

## ***The Weekly Observer***

February 2-6, 2026

*The 210<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the 2026 Lower House election campaign, the U.S. hosted Critical Minerals Ministerial meeting, the March 19 Japan-U.S. Summit meeting, Japan-Europe dual-use technology cooperation, the upcoming special Diet session schedule, TSMC's plans to explore production of cutting-edge AI chips in Kumamoto, the Nikkei Stock Average rebounding to hit record levels, the Engel curve hitting a 44-year record high, and more.*

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## **I. News of the Week**

### 1. Media Polls Project LDP and Ishin Supermajority

- Media polls in the latter stages of the sixteen-day campaign period of the 2026 Lower House election have the ruling Liberal Democratic Party (LDP) and Japan Innovation Party (*Nippon Ishin no Kai*) in a commanding position toward securing a supermajority. Election Day is February 8.
- An *Asahi* poll [published](#) on Sunday had the LDP likely to secure a majority on its own and over three hundred seats combined with *Ishin*. Meanwhile, the Centrist Reform Alliance is struggling and could see its seat tally halved. The Democratic Party for the People (DPFP) is looking likely to retain its current seats, while *Sanseitō* and Team Mirai are expected to make major gains.
- A *Yomiuri* poll [published](#) on Friday has the LDP leading in 147 single-member districts and in a heated battle in 112 districts. Meanwhile, the CRA is struggling with only seven districts in the lead and ninety-one districts in a tight contest.
- A *Nikkei* poll [published](#) on Thursday also has the LDP and *Ishin* looking likely to secure over three hundred seats, while the CRA may see its seats halved. The poll shows the same results as the *Asahi* poll, with Takaichi's popularity carrying most LDP candidates in this election.
- A *Mainichi* [poll](#) also has the LDP and *Ishin* looking to secure a supermajority together, while the CRA is likely to see a significant decrease in seats. The situation could change, as 31 percent of respondents remained undecided in the poll.
- A *Sankei/FNN* poll [published](#) on Monday had the LDP and *Ishin* likely to secure a supermajority together, while the CRA may see its seat total halved. Out of the 289 single-member districts, the LDP leads in over two hundred districts.

### 2. U.S. Government Hosts the Critical Minerals Ministerial

- On Monday, the U.S. Department of State [announced](#) that Secretary of State Marco Rubio will host the inaugural Critical Minerals Ministerial in Washington, welcoming over fifty nations to advance collective efforts to strengthen and diversify critical minerals supply chains.
- Japan [sent](#) State Minister for Foreign Affairs Horii Iwao to the meeting, where he stated that the stable supply of critical minerals is indispensable to the sustainable development of the global economy. He also underscored the importance of enhancing collaboration with like-minded countries for resilient supply chains.

- Following the meeting, the participating countries [issued](#) a joint press statement, which stated that the United States, European Union, and Japan intend to develop action plans and explore a plurilateral trade initiative with like-minded partners on critical minerals trade, including the development of coordinated trade policies and mechanisms, such as border-adjusted price floors, standards-based markets, price gap subsidies, or offtake agreements.
- The ministers also [announced](#) the launch of the Forum on Resource Geostrategic Engagement (FORGE), the follow-on initiative to the Minerals Security Partnership (MSP). The countries discussed trade and investment cooperation in minerals.
- Iwao also [met](#) with Under Secretary of State for Political Affairs Allison Hooker and members of Congress. He exchanged views on a wide range of international affairs, as well as on enhancing bilateral cooperation regarding critical materials.

### 3. Foreign Policy Developments

- *Nikkei* [reported](#) Saturday that French President Emmanuel Macron plans to travel to Japan from March 31 to April 2 to discuss Indo-Pacific security and critical minerals supply chain cooperation with Takaichi. This will be Macron's first visit to Japan since the G7 Hiroshima Summit in 2023.
- On Friday, Deputy Chief Cabinet Secretary Sato Kei [confirmed](#) U.S. President Donald Trump's Truth Social post [announcing](#) a summit meeting with Takaichi in Washington on March 19. Takaichi aims to discuss critical minerals supply chains and the strategic investment initiative before Trump's visit to China in April.
- *Sankei* [reported](#) Thursday that the first project under the Japan-U.S. strategic investment initiative is likely to be the manufacturing of synthetic diamonds used in a wide range of industrial applications.
- The project value is expected to be around \$500 million, with Japanese companies set to purchase diamonds from U.S. companies like Element Six Holdings, which was named as an interested party in last October's initial announcement.
- On Tuesday, the Ministry of Foreign Affairs [announced](#) that United Arab Emirates President Sheikh Mohamed bin Zayed Al-Nahyan's visit to Japan from February 8-10 has been postponed following a request from the UAE side in consideration of ongoing developments in the region.

### 4. Defense/Security Developments

- *Nikkei* [reported](#) Thursday that the Ministry of Defense (MOD) is arranging to host the third Japan Pacific Islands Defense Dialogue (JPIDD) between February 22-24. The Pacific Islands nations are key partners covering critical sea lanes for Japan.
- *Nikkei* [reported](#) Wednesday that the GOJ will craft implementation guidelines for evacuation shelters to be installed in the Sakishima Islands in Okinawa as early as FY 2028. In normal times, the shelters will be used as conference rooms and parking lots.
- On Tuesday, Ambassador of Japan to Bangladesh Saida Shinichi [signed](#) the agreement between the GOJ and Government of Bangladesh concerning the transfer of defense equipment and technology. Entering into force the same day, the agreement establishes a legal framework for the transfer of defense equipment.
- *Nikkei* [reported](#) Sunday that the GOJ and European countries plan to promote dual-use technology cooperation between companies. The first round is expected to be with Finland, with plans to explore financial support such as loans and trade insurance.
- The project with Finland will utilize approximately €8 billion from the European Union’s defense funding program and explore use of trade insurance by the Japan Bank of International Cooperation and Nippon Export and Investment Insurance. The two countries could collaborate in developing drones and satellites.

## 5. Key Political Developments

- On Friday, the Government Pension Investment Fund (GPIF) — the largest pension fund in the world — [announced](#) that its operational performance in October-December 2025 generated a ¥16.19 trillion profit as rising stock markets both domestically and internationally boosted investment returns.
- *Asahi* [reported](#) Wednesday that the GOJ and ruling parties plan to convene the special Diet session to designate the next prime minister on February 18. The term would end in mid-July after a 150-day session. There will not be an “end” to the special session in order to quickly enact the annual budget.
- The election will delay FY 2026 annual budget deliberations, meaning that the GOJ will likely formulate a temporary budget to cover the minimum necessary expenses to operate in the new fiscal year until the budget is enacted.
- The legal team of Yamagami Tetsuya, the suspect arrested for killing the late Prime Minister Abe Shinzo, [announced](#) that it appealed the Nara District Court’s life imprisonment sentence with the Osaka High Court. The defense argues that

Yamagami should be sentenced “up to twenty years in prison” given his unfortunate upbringing as the victim of the Unification Church.

- *Nikkei* [reported](#) that the Tokyo High Court will make a ruling over the Ministry of Education, Culture, Sports, Science and Technology’s (MEXT) request ordering the dissolution of the Unification Church on March 4. The Church appealed the Tokyo District Court’s dissolution order made in March 2025.

## 6. Economic Security and Tech Developments

- On Friday, the Japan Growth Strategy Council working group on ocean policy [held](#) its first session, confirming that it will present a multi-year roadmap for public-private investment by early April. This comes after the deep-sea scientific drilling vessel CHIKYU [successfully returned](#) from test drilling for mud containing rare earths off the coast of Minamitorishima, Ogasawara Islands.
- On Thursday, Taiwan Semiconductor Manufacturing Co. (TSMC) CEO C. C. Wei [informed](#) Takaichi in a meeting that the chip foundry will explore producing cutting-edge three nanometer chips for AI at its Kumamoto facility. TSMC paused its initial plan to produce six nanometer chips as demand waned.
- *Asahi* [reported](#) that the GOJ’s next five-year [Science, Technology, and Innovation Basic Plan](#) for FY 2026-2030 will include for the first time collaboration with national security and the promotion of dual-use technology research. The plan will also set the target of raising Japan’s global rank of top 10 percent high-quality academic papers from thirteenth to third by 2035.
- *Nikkei* [reported](#) Wednesday that domestic chip foundry Rapidus is expected to exceed its target of securing ¥130 billion in private investment in FY 2025 to mass manufacture cutting-edge semiconductors. It will secure over ¥160 billion, with SoftBank and Sony Group set to become the largest shareholders after adding ¥21 billion to its existing investments.
- *Nikkei* [reported](#) that the Ministry of Internal Affairs and Communications (MIC) plans to launch a demonstration project as early as spring 2026 to connect data centers in different regions via a high-speed optical communication network. Part of “watt-bit” integration, it will test the possibility of instantly shifting computational processing to regions with surplus power supply for efficient operations.
- On Tuesday, SAIMEMORY, a next-generation memory development company established by SoftBank, [announced](#) a partnership with Intel to halve power consumption of memory, which consumes large amounts of data during calculations. Intel will provide the foundational stacking technology for memory development.

## 7. Key Economic/Financial Developments

- On Friday, Tokyo Electric Power Co. (TEPCO) [announced](#) that it plans to restart the No. 6 reactor at its Kashiwazaki-Kariwa nuclear power plant on February 9, after equipment failure forced a suspension of operations two days after the initial restart on January 21. Final review is expected on March 18.
- The Ministry of Finance (MOF) [announced](#) that foreign currency reserves as of the end of January increased \$2.49 billion (1.8 percent) from the end of last year to \$1.39 trillion. This is the sixth consecutive month reserve amounts have increased. Gold prices [surged](#) due to heightened geopolitical risks and uncertainty surrounding U.S. monetary policy, driving up market value.
- On Tuesday, electric utility company JERA [announced](#) that it will begin procuring an annual three million tons of liquefied natural gas from state-run Qatar Energy in 2028 on a twenty-seven year contract. This is part of JERA's plans to increase long-term procurement of LNG by five million tons to around thirty million tons by 2030. The price is said to be around ¥250 billion per year.
- The Nikkei Stock Average [experienced](#) a significant rebound for the first time in three business days, rising ¥2,065.48 (3.92 percent) to a record high of ¥54,720.66. Following the previous day's gains in U.S. stocks and continued yen depreciation, intermittent buying of stock futures by overseas speculators pushed up the market.
- On Monday, the Bank of Japan (BOJ) [released](#) a summary of main opinions from its monetary policy meeting from January 22-23. One policy board member [stated](#) that "it is necessary to proceed with the next rate hike without missing the timing, without spending too much time verifying the impact of the previous rate hike."

## 8. State of the Economy

- On Friday, the MIC [announced](#) that real consumption expenditure of households with more than two persons in December 2025 decreased 2.6 percent to ¥351,522, the first decline in two months as confectionaries and other food items dragged down the overall figures.
- The Engel curve illustrating the relationship between a consumer's income and the quantity of specific goods or services purchased [rose](#) to a forty-four year high of 28.6 percent in 2025. A higher ratio of spending on food generally correlates to a lower income level or a developing economy.

- The Cabinet Office (CAO) [announced](#) that the coincident index of business conditions in December 2025 fell 0.4 point from the previous month to 114.5, the second consecutive month on the decline. The CAO [maintained](#) the assessment that the economy is “halting to fall.”
- *Nikkei* [reported](#) that the two year suspension of the consumption tax cut on food and beverages being discussed in the Lower House election would cost close to ¥2 trillion in revenue for local municipalities. The consumption tax covers approximately 40 percent of local government revenue, which could affect the provision of administrative services like nursing care and child care.
- On Tuesday, the MIC [announced](#) that Tokyo experienced a 65,219 net migration surplus in 2025, the first time in four years that the surplus number decreased. Meanwhile, the number of foreign nationals leaving Tokyo [exceeded](#) the number arriving in Japan by 378 individuals. All but eight prefectures experienced a net migration deficit, suggesting that overconcentration continues in urban areas.

## **II. Public Opinion Poll**

- A NHK poll [released](#) on Monday (pre-election trend survey) found that the Takaichi Cabinet’s approval rating was 58 percent, down one point from the previous week, while disapproval stayed the same at 26 percent.
  - 55 percent of respondents said that they will definitely vote; 24 percent said they plan to vote; 8 percent said they used early voting; 7 percent said they are unsure; and 4 percent said they will not vote.
  - 41 percent of respondents said that they are somewhat interested in the election; 39 percent said they are very interested; 12 percent said they are not so interested; and 3 percent said they are not interested at all.
  - 49 percent of respondents said that they do not believe Takaichi’s decision to dissolve the Lower House was appropriate, while 35 percent said they believe it was an appropriate decision.
  - 34 percent of respondents said that the ruling and opposition parties should win an equal number of seats; 24 percent said the LDP should win a majority on its own; 23 percent said the ruling parties should win a majority; and 8 percent said the opposition should win a majority.
  - 36 percent of respondents said that the consumption tax cut should be lowered, limited to food items; 23 percent said it should be maintained at current levels; 20 percent said it should be lowered across the board; and 13 percent said it should be abolished altogether.
  - 37 percent of respondents said that they will not use information on social media or video broadcasting websites when they vote; 24 percent each said they will somewhat use or not use; and 8 percent said they will use it a lot.

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- 35 percent of respondents said that they are somewhat concerned about the spread of disinformation and slander on social media and video broadcasting websites; 31 percent said they are very concerned; 16 percent said they are not so concerned; and 10 percent said they are not concerned at all.
- The survey also collected data on the latest approval ratings of political parties.

<b>Political Party</b>	<b>Approval Rating (%)</b>
Liberal Democratic Party	35.7 (-0.2)
Centrist Reform Alliance	10.3 (+2.4)
Japan Innovation Party	3.7 (-0.4)
Democratic Party for the People	4.1 (-0.3)
Japan Communist Party	2.1 (-0.5)
Reiwa Shinsengumi	1.1 (+0.4)
Tax Cuts Japan and Yukoku Alliance	0.3 (N/A)
Suffrage Party (Sanseitō)	3.5 (±0)
Japan Conservative Party	1 (+0.5)
Socialist Democratic Party	0.6 (+0.2)
Team Mirai	1.1 (+0.3)
Independent (No Party)	27.2 (+1.5)