



YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

# The Weekly Observer

January 12-16

THIS WEEK IN NUMBERS

## **Takaichi and Lee Pledge to Further Elevate Japan-ROK Ties**

On Tuesday, Prime Minister Takaichi Sanae hosted Republic of Korea President Lee Jae-myung for a summit meeting in Nara Prefecture.

Takaichi welcomed Lee on the first occasion of “shuttle diplomacy” this year, expressing her intention to develop bilateral relations to greater heights starting with Lee’s visit.

The two leaders shared the **strategic importance of bilateral ties** and the importance of **strategic coordination on bilateral security cooperation** as well as **trilateral cooperation** with the United States.

The two leaders agreed to deepen discussions among relevant ministries in order to **promote strategic and mutually beneficial cooperation in the field of economy and economic security**. They agreed to draft a document to accelerate cooperation on dealing with transnational organized fraud.

## **Takaichi Decides to Dissolve the Lower House**

*Nikkei* reported Wednesday that Takaichi informed executives of the ruling Liberal Democratic Party (LDP) and Japan Innovation Party (*Nippon Ishin no Kai*) that **she intends to dissolve the Lower House at the beginning of the ordinary Diet session** set to convene on **January 23. A snap election is expected in early- to mid-February.**

The earliest date of the election could be **February 8**, which would make it the shortest period between dissolution and voting in post-war history. Rumors of an election to strengthen her grip on legislative power surfaced after the **ruling parties did not propose a schedule for the prime minister’s speech** customary at the start of a new Diet session. **The decision has shocked some within the LDP** as Takaichi reportedly did not coordinate with senior party members.

It remains to be seen whether **voters will support a third national election in under two years.**

## **Cabinet Approval**



**62%** (-2 pts.)

**21%** (+2 pts.)

[NHK](#) (Jan. 13)

## **State of the Economy**

### **Economy Watchers Survey (Dec.):**

48.6 (-0.1 pt.)

2<sup>nd</sup> consecutive month in decline

Maintained assessment that

“economy is picking up”

### **Corporate Goods Price Index:**

2025: 126.7 (+3.2%)

4<sup>th</sup> consecutive year at record high

Dec. 2025: 128.1 (-2.4%)

### **Current Account Balance (Nov.):**

¥3.67 trillion surplus

Record high in November

10% increase from Nov. 2024

Trade surplus was ¥625.3 billion (5x)

Tourism balance fell 10% as Chinese tourist numbers decreased