

## ***The Weekly Observer***

February 9-13, 2026

*The 211<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the 2026 Lower House election results, Japan seizing a Chinese fishing boat, Japanese Government representation at the Munich Security Conference, Akazawa-Lutnick talks on the strategic investment initiative, the GOJ's proposed National Intelligence Strategy, the FY 2026 annual budget and start of the special Diet session, the Centrist Reform Alliance's new leadership, Japan's quest for domestic rare earths, the Nikkei Stock Average reaching new heights, the record high annual current account surplus, and more.*

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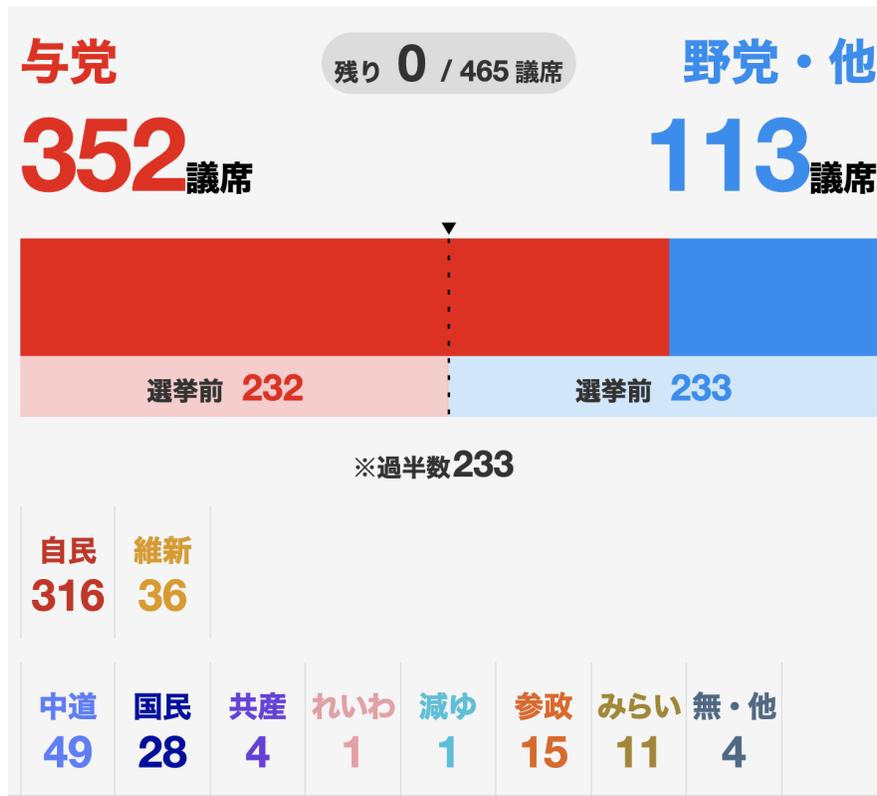
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## I. News of the Week

### 1. Takaichi Delivers Historic Landslide Victory

- On Sunday, Prime Minister Takaichi Sanae [delivered](#) a historic landslide victory for her ruling Liberal Democratic Party (LDP) and partner Japan Innovation Party (*Nippon Ishin no Kai*), securing a supermajority of seats in the Lower House.



- In an election that [witnessed](#) a 56.26 percent turnout — 2.41 points higher than in 2024 — the LDP won a supermajority on its own and captured three-quarters of the Lower House with *Ishin*. The LDP [won](#) 86 percent of single-member districts, securing a record high 68 percent of the entire legislature.
- The LDP [won](#) 90 percent of its one-on-one battles with the main opposition Centrist Reform Alliance, in addition to over 70 percent of its battles with *Ishin*. Takaichi's popularity carried through across all demographics, with an *Asahi* exit poll [finding](#) that the LDP placed first across all age groups.
- Meanwhile, the LDP politicians implicated in the political funding scandal were also carried to victory despite the scandal costing many seats in 2024. Out of forty-five scandal implicated candidates, forty-three [won back](#) their seats this time around. In 2024, only twenty-eight out of forty-six candidates survived.

- The CRA's collapse resulted in all opposition parties falling below fifty seats, one seat shy of the [necessary seats to submit](#) legislation tied to a budget or to submit a no-confidence motion. Populist party Team Mirai was a "winner" amongst the opposition, having won over independents who wanted a fresh face to vote for.
- The average age of elected candidates [dropped](#) by one year to 54.7, with six candidates in their twenties winning a seat. Meanwhile, LDP Vice President Aso Taro became the oldest winner of a seat at eighty-five. Sixty-eight women [won](#) a seat, the second most after seventy-three in 2024. The ratio was also second in all of history at 14.6 percent.

## 2. Japan Seizes Chinese Fishing Boat

- On Friday, Minister of Agriculture, Forestry and Fisheries Suzuki Norikazu [announced](#) that the Fisheries Agency seized a Chinese fishing boat off the coast of Nagasaki Prefecture the previous day and arrested the Chinese captain of the boat for ignoring orders to stop the vessel.
- Takaichi [explained](#) in a X post on February 15 that "we will continue to take firm action in our enforcement activities to prevent and deter illegal fishing operations by foreign vessels." She said that the captain was later released in accordance with international law, which states that provision of a security deposit or written guarantee would grant release.
- In response to the arrest, a Chinese foreign ministry spokesperson [stated](#) that "we hope that the Japanese side will enforce the law fairly and protect the safety and legitimate rights and interests of Chinese seafarers."
- Japan and China have been locked in a dispute over Takaichi's Taiwan contingency remark, with a foreign ministry spokesperson [stating](#) on Monday following the election that "we urge the Japanese government to confront international concerns rather than ignore them, to pursue peaceful development without repeating the mistakes of militarism, and to abide by the four political documents between China and Japan without betraying their spirit."
- *Nikkei* [reported](#) that over 50 percent of Chinese travelers to Japan have canceled their trips over the Chinese New Year holiday at the request of the Chinese government urging against travel. Losses are estimated to be around ¥48.5 billion.
- The Japanese Chamber of Commerce and Industry in China (CJCCI) [announced](#) the results of a corporate member survey on Tuesday, which found that 27 percent of member companies expressed concerns about the effect of deteriorating Japan-China

relationship on corporate activities. It remains to be seen whether the latest incident will result in retaliatory measures by Beijing.

### 3. Motegi and Koizumi Attend the Munich Security Conference

- Minister for Foreign Affairs Motegi Toshimitsu and Minister of Defense Koizumi Shinjiro [participated](#) in the annual Munich Security Conference in Germany from February 13-16.
- Motegi [shared](#) his recognition of the security environment, which is undergoing the most significant structural changes since the end of WWII and emphasized the necessity of maintaining and strengthening a free and open international order based on the rule of law under the banner of a “Free and Open Indo-Pacific (FOIP).”
- Koizumi [expressed](#) Japan’s determination to fulfill its responsibilities alongside our ally and like-minded partners, and to remain a partner that contributes to peace and stability in the international community through security cooperation that is not confined to any single region.
- Motegi [participated](#) in the G7 foreign ministers’ meeting, where the ministers discussed further strengthening coordination toward a just and lasting peace in Ukraine, the importance of reforming the UN Security Council, and cooperation to enhance global supply chains, including critical minerals and rare earths.
- Motegi also responded to Chinese Foreign Minister Wang Yi’s speech [referring](#) to the fact that “Japan still harbors ambitions to invade and colonize Taiwan, and the specter of militarism continues to haunt the nation,” [emphasizing](#) that “Japan has consistently pursued the path of a peaceful nation since the end of the war, contributing to the peace and stability of the international community.”
- The two ministers also held bilateral meetings with counterparts from Europe and NATO countries, with Motegi [agreeing](#) to coordinate closely with U.S. Secretary of State Marco Rubio to ensure Takaichi’s visit to Washington in March will be another opportunity to demonstrate the unwavering alliance. Motegi also [announced](#) a new €15 million commitment to support Ukraine through NATO’s Comprehensive Assistance Package for Ukraine.

### 4. Foreign Policy Developments

- On Thursday, Minister of Economy, Trade and Industry (METI) Akazawa Ryosei [met](#) with U.S. Secretary of Commerce Howard Lutnick in Washington for another round of talks on the projects under the strategic investment initiative. The two sides are [yet](#)

[to agree](#) on projects, as the U.S. side wants to rush a deal while the Japanese side wants to secure a level of profitability. Japan wants to announce by Takaichi's visit.

- *Nikkei* [reported](#) Monday that while U.S. President Donald Trump strongly supported Takaichi ahead of Sunday's Lower House election, he is increasingly frustrated with the lack of progress in the investment talks. Trump seems to be keeping an eye on the midterm elections and the Supreme Court decision on the legality of his tariff regime.
- Motegi [held](#) a telephone meeting with Ukrainian Foreign Minister Andrii Sybiha, reiterating Japan's support for Ukraine will never waver. He mentioned that Japan is providing generators, transformers, and other equipment as support for winterization assistance, in light of the severe energy situation in Ukraine.
- *Jiji* [reported](#) that the Japanese and South Korean governments are exploring a summit meeting between Takaichi and President Lee Jae-myung in March. The second round of "shuttle diplomacy" this year will take place in South Korea.
- The report suggests that Lee could host Takaichi in his hometown of Andong around Takaichi's visit to the United States for a summit meeting with Trump. The schedule may change depending on the special Diet session proceedings as Takaichi aims to enact the FY 2026 annual budget by the end of the fiscal year on March 31.

## 5. Defense/Security Developments

- On Friday, the Ministry of Defense (MOD) [announced](#) that it has contracted NTT Data to run a "strategic AI satellite" demonstration project to establish technologies for onboard integrated processing of information collected by various satellites and for two-way communication with various equipment.
- *Sankei* [reported](#) Thursday that the GOJ plans to craft a "National Intelligence Strategy" as early as by the end of the year as a basic guideline for intelligence activities and to provide long-term outlook.
- The GOJ plans to submit legislation this year to set up the "National Intelligence Secretariat" as early as by July to collect intelligence across the whole of government. Strengthening intelligence functions is a top priority for the Takaichi Administration.
- Fujitsu [announced](#) that it signed a sales contract with U.S. defense prime Lockheed Martin for radar components to be installed on naval vessels and other platforms. Fujitsu will manufacture a part of the core component responsible for supplying power to the SPY-7 radar to be installed on the JSDF's two Aegis-equipped vessels.

- On Wednesday, a signing ceremony was [held](#) in Manila, the Philippines, to hand over the coastal surveillance radar from the GOJ to the Philippines. The Philippines is the only country to receive “official security assistance” for a third straight year.

#### 6. Takaichi Shifts Focus to the FY 2026 Annual Budget

- On Monday, Takaichi [held](#) a press conference following the Lower House election, reiterating her desire to compile an interim report on the food consumption tax cut and refundable tax credit before the summer. She also stated a desire to swiftly foster an environment to hold a national referendum toward amending the Constitution.
- A major challenge will be securing the ¥5 trillion necessary to finance the consumption tax cut. Even revising special tax measures related to the corporate tax would [generate](#) only around ¥2.9 trillion in revenue.
- On Friday, Takaichi [instructed](#) her party to swiftly proceed with deliberations on the FY 2026 annual budget toward enactment before the end of the fiscal year on March 31. Her instructions reportedly have raised concerns within the LDP, as many do not believe the budget can be enacted after a one month delay.
- The GOJ [notified](#) the Lower House that the special Diet session will be convened on February 18. The Diet session will last 150 days until July 17. Takaichi is expected to be re-elected as prime minister on the day the Diet session convenes. She will deliver a policy speech on February 20; Q&A with the prime minister will take place from February 24-26.
- The LDP [proposed](#) handing over two of the twenty-seven Lower House committee and commission chairmanships despite winning a supermajority enabling the party to hold all chair positions. The LDP envisions giving up the Disciplinary Committee and the Special Committee on Consumer Affairs.
- The second Takaichi Cabinet will be [formed](#) on the same day as the Diet convenes, with all ministers, state ministers, and parliamentary vice ministers remaining in place. *Ishin* leader Yoshimura Hirofumi indicated a desire to take on a ministerial role in a future Cabinet, formally joining the ruling coalition.

#### 7. Key Political Developments

- On Friday, the CRA [elected](#) ex-Constitutional Democratic Party Secretary General Ogawa Junya as its new leader, defeating ex-Parliamentary Vice Minister of Internal Affairs and Communications Shina Takeshi by five votes. Shina is [expected to be appointed](#) secretary general next week. The CDP and Komeito will [not merge](#) in the Upper House, keeping the parties split between the Lower and Upper House.

- *Yomiuri* [reported](#) that the LDP plans to nominate former Minister of Justice Mori Eisuke — secretary general of the Aso faction — as the next Speaker of the Lower House. He will be tasked with leading discussions toward amending the Imperial House Code for stable Imperial Family succession.
- On Thursday, Aichi Governor Omura Hideaki [announced](#) that the prefectural government will explore a bid to be selected for an integrated resort and casino in the area near Chubu International Airport. The GOJ has selected Osaka already and plans to select up to three projects.
- NHK [reported](#) that the Ministry of Education, Culture, Sports, Science and Technology (MEXT) [finalized](#) the grand design for high school education reform, agreeing to pursue reforms aimed at eliminating the distinction between humanities and science tracks in general high schools, with the goal of achieving an equal proportion of students in both tracks by 2040.
- *Jiji* [reported](#) that the GOJ will establish a special allocation for regional collaboration activities within the “Regional Future Grant,” which supports local revitalization initiatives by municipalities. This aims to bolster efforts aimed at regional growth, such as industrial and tourism promotion.
- *Jiji* [reported](#) Tuesday that the LDP will increase its political party grants in accordance with the election results by 16.7 percent to ¥15.35 billion, while the CRA will receive ¥2.34 billion, a 34.8 percent decrease from the funding the CDP and Komeito got in 2025. Meanwhile, the CDP will receive ¥3.12 billion and Komeito will receive ¥1.39 billion for its Upper House members.

#### 8. Economic Security and Tech Developments

- On Saturday, the deep-sea scientific drilling vessel CHIKYU [returned](#) to Shimizu Port after drilling for mud containing rare earth elements, with plans to announce the results by the end of the year. The GOJ [plans to propose](#) critical minerals cooperation with the United States. Akazawa [took part](#) in a trade ministerial meeting on critical minerals hosted by U.S. Trade Representative Jamieson Greer on Friday, attended by counterparts from Australia, Canada, EU, France, Germany, India, Italy, Mexico, South Korea, and the United Kingdom.
- On Thursday, Minister in charge of Economic Security Onoda Kimi [attended](#) an AI/semiconductor working group meeting under the Japan Growth Strategy Council, stating that the government will invest over ¥1 trillion in the near term to promote AI-related policies. The group will craft plans related to foundation AI development and application development.

- The GOJ [held](#) its first expert panel meeting on “physical AI,” announcing a policy to expand private investment by providing integrated support for the two fields of AI and semiconductors. Japan aims to grow its strengths in industrial robot technology.
- *Yomiuri* [reported](#) that the GOJ’s proposed amendments to the Economic Security Promotion Act — to be submitted to the special Diet session — will establish a new “specified overseas business” system whereby the GOJ will invest in overseas activities of Japanese companies deemed particularly important for economic security, even assuming the risk of losses.
- *Nikkei* [reported](#) Wednesday that the Ministry of Internal Affairs and Communications (MIC) will support the development of technology to prevent interference with satellite communications by around 2033. Attacks on satellite systems are increasing worldwide and the GOJ will subsidize costs such as corporate component manufacturing starting in FY 2026.

#### 9. Key Economic/Financial Developments

- On Friday, Bank of Japan (BOJ) policy board member Tamura Naoki [stated](#) that “it is entirely possible” that the Bank could determine that the 2 percent inflation target has been achieved as early as this spring. He indicated a desire to hike rates once the rate of increase in wages continues at a high pace for the third consecutive year.
- On Thursday, Vice Minister of Finance for International Affairs Mimura Atsushi [stated](#) that “we have not lowered our guard at all” after the yen appreciated to ¥152 to the dollar. He refused to comment on whether there was a rate check prior to foreign exchange market intervention.
- *Nikkei* [reported](#) Wednesday that the Ministry of Agriculture, Forestry and Fisheries (MAFF) will reform subsidies encouraging the conversion of staple rice fields to feed rice or soybeans into a system aimed at improving self-sufficiency rates for each crop. It will be expanded from paddy fields to dry fields. The MAFF will finalize its paddy field policy from FY 2027 in June.
- On Tuesday, the Nikkei Stock Average [increased](#) for the third consecutive business day, hitting a record high of ¥57,650.54. Buying by overseas investors and others continued after the election, while the rise in U.S. stock prices the previous day, led by tech stocks, also provided a tailwind. Meanwhile, the [yield](#) on long-term interest rates rose 0.055 percent from the previous week to 2.280 percent as concerns over expansionary fiscal policy like consumption tax cuts contributed to interest rate hikes.
- On Monday, the Tokyo Electric Power Co. (TEPCO) [announced](#) that it restarted the No. 6 reactor at the Kashiwazaki-Kariwa nuclear power plant for the first time in

fourteen years. Due to a malfunction on January 23, the restart of operations will be delayed by three weeks to March 18.

## 10. State of the Economy

- On Thursday, the BOJ [announced](#) that the corporate goods price index (CGPI) in January rose 2.3 percent from the same month last year to 128.4, a 0.1 point [lower growth rate](#) than December 2025.
- On Tuesday, the Ministry of Finance (MOF) [announced](#) that national debt at the end of 2025 increased ¥24.54 trillion to a record high of ¥1,342.17 trillion. The outstanding balance continues to increase due to factors such as rising expenditures, including social security costs, and the accumulation of government bond issuance resulting from the formulation of supplementary budgets each fiscal year.
- On Monday the Cabinet Office (CAO) [released](#) the Economy Watchers Survey for January, which found that the seasonally adjusted diffusion index fell 0.1 point from the previous month to 47.6, the [third consecutive month](#) in decline. The CAO maintained the assessment that the economy is “picking up.”
- The MOF [announced](#) that Japan ran a ¥31.88 trillion current account surplus in 2025, an increase of 11.1 percent and the second consecutive year that the surplus has hit a record high. Corporate profits from overseas investments drove the increase, while the narrowing trade deficit also played a significant role.
- The primary income balance [increased](#) 4.7 percent to a record high of ¥41.59 trillion, as dividends from Japanese companies’ overseas subsidiaries have increased. Meanwhile, Japan ran a ¥848.7 billion trade deficit, a smaller deficit amount as export volume to Asia and Europe increased.

## II. Public Opinion Poll

- A *Kyodo* poll [released](#) on Tuesday found that the Takaichi Cabinet’s approval rating was 67 percent, up four points from the last month, while disapproval was 24 percent, up one point in the same period.
  - 56 percent of respondents said that they believe it was good that the LDP and Ishin won a supermajority in the Lower House election, while 38 percent said they believe it was not good.
  - 44 percent of respondents each said that the opposition parties should have gained more seats and that it was appropriate, while 9 percent said the ruling parties should have gained more seats.

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- 40 percent of respondents said that this election somewhat reflected voter choice; 25 percent said it reflects voter choice; 19 percent said it did not really reflect voter choice; and 14 percent said it did not reflect voter choice.
  - 60 percent of respondents said that they believe the LDP’s decision to endorse slush fund implicated lawmakers was inappropriate, while 37 percent said they believe it was appropriate.
  - 36 percent of respondents said that the biggest reason for the CRA’s defeat was the merger between two rival parties; 23 percent said because of the lack of preparation; 21 percent said because co-leader Noda Yoshihiko and Saito Tetsuo are unattractive as leaders; and 17 percent said because its policies were unattractive.
  - 53 percent of respondents said that they prioritized inflation relief when deciding their vote; 30 percent said social security including pensions; and 20 percent said foreign policy and security.
  - 68 percent of respondents said that they did not place importance on social media or video broadcasting platform information when deciding who to vote for, while 31 percent said they did place importance on such information.
  - 51 percent of respondents said that they support a consumption tax cut, while 45 percent said they oppose it.
- The survey also collected data on the latest approval ratings of political parties.

<b>Political Party</b>	<b>Approval Rating (%)</b>
Liberal Democratic Party	40.8
Centrist Reform Alliance	6.5
Japan Innovation Party	7.2
Democratic Party for the People	8.3
Japan Communist Party	3.4
Reiwa Shinsengumi	2.2
Suffrage Party (Sanseitō)	6.6
Japan Conservative Party	1.9
Socialist Democratic Party	0.3
Team Mirai	5.8
Independent (No Party)	12.8