



# The Weekly Observer

November 24-28

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

## GOJ Adopts FY 2025 Supplementary Budget

On Friday, the Japanese Government 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 FY 2024 supplementary budget.

The pillars of the budget are: ¥8.9 trillion for **inflation relief**, ¥6.4 trillion for **crisis management and growth investments**, and ¥1.7 trillion for **reinforcing defense and diplomatic capabilities**.

Responses were mixed to the budget, as some parties **supported Takaichi's responsible proactive fiscal spending approach**, while others **criticized the excessive spending** and increased issuance of Japanese Government Bonds (JGBs).

The GOJ also adopted the **basic guidelines for the FY 2026 budget**, which will focus spending around **seventeen strategic sectors** and aim to **lower the debt-to-GDP ratio**.

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

The Japan Innovation Party (*Nippon Ishin no Kai*) is ramping up pressure on coalition partner **Liberal Democratic Party (LDP)** to **push for the enactment of a bill to reduce the number of Diet member seats**.

*Ishin* leadership has demanded that a **bill be enacted by the end of the year**, including a **clause that would automatically reduce fifty proportional representation seats** if the bill's contents are not implemented within a year of the bill's enactment.

Media suggests **growing frustrations within *Ishin* over the LDP's perceived reluctance** to push forth the bill, with **leadership threatening to leave the current partnership if it fails to materialize**.

The LDP, as minority ruling party, has **agreed to aim for enactment by the end of the year**, but **opposes rushing the process** as opposition parties fiercely oppose the proposal.

## Cabinet Approval



**72%** (+1 pt.)

**17%** (-1 pt.)

[\*Yomiuri Shimbun\*](#) (November 24)

## State of the Economy

### **Monthly Economic Report (Nov.):**

Maintained assessment that the economy is "recovering at a moderate pace, while the effects caused from the U.S. trade policies are seen mainly in the automotive industry"

### **Demand-Supply Gap (July-Sept.):**

-0.0% or approx. ¥200 billion annually  
1<sup>st</sup> demand shortage in 3 quarters but by small margin

### **Employment Statistics (Oct.):**

Jobs-to-applicants ratio: 1.18x (-0.02 pt.)  
1<sup>st</sup> time since Jan. 2022 that ratio fell below 1.2x  
Unemployment rate stayed at 2.6%