget proposal. He reportedly accepted the budget once he heard the amount of newly issued JGBs would not exceed last year's levels.
- On Thursday, the GOJ also [adopted](#) the basic guidelines for the FY 2026 budget, which [stated](#) that the budget would focus on the seventeen strategic sectors and aim to lower the debt-to-GDP ratio to "achieve fiscal sustainability."

5. Ishin Puts Pressure on LDP Over Bill to Reduce Diet Member Seats

- The Japan Innovation Party (*Nippon Ishin no Kai*), the LDP's coalition partner, is ramping up pressure on the LDP to push for the enactment of a bill to reduce the number of Diet member seats. Special Advisor to the Prime Minister and party Diet Affairs Chair Endo Toshiaki [told Jiji](#) on Thursday that his party could leave the partnership if the LDP fails to follow through on its promise.
- *Ishin* co-leader Fujita Fumitake [said](#) Wednesday that a condition for the bill's submission to the current Diet session is to include a clause that would automatically reduce the number of proportional representation seats by fifty if the bill is not implemented within a year since enactment.
- In response to such pressure, Takaichi [instructed](#) LDP Secretary General Suzuki Shunichi to make every effort to enact the bill by the end of the extraordinary Diet session on December 17.
- Suzuki and *Ishin* counterpart Nakatsuka Hiroshi [agreed](#) on Tuesday to expedite crafting of the legislation toward submitting the bill during this Diet session. *Ishin* requested an extension to the Diet session if the two parties need more time to enact the legislation.
- *Asahi* [reported](#) that there is growing frustration within *Ishin* over the LDP's reluctance to move forward swiftly with the bill. Lawmakers have argued that the discussion on the bill should proceed simultaneously with ongoing discussions over Lower House electoral reform.
- The LDP's Headquarters for Political System Reform [held](#) a session where a plurality of members said the party should oppose *Ishin*'s proposal to automatically cut fifty proportional representation seats if the bill is not implemented within a year.

6. Other Political Developments

- On Friday, the LDP [added](#) three former *Ishin* lawmakers to its group within the Diet, meaning the ruling parties have surpassed the majority line in the Lower House to pass legislation. This creates a "twisted Diet" situation.
- The bill to abolish the provisional gasoline and light oil transaction tax rates was [enacted](#) in the Diet. The provisional gasoline tax rate of ¥25.1 per liter will be scrapped on December 31, while the light oil transaction tax of ¥17.1 per liter will be scrapped on April 1, 2026.

- On Thursday, the LDP and *Ishin* [agreed to submit](#) a program bill during the current Diet session that commits to seeking a conclusion to the political funding regulation question by the end of Takaichi's tenure as LDP president in September 2027. The bill proposes setting up an expert panel in the Diet to oversee corporate political donations and organizational donations by labor unions and other organizations.
- On Wednesday, Takaichi [took part](#) in her first political party leaders' debate in the Diet, where she was questioned about her China policy, stimulus package, and potential changes to the Three Non-Nuclear Principles. The first debate ended largely without issue for the prime minister.
- *Jiji* [reported](#) that the LDP and *Ishin* may postpone submitting an amendment to legislation that would raise monthly Diet member allowances by ¥50,000, as both ruling and opposition parties believe it does not make sense to raise the salaries of politicians while inflation continues and after the political scandal last year.
- On Tuesday, the GOJ [established](#) the Japanese version of the "Department of Government Efficiency" to revise excess tax benefits and subsidies in an effort to streamline government operations. The "Office in charge of Reviewing Special Tax Measures and Subsidies" was set up under the Cabinet Secretariat to lead the effort.

7. Economic Security and Tech Developments

- On Thursday, the Ministry of Economy, Trade and Industry (METI) [announced](#) a comprehensive review of Japanese Industrial Standards (JIS), which will [establish](#) standards for the quality and safety of products and services used by the GOJ and other public institutions, thereby deterring economic security risks such as the leakage of confidential information.
- *Nikkei* [reported](#) that the GOJ's next five-year Science, Technology and Innovation Basic Plan will state that Japan will promote dual-use technologies while also advancing efforts to implement the resulting achievements in society. The Plan also aims to raise the level of "top 10 percent research papers" to the same standards as the United States and China.
- *Nikkei* [reported](#) Wednesday that Nippon Yusen, Mitsui O.S.K. Lines, and Kawasaki Line will join forces with Mitsubishi Heavy Industries and Imabari Shipbuilding to launch MILES, a ship design company that brings together the top five shipping and shipbuilding companies together to domestically manufacture next-generation ships. This comes as the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) [plans to establish](#) a ¥120 billion fund to revive the domestic shipbuilding industry.

- On Tuesday, the Ministry of Health, Labor and Welfare (MHLW) [presented](#) a proposal to include medical institutions to the list of core infrastructure covered under the Economic Security Promotion Act (ESPA). The MHLW aims to add one hospital from one region immediately after amending the ESPA as early as next year.
- *Nikkei* [reported](#) that domestic chip foundry Rapidus plans to start constructing a second facility in Chitose City, Hokkaido, in FY 2027, with plans to manufacture cutting-edge 1.4 nanometer semiconductors as early as 2029. Public-private investment has reached several trillion as Rapidus aims to catch up to Taiwan Semiconductor Manufacturing Company (TSMC).
- Minister in charge of Economic Security Onoda Kimi [stated](#) that the GOJ will designate six “national strategic technologies” with high priority for economic security to provide national support. The technologies are AI/cutting-edge robotics, quantum, semiconductors/communications, bio/healthcare, nuclear fusion, and space.

8. Key Economic/Financial Developments

- On Friday, Takaichi [instructed](#) her Cabinet at a Council for Science, Technology and Innovation (CSTI) [meeting](#) to consider tax benefits for strategic technologies like AI and quantum and to reflect these in the next STI Basic Plan.
- *Yomiuri* [reported](#) that the MHLW has finalized plans to raise the maximum national health insurance fee by ¥10,000 to ¥1.1 million, placing the target pool for single-member households to over approximately ¥11.70 million. *Asahi* [reported](#) that the GOJ and ruling parties will also submit legislation next year to include financial income in the income used to determine the percentage of medical expenses paid out-of-pocket and health insurance premiums.
- On Thursday, the MHLW [proposed](#) maintaining insurance for OTC-like drugs while raising the fees for patients based on the specific drug in question. Some within *Ishin* have been demanding that OTC-like drugs be taken off insurance coverage.
- *Yomiuri* [reported](#) that the GOJ’s foreign nationals policy will include: 1) utilizing social insurance and tax payment information in the visa screening process; 2) possibly requiring foreign nationals to join private insurance before entry to prevent unpaid medical bills; 3) providing immigration information to municipalities to prevent individuals outside of Japan from receiving handouts; and 4) possibly sharing information about foreign nationals on parole with municipalities.
- *Nikkei* [reported](#) Wednesday that METI will propose a large-scale capital investment tax cut scheme as part of FY 2026 tax system reform. The scheme would establish a corporate tax cut equivalent to 8 percent of investment amounts based on investment

scale and profitability and a 15 percent tax benefit for firms affected by the U.S. tariffs. METI will also offer an immediate depreciation, accounting for the entire cost of capital expenditure as depreciation expense in the first year, as an alternative.

- *Nikkei* [reported](#) Tuesday that the Niigata prefectural assembly is likely to support Governor Hanazumi Hideyo's decision to approve the restart of the Kashiwazaki-Kariwa nuclear power plant on December 2 after the LDP, which holds a majority in the assembly, decided that day to support the governor's decision.

9. State of the Economy

- On Friday, the MHLW [announced](#) that the seasonally adjusted jobs-to-applicants ratio in October fell 0.02 point to 1.18 times, the [first decline](#) in two months and the first time since January 2022 that the ratio fell below 1.2 times. Meanwhile, the seasonally adjusted unemployment rate was the [same](#) as September at 2.6 percent.
- The METI [announced](#) that the seasonally adjusted industrial production index in October rose 1.4 percent to 104.6, the second consecutive month on the rise as the automotive industry, including passenger cars, led the way. METI [maintained](#) the assessment that there is a weak trend with some ups and downs.
- *Nikkei* [reported](#) Thursday that its own survey found that local government tax revenue in FY 2024 hit ¥19.81 trillion, a 0.5 percent increase from FY 2023 as good corporate performance brought in more tax revenue to municipalities. Since a decade ago, this is the third consecutive year tax revenue has reached record levels.
- On Wednesday, the GOJ [released](#) its Monthly Economic Report for November, which maintained the assessment that the “Japanese economy is recovering at a moderate pace, while the effects caused from the U.S. trade policies are seen mainly in the automotive industry.” The GOJ [revised downward](#) its import assessment to “almost flat” for the first time in nine months as imports of phones and clothing fell.
- The CAO [announced](#) that the demand-supply gap in the July-September period was negative 0.0 percent, or approximately ¥200 billion annually. While the economy [experienced](#) a demand shortage for the first time in three quarters, the negative amount was a small margin.
- The Bank of Japan (BOJ) [announced](#) that the services producer price index (SPPI) in October rose 2.7 percent from the same month last year to 112.1. While the rate of increase [fell](#) 0.4 points from September, the trend of reflecting rising labor costs in service prices has continued.

II. Public Opinion Poll

- A *Yomiuri* poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 72 percent, up one point from October, while disapproval was 17 percent, down one point from last month.
 - 34 percent of respondents said that they approve of the Cabinet because they have high expectations for its policies; 22 percent said because the prime minister has executive ability; and 17 percent said because there are no alternatives.
 - 32 percent of respondents said that they disapprove because they do not trust the prime minister; 23 percent said because they do not have expectations for its policies; and 19 percent said because it is centered around the LDP.
 - 52 percent of respondents said that they disapprove of the GOJ’s inflation relief response, while 33 percent said they approve.
 - 63 percent of respondents said that they approve of the GOJ’s stimulus package, while 30 percent said they disapprove.
 - 49 percent of respondents said that they support the GOJ’s rice vouchers, while 42 percent said they oppose it.
 - 74 percent of respondents said that they approve of Takaichi’s “responsible proactive fiscal spending” approach, while 17 percent said they disapprove.
 - 44 percent of respondents said that they support the GOJ’s reversal on policy to increase rice production, while 37 percent said they oppose it.
 - 62 percent of respondents said that they have high expectations for the Cabinet’s foreign nationals policy, while 25 percent said they have low expectations.
 - 57 percent of respondents said that they do not believe Takaichi appointing slush fund implicated lawmakers to her Cabinet and party leadership was appropriate, while 32 percent said they believe it was appropriate.
 - 50 percent of respondents said that they believe the bill to reduce the number of Diet members should be enacted swiftly, while 39 percent said they do not believe it should be enacted swiftly.
 - 77 percent of respondents said that they approved of the Trump-Takaichi summit meeting in October, while 16 percent said they disapproved.
 - 56 percent of respondents said that they approved of the Takaichi Cabinet’s China policy, while 29 percent said they disapproved.
 - 56 percent of respondents said that they do not believe a general election should take place at the earliest possible time, while 30 percent said they believe it should take place.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	32 (±0)

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Constitutional Democratic Party	5 (-1)
Japan Innovation Party	4 (-1)
Komeito	4 (± 0)
Democratic Party for the People	4 (-1)
Japan Communist Party	2 (+1)
Reiwa Shinsengumi	2 (+1)
Do It Yourself Party (Sanseitō)	5 (-2)
Japan Conservative Party	0 (-1)
Social Democratic Party	N/A (-)
Team Future (Mirai)	0 (-1)
Independent (No Party)	40 (+6)