

The Weekly Observer

June 8-12, 2026

The 228th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the Japan-Malaysia summit, the postponement of a business delegation visit to China, the second meeting of the GOJ expert panel reviewing the strategic security documents, the legislature's position on Imperial Household succession, the series of LDP policy recommendations to the GOJ, key legislation updates, Komeito's rumored merger with the Centrist Reform Alliance, the Intellectual Property Promotion Plan 2026, Kioxia overtaking Toyota as the company with the highest market capitalization, the Economy Watchers Survey for May, and more.

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I. News of the Week

1. Japan-Malaysia Summit Meeting

- On Wednesday, Prime Minister Takaichi Sanae [hosted](#) Malaysian Prime Minister Anwar Ibrahim for a summit meeting in Tokyo.
- The leaders recognized the importance of maritime security cooperation and agreed to continue joint exercises and capacity building assistance through the “Official Security Assistance” program. They also welcomed the signing of a memorandum of cooperation between the coast guards to promote further cooperation.
- Takaichi thanked Malaysia for the stable supply of LNG, petroleum, and chemical products in light of the recent energy situation, and requested continued stable supply. Anwar responded with Malaysia’s utmost commitment, referring to a new LNG purchase contract [signed](#) between JERA and Petronas. They also agreed on building supply chain resilience for energy and critical goods under POWERR Asia.
- The leaders welcomed the signing of the Letter of Intent on energy security and energy transition, including from the perspective of energy resilience. They also expressed their expectation for the early signing of the Joint Crediting Mechanism.
- The leaders agreed to establish the “Japan-Malaysia AI Platform” to promote cooperation that enhances AI capabilities. They also agreed to enhance the bilateral currency swap arrangement and strengthen the use of local currencies in settlements as part of financial cooperation.
- Five documents were signed during Anwar’s visit to Japan, including one on maritime safety and security, energy security and energy transition, environment and sustainability, solid waste management, and medical device regulatory cooperation framework.

2. Foreign Policy Developments

- On Friday, the Ministry of Foreign Affairs (MOFA) [announced](#) that Takaichi will be traveling to the United Kingdom, Italy, and France from June 13-18 for bilateral summit meetings and the G7 Summit. *Jiji* [reported](#) that she is arranging travel to Ankara, Türkiye for the NATO Summit from July 6-8. A summit meeting is also being [scheduled](#) in India with Narendra Modi on July 1.
- The Association for the Promotion of International Trade, one of the seven Japan-China friendship associations, [decided to postpone](#) its delegation visit to China this month following Chairman Kono Yohei’s passing. The group planned to visit the China International Supply Chain Promotion Expo in Beijing from June 21-24.

- *Yomiuri* [reported](#) Thursday that Takaichi plans to propose three principles for energy security during the G7 Summit as part of efforts to promote the POWERR Asia initiative — 1) securing free and transparent trade, 2) support for crude oil stockpiling, and 3) coordination between oil-producing and consuming states. She [plans to hold](#) a bilateral meeting with U.S. President Donald Trump during her visit.
- On Wednesday, Takaichi [hosted](#) Prime Minister Sonexay Siphandone of Laos for a summit meeting in Tokyo. Takaichi stated that Japan intends to promote cooperation in areas such as human resource development and security. The two agreed to promote cooperation to strengthen regional energy and resource security through the POWERR Asia initiative.
- Minister for Foreign Affairs Motegi Toshimitsu [held](#) a meeting with Foreign Minister Jeyhun Bayramov of Azerbaijan, agreeing to further strengthen energy cooperation. Motegi also met with his [Mexican](#) and [Mongolian](#) counterparts on Tuesday to discuss energy security and economic development.
- *Nikkei* [reported](#) Sunday that the GOJ and Japan International Cooperation Agency (JICA) plan to designate the Philippines as a “top priority country for assistance” toward reinforcing energy supply chains in Southeast Asia. A study will be conducted as early as in the summer to examine issues related to public and private oil reserve facilities and systems. Vietnam has been designated as a “priority country,” while the project also extends to Indonesia and Thailand.

3. Security/Defense Developments

- On Friday, Minister of Defense Koizumi Shinjiro [paid](#) a courtesy call on Indonesian President Prabowo Subianto alongside Minister of Defense Sjafrie Sjamsoeddin. Koizumi stated that the transfer of defense equipment including *Asagiri*-class destroyers would contribute to strengthening maritime security cooperation.
- On Thursday, the ruling Liberal Democratic Party (LDP) [approved](#) its policy recommendations toward the revision of the three strategic national security documents. Centered around reinforcing the six pillars of security (DIMET), the party recommends policies to achieve “defense capability reform” within five years.
- *Yomiuri* [reported](#) Wednesday that the GOJ has started discussions toward establishing a new organization to support the defense industry, including by promoting the export of defense equipment. The organization may be tasked with Japan’s version of “foreign military sales” and with funding startups and nationalizing production lines.
- The GOJ and U.S. government [issued](#) a joint statement on the occasion of the bilateral extended deterrence dialogue held in Tokyo from June 8-9. The delegations

discussed U.S. efforts to modernize and adapt U.S. nuclear forces, as well as Japan's defense policy and capabilities due to increasing regional nuclear threats.

- *Asahi* [reported](#) Tuesday that Koizumi is arranging a visit to the United Kingdom and Brussels, Belgium, in the latter half of July to discuss defense cooperation with Europe. In the United Kingdom, he is expected to discuss the Global Combat Air Program (GCAP) with his British and Italian counterparts. *Jiji* [reported](#) that Canada plans to join GCAP as an observer nation with which information is shared.
- On Monday, the GOJ [convened](#) the second meeting of the expert panel discussing the revision of the three strategic national security documents. Experts disagreed on whether or not to revise the Three Non-Nuclear Principles, with one member arguing in favor of revising the “not permitting the introduction of” principle, while another said that it was not the “right time” to have such discussions.

4. Legislature's Position on Stable Imperial Household Succession Adopted

- On Wednesday, the speakers and vice speakers of both Houses [submitted](#) the “legislature's consensus” on measures to secure stable Imperial Household succession, a key legislative priority for the Takaichi Administration.
- The two key proposals were [phrased](#) as follows:
 - It stated that regarding whether female members of the imperial family retain their status after marriage, “as a transitional measure, their wishes will be respected.” It made no mention of the status of the spouse and children of these female members.
 - The adoption proposal targeted male-line descendants of the eleven former imperial families who had renounced their imperial status in 1947, and called for “careful design of the system” regarding matters such as the age of the adoptee, the scope of eligible adoptive parents, and the stipulation that the adoptee himself would not be eligible to succeed to the throne. It also included provisions for periodic reviews at set intervals, as necessary.
- Of the thirteen political parties involved in the discussion, seven including the ruling LDP and Japan Innovation Party (*Nippon Ishin no Kai*) supported the consensus, while the Japan Communist Party and three other parties opposed it. The Constitutional Democratic Party neither supported nor opposed, while the Japan Conservative Party said its final decision was pending.
- After receiving the consensus document, Takaichi [stated](#) that: “The government takes this matter seriously and will begin drafting the bill without delay. We will work to

present a draft outline to the speakers and vice speakers of both the House of Representatives and the House of Councillors as soon as possible.”

- LDP Upper House Diet Affairs Chairperson Isozaki Yoshihiko [revealed](#) to reporters on Thursday that the proposed amendments to the Imperial House Law based on the consensus document may be submitted by as early as the end of the month. LDP Secretary General Suzuki Shunichi [emphasized](#) on Saturday that the priority for the remainder of the Diet session ending on July 17 would be this bill.
- On Friday, Takaichi [met](#) with *Ishin* co-leader Fujita Fumitake to discuss the bill. Fujita told reporters that the prime minister instructed both parties to “work out the finer details of the scheme together.” This has caused a stir amongst the opposition parties, who argue that the bill should be discussed with all parties and not decided by the ruling parties alone.

5. LDP Submits Policy Recommendations Ahead of Consequential Summer

- This week, various policy divisions, commissions, and groups within the LDP submitted recommendations to the GOJ ahead of a consequential summer in which major government documents will be adopted.

Name	Date	Summary
Foreign Affairs Division	June 12	Motion urging for reinforcement of diplomatic capabilities, including the expansion of OSA
HQ for Foreign Nationals Policy	June 12	Calls for consideration of strong and effective regulations to prevent individuals and entities posing a risk from acquiring land and other properties that raise security concerns regardless of nationality
Research Commission on Science, Technology and Innovation Strategy	June 12	Calls for the establishment of a framework to support research on dual-use technologies
Special Committee on Ocean Development	June 12	Calls for the construction of a specialized vessel to accelerate rare earths development off the coast of Minamitorishima
Japan’s Growth Strategy HQ	June 11	Calls for the creation of a “new investment framework” to enable the implementation of crisis management and growth investments with a degree of predictability

Parliamentary League for Promoting Responsible Proactive Fiscal Policy	June 11	Calls for renewing “Economic and Fiscal Revitalization Plan” for 2025-2030 and formulating a new medium-term plan for the FY 2027-2031 period
HQ for the Promotion of Economic Security	June 8	Proposes policies toward shaping international order, preparing society as a whole for risks, AI sovereignty, data security, shipbuilding revival, etc.
Research Commission on SMEs and Small Business	June 8	Calls for support to create community-rooted ¥1 billion companies following in the footsteps of the ¥10 billion declaration companies aiming for ¥100 billion in sales

6. Key Legislation Tracker (221st Special Diet Session)

● **Enacted:**

- **Amended Industrial Technology Enhancement Act:** [Enacted](#) on Friday. The GOJ will establish a system to certify corporate R&D plans and centers operated by national R&D corporations and other entities, thereby expanding the tax incentives under the R&D tax system — one of the policy-based tax cuts known as special tax measures starting April 2027. Companies that have had their plans certified may deduct 40 percent of their R&D expenses from their corporate income tax liability. If they conduct joint research with a R&D facility that has been certified, the deduction rate is 50 percent.
- **Amended Economic Security Promotion Act:** [Enacted](#) on Wednesday. In addition to the creation of a support program under which the Japan Bank for International Cooperation (JBIC) will invest in the overseas operations of companies critical to economic security — such as those in the information and communications and port development sectors — amendments made in the Lower House also included provisions requiring the GOJ to consider necessary measures in light of the situation in the Middle East.
- **Amended School Education Act:** [Enacted](#) on Wednesday. It specifies three types of textbooks in elementary, middle and high schools: print-only, a combination of print and digital, and digital-only, and introduces “digital textbooks” that utilize tablet devices and other technology.

● **In Progress:**

- **Amended Personal Information Protection Act:** Deliberations in the Upper House [began](#) on Friday. The Constitutional Democratic Party (CDP) pointed out that, to ensure individuals cannot be identified from information such as medical history, it should be mandatory to remove names and addresses.
- **Amended National Referendum Law:** Deliberations [began](#) on Thursday in the Lower House Commission on the Constitution. The LDP, *Ishin*, the Democratic Party for the People (DPFP), and *Sanseitō* co-sponsored the bill. It sets the environment for the national referendum required to amend the Constitution.
- **Amended Code of Criminal Procedure:** The LDP, *Ishin*, and *Sanseitō* [submitted](#) a revised bill that was passed through the Lower House Committee on Judicial Affairs. The bill establishes a new system under which the court, after considering the relevance and other factors regarding evidence related to the grounds for a petition for retrial, may order the prosecution to submit such evidence. It is [expected to pass](#) through the Lower House on June 16.
- **Act to Regulate Corporate and Organizational Political Donations:** The LDP and *Ishin* [re-submitted](#) a bill to establish an expert panel in the Diet to discuss the state of political donations on Wednesday. The Lower House Special Committee on Political Reform will begin deliberations on this bill and the bill submitted by the Centrist Reform Alliance (CRA) and the DPFP limiting the recipients of political donations in March on June 15.
- **In Consideration:**
 - **Act to Reduce the Number of Lower House Seats:** The LDP [approved](#) the bill on Thursday. It stipulates that the Election System Council will discuss the matter, but that forty-five seats will be cut on the proportional representation block if no conclusion is reached within a year. The CRA, the CDP, and Komeito [oppose](#) the bill.
 - **Act to Criminalize Desecration of the National Flag:** The LDP and *Ishin* [approved](#) the bill on Wednesday. The LDP and DPFP will [enter discussions](#) to revise the bill to take into account constitutional rights to freedom of expression. The DPFP's support guarantees that the bill will be enacted.

7. Key Political Developments

- *Nikkei* [reported](#) Friday that the amended Public Offices Election Act and Information Distribution Platform Act will state that online posts containing false information about election candidates “cannot undermine the fairness of an election.” It also requires social media platforms to “mitigate the negative impact” of the spread of

posts, such as those that are illegal, false, or distort the facts, that could undermine the fairness of elections. The bill would take effect on March 1, 2027, before the unified local elections in spring 2027.

- On Thursday, the Lower House Commission on the Constitution [discussed](#) the approach toward amending Article Nine of the Constitution. It revealed that while the LDP wants to maintain the current provisions — including paragraph two, which stipulates the renunciation of war potential and the right to engage in war — and explicitly mention the JSDF, *Ishin* wants to delete the paragraph altogether.
- On Wednesday, the working group of the National Conference on Social Security [discussed](#) the design of the refundable tax credit scheme, agreeing to continue discussing the refundable tax credit even as the cash handout takes effect first. Meanwhile, the opposition parties [voiced concern](#) about the proposal to reduce the consumption tax cut on food and beverages from eight to one percent in April 2027, arguing that the consumption tax should be zero or even unnecessary.
- On Tuesday, the LDP and *Ishin* [held](#) discussions on social security system reform, exchanging views on issues like revising the out-of-pocket cost ratio for medical expenses for the elderly. While *Ishin* proposes a “30 percent out-of-pocket cost” in principle, the LDP wants to take into account medical visits, household finances, and other factors.
- The GOJ [adopted](#) the Action Plan for Achieving a Child-Centered Society 2026, which [states](#) that the GOJ will compile specific measures to create a safe environment for children to use social media by the end of FY 2026 in light of growing cyberbullying and other online issues.
- *Jiji* [reported](#) Monday that Komeito is making arrangements to formally announce its merger with the CRA next month ahead of its annual party convention in September. The party is frustrated with the lack of progress on the CDP side and may go ahead with the announcement without a formal three-party merger agreement. Once Komeito lawmakers join the CRA, the party will [lose](#) its status as a political party (five or more Diet members OR at least one Diet member won over 2 percent of the vote in the most recent national election).

8. Economic Security and Tech Developments

- On Friday, the GOJ [updated](#) the information security guidelines for government agencies in anticipation of malicious use of high-performance AI models like Anthropic’s Claude Mythos. It [includes](#) provisions such as considering a temporary suspension of operations for GOJ information systems when vulnerabilities are discovered, in order to promptly apply patches.

- The GOJ [adopted](#) the Intellectual Property (IP) Promotion Plan 2026, which states that the GOJ will consider establishing a certified organization to file class-action lawsuits on behalf of others in cases where copyrights, patents, and other IP rights are infringed upon domestically or internationally. It also [commits](#) to crafting the AI principle-code designed to protect IP and ensure transparency.
- On Thursday, Takaichi [revealed](#) during a ministerial meeting concerning the situation in the Middle East that Japan is likely to secure crude oil procurement for next month at approximately one hundred percent of last year's level. It is now expected that a stable supply of oil will be [maintained](#) through March 2028.
- On Wednesday, Nippon Telegraph and Telephone (NTT) [announced](#) that it will establish a \$500 million investment fund this month to promote its next-generation communications infrastructure "IOWN" for energy-saving data centers. The fund will be created in partnership with U.S. investor Young Sohn, South Korea's SK Group, Taiwanese communications giant Chunghwa Telecom, and the Development Bank of Japan. NTT aims to catch up to NVIDIA, which leads in the field.
- *Yomiuri* [reported](#) that the Ministry of Internal Affairs and Communications (MIC) will soon revise an ordinance to strengthen security measures for the undersea communication cables that carry 99 percent of Japan's international communications and for the onshore relay stations known as "landing stations." The ordinance will formulate new technical standards and operational guidelines regarding safety management, such as monitoring systems.
- *Nikkei* [reported](#) Monday that Chinese exports of rare earths to Japan in March-April decreased over 80 percent from the previous year. Japanese companies are rushing to shift their sourcing to countries such as Australia and India in an effort to secure a stable supply of raw materials essential for manufacturing the core components of automobiles and high-tech products. Meanwhile, *Nikkei* also [reported](#) that the Trump Administration has been working with Beijing to resume the supply of rare earth elements to Japan, as there are concerns that Japanese products containing critical minerals may face a global shortage.

9. Key Economic/Financial Developments

- On Friday, Kioxia Holdings [surpassed](#) Toyota Motor Co. at one point as the company with the highest market capitalization in Japan, hitting the ¥45 trillion mark. Rapid growth in earnings, driven by global investment in AI, is attracting capital.
- The LDP Headquarters for Economic Partnership Agreements including TPP, Japan-EU EPA, and Japan-US TAG [submitted](#) a motion to Takaichi concerning the economic partnership agreement with Mercosur (Southern Common Market), urging

the GOJ to protect Japan's livestock industry from low-priced beef and pork from South America during the negotiations.

- *Nikkei* [reported](#) Wednesday that the Bank of Japan (BOJ) is making arrangements to suspend measures to gradually reduce JGB purchases starting in April 2027 at its next monetary policy meeting on June 15-16. Given that market functions — in which interest rates are determined through investor trading — have begun to recover, the BOJ will prioritize market stability while also taking into account the risk of a sharp rise in interest rates.
- *Nikkei* also [reported](#) on Tuesday that the BOJ will raise the policy interest rate from the current 0.75 percent to one percent to prepare for the risk of rising prices. With a focus on market stability, adjustments are underway to reduce the volume of JGB purchases, with plans to halt them starting next spring.
- Minister of Finance Katayama Satsuki [said](#) that the GOJ's "readiness to take resolute action at all times remains unchanged." This came after the yen depreciated to around ¥160 to the dollar, returning to levels before the GOJ and BOJ intervened in the foreign exchange market on April 30.
- On Monday, Minister of Agriculture, Forestry and Fisheries Suzuki Norikazu [attended](#) the virtual G7 agricultural ministers' meeting to discuss the unstable fertilizer supply amid the tense situation in the Middle East. The ministers agreed that "a transparent and predictable market is essential" for maintaining the fertilizer supply chain.

10. State of the Economy

- On Thursday, the Cabinet Office (CAO) and the Ministry of Finance (MOF) [released](#) the Business Survey Index of Corporate Expectations for the April-June quarter, which found that the index for large companies in all industries fell to a negative value for the first time in four quarters to -0.5. The index is [calculated](#) by subtracting the percentage of companies that reported a "decline" in business conditions from the percentage that reported an "increase" compared to the previous quarter.
- On Wednesday, the BOJ [announced](#) that the corporate goods price index (CGPI) in May rose 6.3 percent from the same month last year to 134.5, the first high level of increase since March 2023. The surge in crude oil prices is [beginning to affect](#) a wide range of products.
- On Monday, the MOF [announced](#) that Japan ran a ¥3.91 trillion current account surplus in April, a 64.9 percent increase in the surplus amount compared to the same month last year. This is the [fifteenth consecutive month](#) that the current account ran a

surplus. The trade account was a ¥395.7 billion surplus; it was at a ¥700 million deficit in April 2025.

- Meanwhile, the travel balance was a ¥546.5 billion surplus, [down](#) 25.2 percent from the same month last year. Amid the turmoil in the Middle East, there have been changes in spending by visitors to Japan, including a decline in European tourists. Concerns are mounting about the impact of high jet fuel prices going forward.
- The CAO [released](#) the Economy Watchers Survey for May, which found that the seasonally adjusted diffusion index for current economic conditions rose 2.8 points from April to 43.6, the first improvement in three months. The CAO [maintained](#) the assessment that the economy has “recently shown some weakness in its movement of picking up, mainly against the backdrop of a decline in economic sentiment caused by the situation in the Middle East.”

II. Public Opinion Poll

- An NHK poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 60 percent, down one point from May, while disapproval was at 26 percent, up three points.
 - 31 percent of respondents [said](#) that they support the Takaichi Cabinet because it seems better than the alternatives; 29 percent said because it has executive ability; 17 percent said because they have high hopes for its policies; 15 percent said because they trust the prime minister; and 7 percent said because it includes a political party that they support.
 - 32 percent of respondents said that they do not support because they do not trust the prime minister; 29 percent said because they have no hopes for its policies; 14 percent said because it does not include a political party that they support; 12 percent said because it lacks executive ability; and 7 percent said because the alternatives seem better.
 - 40 percent of respondents said that they believe the consumption tax on food and beverages should be lowered to one percent starting April 2027; 31 percent said there is no need for a tax cut; and 22 percent said it should be lowered to zero percent even if it takes time.
 - 46 percent of respondents said that they are very concerned about rising crude oil prices and the supply of petroleum-related products; 35 percent said they are somewhat concerned; 11 percent said they are somewhat unconcerned; and 4 percent said they are not concerned at all.
 - 52 percent of respondents said that they somewhat approve of the GOJ’s utility subsidies in response to the situation in the Middle East; 18 percent said they strongly approve; 17 percent said they somewhat disapprove; and 8 percent said they strongly disapprove.

- 73 percent of respondents said that the GOJ should ask citizens to save energy in response to the situation in the Middle East, while 19 percent said the GOJ should not ask citizens.
 - 70 percent of respondents said that they support the proposal to maintain the status of female members of the Imperial Household after marriage, while 13 percent said they do not support the proposal.
 - 45 percent of respondents said that they support the proposal to adopt male-line descendants of former imperial families back into the Imperial Household, while 36 percent said they do not support the proposal.
 - 36 percent of respondents said that they support the introduction of an emergency situations clause in the Constitution to extend the tenure of Diet members during an emergency that prevents the implementation of a national election, while 15 percent said they do not support it.
 - 46 percent of respondents said that they support the introduction of authority in the Constitution for the GOJ to issue “emergency ordinances” equal in power to legislation in times of emergency, while 15 percent said they do not support it.
 - 48 percent of respondents said that they believe legislation should be amended to dissolve at-large constituencies in the Upper House; 25 percent said they believe at-large constituencies do not need to be dissolved; and 12 percent said they believe the Constitution should be amended to dissolve at-large constituencies.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	35.7 (+0.3)
Centrist Reform Alliance	3.4 (+0.5)
Japan Innovation Party	3 (+0.9)
Democratic Party for the People	3 (-0.6)
Suffrage Party (Sanseitō)	2.9 (+0.3)
Team Mirai	1.7 (-0.2)
Japan Communist Party	2.6 (-0.1)
Reiwa Shinsengumi	0.6 (-0.7)
Japan Conservative Party	0.7 (-0.1)
Socialist Democratic Party	0.3 (+0.1)
Constitutional Democratic Party	2.6 (+0.1)

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Komeito	2.1 (+1)
Independent (No Party)	34.7 (-2.4)