

The Weekly Observer

September 28-October 2, 2026

The 244th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on former Foreign Minister Iwaya's meetings with senior officials in Beijing, Takaichi's absence from an online G7 leaders' meeting, the Active Cyber Defense Act taking effect, the GOJ launching an expert panel on intelligence reform, expert and LDP recommendations on land acquisition restrictions concerning national security, Kioxia joining Applied Materials' chip project, the G20 trade ministerial meeting, the Monthly Economic Report for September, and more.

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I. News of the Week

1. Business Delegation Led by Ex-Foreign Minister Iwaya Visits China

- On Sunday, former Minister for Foreign Affairs Iwaya Takeshi [led](#) a delegation of the Japan Association for the Promotion of International Trade (JAPIT) to China. President since June, Iwaya stated that “it is precisely when Japan-China relations are strained that it is important to seek a path toward improvement through dialogue.”
- Bilateral relations between Japan and China have been strained since Prime Minister Takaichi Sanae’s remarks in November 2025 concerning a Taiwan contingency scenario in the Diet. Beijing has refused to engage with Tokyo, though it has slowly started to resume talks with legislative and business delegations as of late.
- On Monday, Iwaya [met](#) with Chinese Foreign Minister Wang Yi. According to the Chinese press release, Wang emphasized the importance of normalizing ties, telling Iwaya that the “most pressing issue for Japan is to promptly correct its leader’s erroneous remarks and actions regarding the Taiwan issue.”
- On Tuesday, Iwaya [met](#) with Vice Premier He Lifeng. He indirectly criticized the Takaichi Administration, stating that Japan-China economic relations have experienced “twists and turns” because “some Japanese politicians are attempting to justify militarism and are on the verge of crossing a line regarding the Taiwan issue.” He [added](#) that, “I am confident that we can overcome these misguided words and actions and promote the development of economic and trade relations between our two countries.”
- Iwaya explained that he viewed the Chinese side as feeling “positive” about economic and private sector exchanges with Japan. Japan Business Federation (*Keidanren*) Chairman Tsutsui Yoshinobu [praised](#) the visit as facilitating “frank exchanges” between the two countries, adding that the *Keidanren* plans to send a small delegation to China in mid-November to visit cutting-edge technology facilities and industrial clusters in rural areas.
- Meanwhile, Chief Cabinet Secretary Kihara Minoru [declined to comment](#) on Iwaya’s meetings in Beijing, only pointing out that, “There are pending issues and differences of opinion between Japan and China. It is important to foster multi-layered communication across a wide range of fields.”

2. Foreign Policy Developments

- On Saturday, Senior Deputy Minister for Foreign Affairs Endo Kazuya [participated](#) in the G7 leaders’ online meeting regarding the global energy situation, including

responses to diesel prices in the United States and Europe, on behalf of Takaichi. Endo laid out three pillars for ensuring global energy security: ensuring free and transparent energy trade; international cooperation on oil stockpiles; and enhanced cooperation between producing and consuming countries.

- On Friday, the GOJ [announced](#) additional sanctions on Russian individuals and entities in line with the measures taken by other major countries. Japan will initiate asset freezing measures on thirty-three entities and nine individuals, as well as restrict service transactions for thirty-five specific vessels tied to the “[shadow fleet](#)” that has been transporting Russian crude oil while evading sanctions.
- Takaichi [met](#) with Sheikh Mohammed bin Abdulrahman Al-Thani, Prime Minister and Foreign Minister of Qatar. She stated that Japan would like to work closely with Qatar toward an early de-escalation of the situation. Minister for Foreign Affairs Motegi Toshimitsu also [met](#) with Minister Mohammed, sharing the recognition that it is important to achieve a final U.S.-Iran agreement and to ensure free and safe navigation through the Strait of Hormuz.
- The Ministry of Economy, Trade and Industry (METI) [revealed](#) that State Minister Miyamoto Shuji had a brief conversation with Chinese Vice Minister of Commerce Li Chenggang during the G20 trade ministerial meeting held in the United States. The two reportedly discussed bilateral economic issues and export control measures.
- On Thursday, Motegi [held](#) a telephone call with Iranian Foreign Minister Seyyed Abbas Araghchi. He reiterated that Japan would like to build momentum for diplomacy together with the countries concerned like the United States and Iran toward an early de-escalation and stabilization of the situation in the Middle East. He strongly requested Iran to respond constructively to calls for the restoration of free and safe navigation through the Strait of Hormuz and Bab el-Mandeb Strait.
- On Tuesday, Takaichi [hosted](#) Prime Minister Nyam-Osor Uchral of Mongolia for a summit meeting and working dinner. The two leaders agreed to pursue further cooperation under the special strategic partnership for peace and prosperity, including in security, AI, renewable energy, and oil reserves (under POWER Asia). The leaders also welcomed the exchange of notes concerning the yen loan for the expansion of Chinggis Khan International Airport.

3. Security/Defense Developments

- On Saturday, the Ministry of Defense (MOD) [announced](#) that North Korea launched at least one ballistic missile which flew northeastward and landed outside Japan’s exclusive economic zone (EEZ). The GOJ strongly protested and criticized North Korea for the latest launch.

- *Nikkei* [reported](#) that the MOD and JSDF plan to develop a new long-range cruise missile as early as FY 2027 and restructure their missile strategy. A new ground-launched missile will be developed for the JGSDF by FY 2029, while full mass-scale production is set to begin as early as FY 2030. This enables saturation attacks at lower cost by using civilian parts, wearing down the enemy's air defense network and dealing significant damage.
- On Friday, Minister of Defense Koizumi Shinjiro [announced](#) that the Acquisition and Cross Servicing Agreement (ACSA) signed between Japan and the Philippines is expected to be applied for the first time during humanitarian assistance and disaster relief exercise "DOSHIN BAYANIHAN" held in the Philippines from October 4-9. JASDF aircraft will receive aircraft fuel from the Armed Forces of the Philippines.
- On Thursday, the "Active Cyber Defense" (ACD) Act [partially took effect](#). Of the three pillars of the law enacted in May 2025, the pillars to strengthen public-private collaboration and neutralize cyber threats took effect, while the one on monitoring communications information will likely take effect next fall. Under the law, critical infrastructure providers ([258 in fifteen sectors](#)) will be required to report any signs of attack/incidents and support cybersecurity uplifting across their supply chains.
- On Wednesday, the Ground Staff Office [revealed](#) that JGSDF Chief of Staff Gen. Arai Masayoshi became the first in his position to visit South Korea since 2009. Gen. Arai visited South Korea from September 29-30 and met with Gen. Kim Kyu-ha, his counterpart in the Republic of Korea Army.
- *Nikkei* [reported](#) Tuesday that MOD/METI plans to establish a system for investing in startups through venture capital as early as FY 2027. It will establish the "Organization for Defense Production and Technology Infrastructure Development" to serve as the central point of contact for the export of defense equipment — a Japanese version of Foreign Military Sales (FMS). The MOD [launched](#) a new procurement method on Friday that incorporates advanced payments and pilot operations by the JSDF to integrate cutting-edge technologies from startups. This is the first time it has utilized the national SBIR program, which promotes startup R&D.

4. GOJ Launches Expert Panel to Discuss Intelligence Reform

- On Monday, the GOJ [launched](#) the expert panel concerning the strengthening of intelligence functions, a seventeen-member group led by University of Tokyo Professor Emeritus Watanabe Toshiya.
- During the inaugural session, Takaichi [revealed](#) that the GOJ plans to craft its first "National Intelligence Strategy" by the end of the fiscal year, with the expert panel to

compile its recommendations for medium- to long-term measures as early as January next year.

- Takaichi [stated](#) that, “We will steadfastly protect the safety of our citizens and our national interests. To that end, we believe it is essential to strengthen our nation’s intelligence capabilities.”
- She added that the establishment of the National Intelligence Council and National Intelligence Secretariat is “one step” in the process of intelligence reform, emphasizing that the next steps include considering an anti-espionage act and the enhancement of external intelligence functions (Japanese CIA).
- The strategy will [include](#) measures such as the significance and importance of intelligence activities in the face of unjust interference by foreign powers; strengthening coordination between intelligence and policy divisions; policies for developing personnel responsible for intelligence activities; and the utilization of cutting-edge technologies like AI.

5. Key Political Developments

- On Saturday, the GOJ [began accepting](#) public comments on the draft Cabinet ordinance establishing the requirements for designating a “second capital” under the law related to the “second capital initiative,” which aims to serve as a backup for capital functions in the event of a major disaster. Hokkaido, Aichi, Osaka, and Fukuoka fulfill the conditions such as the presence of a government-designated city that accounts for at least 1.2 percent of the national population, and regulations regarding the number of GOJ branch offices. The goal is to adopt the ordinance by the end of the month.
- On Friday, the ruling Liberal Democratic Party’s (LDP) relevant policy committees [approved](#) the legislation related to the consumption tax cut on food and beverages, despite some lawmakers calling for the disclosure of eligibility criteria and amounts for income-based financial assistance. The LDP aims to complete the internal review process and get the Cabinet to adopt the bill as early as next week.
- The GOJ expert panel exploring rules concerning land acquisition by foreign nationals [made recommendations](#) on the acquisition of land important to security. Similar to the [LDP’s proposal](#) on Thursday, the panel called for the introduction of a “permit system” for land acquisitions within approximately one kilometer of facilities critical to national security and on uninhabited border islands. Meanwhile, the GOJ has [tightened](#) visa conditions for foreign nationals starting October 1, revising guidelines for permanent residency and adding a new requirement that annual income must reach a level equal to or higher than the average Japanese household.

- On Wednesday, the cross-party Lower House Election System Council [finalized](#) its report toward election system reform, which includes the establishment of an expert panel to discuss the introduction of a medium-sized electoral district system and other measures, and the submission of a report on fundamental reform within one year. The parties also agreed to reach a conclusion on reducing the number of Diet seats by the end of October, though the opposition parties [agreed](#) on Friday to oppose the automatic forty-five seat reduction in proportional representation should a conclusion not be reached within a year from the bill's enactment.
- On Tuesday, Chief Cabinet Secretary Kihara Minoru [notified](#) the Lower House Steering Committee that the GOJ and ruling parties plan to convene the extraordinary Diet session on October 5. The session will run for sixty-nine days until December 12. During the session, the GOJ [plans to submit](#) twenty-one bills, including one to lower the food consumption tax rate and one to restrict land acquisition.
- The GOJ [decided](#) to allocate ¥111.8 billion from the FY 2026 reserve fund as part of expenses related to the food consumption tax taking effect in April 2027 and the income-tied cash handout set to begin in FY 2027. Of this, ¥78.1 billion will be used to support cash register and point-of-sales system upgrades.

6. Economic Security and Tech Developments

- On Friday, Motegi and Michael Kratsios, Director of the White House Office of Science and Technology Policy of the U.S. and President's Science and Technology Advisor, [signed](#) the protocol extending and amending the agreement on cooperation in R&D in science and technology. The duration of the agreement has been extended indefinitely and amendments were made to the annex on intellectual property rights, among others. The indefinite extension is expected to further strengthen the legal foundation for science and technology cooperation between the two countries.
- Minister for Digital Transformation Furukawa Toshiharu [told](#) *Nikkei* in an interview that “discussions are proceeding, including on amendments,” regarding the AI Promotion Act. Furukawa pointed out that, in light of the increasing capabilities of AI, “concerns are growing about businesses that fail to provide information appropriately.”
- On Thursday, the GOJ [convened](#) a session of the Japan Growth Strategy Council, where it [indicated](#) plans to craft a “Japan Growth Strategy Implementation Plan” for the next five years starting FY 2027. An action plan to promote the transformation of industrial structure through the use of AI will also be finalized by the end of the year.
- NHK [reported](#) Wednesday that the METI plans to submit a new bill to the extraordinary Diet session to promote the diversification of sources for crude oil and

- other energy resources, amid concerns over ensuring a stable energy supply in light of the situation in the Middle East. Under the new fund, contributions will be collected from importers, which can then be used to provide grants to cover the increase in transportation costs incurred when importers diversify their supply sources.
- On Tuesday, Applied Materials, a major U.S. manufacturer of semiconductor manufacturing equipment, [announced](#) that Kioxia will participate in the “EPIC Center,” a new research facility to be established in Silicon Valley. The two companies will collaborate on the development of next-generation semiconductor memory technology. They will also collaborate on cutting-edge packaging technologies to increase chip circuit density, as well as on R&D of new materials.
 - The Ministry of Education, Culture, Sports, Science and Technology (MEXT) [announced](#) that it had selected thirty-one research projects as part of an initiative to streamline scientific research using AI. As part of the “AI for Science” initiative, MEXT will support the development of AI platforms designed to streamline research in fields like materials science and life sciences. The ministry will provide up to approximately ¥3 billion per project.

7. Key Economic/Financial Developments

- State Minister for Economy, Trade and Industry [Miyamoto Shuji](#) and State Minister for Foreign Affairs [Horie Iwao](#) attended the G20 trade ministerial meeting in Milwaukee, Wisconsin, from September 29-October 3. The two discussed a range of issues including structural overcapacity and overproduction, the Most Favored Nation (MFN) principle, and forced labor.
- On Friday, Ibaraki Governor Ōigawa Kazuhiko [said](#) that he has “no plans to consent” to a preliminary survey for phase two of the selection of a disposal site for high-level radioactive waste, explaining that “placing another final disposal site in a prefecture that hosts a nuclear power plant would create an imbalance between the benefits and the burdens.” This comes after Hitachiomiya City Mayor Suzuki Sadayuki agreed on Wednesday to the literature survey requested by the GOJ. This would be the [first time](#) a city on the mainland has agreed to a survey.
- *Nikkei* [reported](#) Thursday that the GOJ’s bill proposal for the consumption tax cut and income-tied benefits program to be submitted to the extraordinary Diet will indicate that benefits will be paid once a year in principle, with the amount and eligibility criteria to be specified by Cabinet ordinance. Meanwhile, the GOJ [plans to establish](#) a new ministerial position in charge of the benefits program and position the Cabinet Office as the central command tower to prevent administrative issues.

- On Wednesday, Miyamoto [participated](#) in the Global Forum on Steel Excess Capacity ministerial on the sidelines of the G20 trade ministerial meeting. The ministers adopted the Comprehensive Framework for Joint Action to Address Steel Excess Capacity, which encourages the coordination and design of collective policies and solutions, addresses the root causes of excess production capacity, and emphasizes the need to design measures targeting imports originating from the countries where the problem stems from (Japan views China in this light).
- On Tuesday, the Ministry of Internal Affairs and Communications (MIC) [announced](#) the results of the 2025 census, which [found](#) that the total population as of October 1, 2025, stood at 122.97 million, a decrease of 3.17 million people (2.5 percent) from the previous 2020 survey. Both the absolute decrease and the rate of decline were the largest on record. Meanwhile, the number of foreign residents increased by 1.09 million (39.8 percent) in the same time period, reaching a record high of approximately 3.84 million. The Immigration Services Agency also [reported](#) that the number of “specified skilled” foreign workers as of June 2026 [increased](#) 14 percent from the end of 2025 to 444,256 people.
- On Monday, the Ministry of Finance (MOF) [held](#) a meeting of special participants in the government bond market, which brings together securities firms and other major buyers of government bonds. The GOJ proposed a plan to be implemented as early as October to gradually reduce the issuance of medium- and long-term bonds to ¥500 billion per auction in liquidity supply auctions, which involve the additional sale of previously issued bonds. The aim is to curb the supply of government bonds and reduce the risk of rising interest rates.

8. State of the Economy

- On Friday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that the seasonally adjusted jobs-to-applicants ratio in August remained the same as July at 1.18 times, as the number of new job openings [decreased](#) as companies reduce their workforce and utilize temporary workers through digital transformation (DX). The number of new openings (unadjusted figure) [fell](#) 3.4 percent from August 2025, marking the second month in decline as companies appeared to be holding back on hiring ahead of the minimum wage hike. Meanwhile, the seasonally adjusted unemployment rate [rose](#) 0.1 percentage points to 2.5 percent.
- On Thursday, the Bank of Japan (BOJ) [released](#) its quarterly Short-Term Economic Survey of Enterprises in Japan (TANKAN) for September, which [found](#) that business sentiment among large manufacturing firms improved for the sixth consecutive quarter, with the diffusion index improving two points to twenty-four. Large non-manufacturers saw the index fall two points from June to thirty-five. This is due

not only to growing AI demand but the increasing pass-through of higher costs to consumer prices. The successive price hikes are [putting pressure](#) on household budgets and placing a burden on the retail sector and other industries.

- On Wednesday, the METI [announced](#) that crude oil imports totaled 12.35 million kiloliters, up 13.1 percent from August 2025. This [marks](#) the third consecutive month of increase. The share of imports from the Middle East fell by 35.1 percent to 60.7 percent. According to the ministry, crude oil procurement in September is expected to be 80 percent of the average for the same month last year due to diversification efforts. Procurement will recover in October with no impact on domestic supply.
- On Tuesday, the GOJ [released](#) its Monthly Economic Report for September, which maintained the assessment that the economy is “recovering at a moderate pace, while attention should be given to the effects caused from the situation in the Middle East and natural disasters.” The same assessment has been [maintained](#) for twenty-five consecutive months. The GOJ revised upward the industrial production index for the first time in twenty-eight months to “shows movements of picking up as a whole.”
- The National Tax Agency [revealed](#) in its private sector salary survey for 2025 that the average annual salary for employees in the private sector increased 1.9 percent from 2024 to ¥4.87 million. This [marked](#) the fifth consecutive year of growth and was a record high. Average bonuses also rose for the second consecutive year, reaching ¥750,000. This is believed to be due in part to widespread wage hikes across a broad range of industries.
- On Monday, the BOJ [announced](#) that the services producer price index (SPPI) in August rose 3.7 percent from the same month last year to 115.4, with the growth rate accelerating from July’s 3.6 percent. Overseas shipping costs have [skyrocketed](#) due to the U.S.-Iran conflict. The year-over-year growth rate for shipping was 74.2 percent, setting a new record high.

II. Public Opinion Poll

- A *Mainichi* poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 45 percent, up four points from September, while disapproval fell four points to 44 percent.
 - 43 percent of respondents said that they support the Takaichi Cabinet because they have high hopes for the prime minister’s leadership; 26 percent said because there are no better alternatives; and 18 percent said because they have high hopes for its policies.
 - 46 percent of respondents said that they do not support the Cabinet because they have no hopes for its policies; 24 percent said because they have no hopes for the

prime minister's leadership; and 18 percent said because it is centered around the LDP.

- 40 percent of respondents said that they do not have high hopes for the reshuffled Takaichi Cabinet, while 32 percent said they do.
- 39 percent of respondents said that they approve of Takaichi's reshuffle, while 23 percent said they disapprove.
- 39 percent of respondents said that they disapprove of Takaichi's decision to keep LDP Secretary General Suzuki Shunichi, while 19 percent said they approve.
- 56 percent of respondents said that they disapprove of Takaichi's decision to keep LDP Vice President Aso Taro, while 20 percent said they approve.
- 46 percent of respondents said that they disapprove of Takaichi's decision to keep LDP Executive Acting Secretary General Hagiuda Koichi, while 18 percent said they approve.
- 37 percent of respondents said that they disapprove of Takaichi's decision to keep LDP Election Strategy HQ Chair Nishimura Yasutoshi, while 21 percent said they approve.
- 30 percent of respondents said that they disapprove of Takaichi's decision to appoint MEXT Minister Seki Yoshihiro, while 14 percent said they approve.
- 31 percent of respondents said that they disapprove of Takaichi's decision to appoint MAFF Minister Yana Kazuo, while 16 percent said they approve.
- 53 percent of respondents said that they approve of Takaichi's decision to keep Defense Minister Koizumi Shinjiro, while 20 percent said they disapprove.
- 29 percent of respondents disapprove of Takaichi's decision to appoint former *Ishin* Secretary General Nakatsuka Hiroshi as Minister of State for Regulatory Reform, while 25 percent said they approve.
- 25 percent of respondents said that they approve of the decision to remove MIC Minister Hayashi Yoshimasa, while 25 percent said they disapprove.
- 77 percent of respondents said that they want the Takaichi Cabinet to work on inflation relief measures; 58 percent said economic policy; and 47 percent said social security.
- 61 percent of respondents said that they believe it was problematic for Takaichi to appoint slush fund implicated lawmakers to key Cabinet and party leadership positions, while 22 percent said they believe there is no problem.
- 48 percent of respondents said that they do not believe the consumption tax cut will help support households affected by inflation, while 31 percent said they do.
- 26 percent of respondents said that they believe the economy will become weaker with Takaichi's "responsible proactive fiscal policy" approach, while 19 percent said they believe it will become stronger.
- 43 percent of respondents said that they disapprove of the way in which the Centrist Reform Alliance (CRA) disbanded, while 24 percent said they approve.

- 59 percent of respondents said that they have no hopes for the newly formed Democratic Reform Party created by former CRA lawmakers, while 9 percent said they have high hopes.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	26 (+2)
Japan Innovation Party	5 (+1)
Democratic Reform Party	1 (N/A)
Democratic Party for the People	4 (-1)
Suffrage Party (Sanseitō)	4 (±0)
Team Mirai	4 (±0)
Japan Communist Party	3 (±0)
Reiwa Shinsengumi	0 (±0)
Japan Conservative Party	2 (±0)
Socialist Democratic Party	1 (±0)
Constitutional Democratic Party	4 (±0)
Komeito	2 (+1)
Independent (No Party)	44 (-1)