

The Weekly Observer

October 5-9, 2026

The 245th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the arrest of a U.S. Marine in Okinawa on robbery-murder charges, Japan-U.S. discussions following the new sanctions on the ICC, the first visit by a South Korean vice defense minister to Japan in sixteen years, PM Takaichi's policy speech to open the extraordinary Diet session, the GOJ's adoption of the consumption tax cut bill, the increase in cyber attacks targeting Japanese companies, the launch of the "Rapidus Core" project, the JFTC's investigation into a domestic "beer cartel," the current account balance in August, and more.

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I. News of the Week

1. U.S. Marine Arrested in Okinawa on Robbery-Murder Charges

- On October 3, local police in Okinawa [arrested](#) Lance Cpl. Devin Jacob Ballard, 20, for allegedly killing and stealing from Yagi Anna, 39, a local woman. He denies the charges. Prime Minister Takaichi Sanae [posted](#) on X: “We express our deepest condolences to the deceased and extend our sympathies to the bereaved family... It is deeply regrettable that such an extremely brutal and heinous crime has occurred.”
- On Sunday, Minister for Foreign Affairs Motegi Toshimitsu [summoned](#) U.S. Ambassador to Japan George Glass to the ministry and issued a strong protest expressing that the occurrence of such an extremely brutal and heinous incident is extremely regrettable. He urged the U.S. side to fully cooperate and to strengthen discipline and to prevent the recurrence of incidents.
- On Monday, new Okinawa Governor Koja Genta [summoned](#) Lt. Gen. Benjamin Watson, commander of the III Marine Expeditionary Forces, to the prefectural government office to request full cooperation with police investigations and thorough implementation of measures to strengthen discipline and recurrence of incidents. Watson agreed to fully cooperate, but did not apologize for the incident. Koja also [summoned](#) Ambassador in charge of Okinawan Affairs Kiya Masahiko and Director-General Murai Masaru of the Okinawa Defense Bureau to “strongly call for effective and fundamental measures, including a review of the Japan-U.S. Status of Forces Agreement.”
- On Wednesday, Takaichi [met](#) with Koja for the first time, promising to engage in dialogue with the United States to prevent the recurrence of incidents. Koja stated that, “Disciplinary measures and human rights education are not functioning. We strongly demand measures to prevent recurrence.”
- On Friday, Minister of Defense Koizumi Shinjiro [met](#) with Adm. Samuel Paparo, commander of the U.S. Indo-Pacific Command, to issue a strong protest and request full cooperation to prevent further recurrence of incidents. The U.S. Forces in Okinawa [suspended](#) all activities for forty-eight hours starting noon on Wednesday.
- The Okinawa Prefectural Assembly [passed](#) a protest resolution and opinion statement demanding an apology and compensation for the bereaved family, clear accountability (disciplinary action against responsible U.S. military officers), and a fundamental revision of the Japan-U.S. Status of Forces Agreement. One of the two assembly members who opposed the resolution argued for more accountability, demanding the dismissal of the Fourth Army Coordinator.

2. Foreign Policy Developments

- On Saturday, Motegi [held](#) a telephone meeting with U.S. Secretary of State Marco Rubio following the Trump Administration's new sanctions targeting the International Criminal Court (ICC), citing the possibility that the court could prosecute U.S. citizens. They agreed to maintain close communication going forward.
- Motegi also [signed](#) onto a joint statement with his counterparts from Canada, Denmark, Germany, France, Italy, the Netherlands, and the United Kingdom to "strongly disagree" with the U.S. sanctions on the ICC and declare support for the court. He also had a [conversation](#) with ICC President Judge Akane Tomoko.
- On Tuesday, the Ministry of Economy, Trade and Industry (METI) [announced](#) that it had added new items to the list of goods prohibited from export to Russia, effective October 16. The list includes 102 items, including rare metals like tungsten and plastic products, that contribute to strengthening the industrial base. This is the [thirteenth time](#) the sanction ordinance has been changed in relation to Russia.
- Takaichi [met](#) with family members of abduction victims and Diet members from the parliamentary league on abductions, who had traveled to the United States in September to call for a resolution to the North Korean abduction issue. She revealed that she had asked U.S. President Donald Trump during a summit meeting in September to convey to North Korean leader Kim Jong Un in the event of a U.S.-DPRK summit that he should meet with Takaichi.
- The Ministry of Foreign Affairs (MOFA) [announced](#) that the GOJ decided to provide an emergency grant of \$10 million to Yemen and Djibouti, in light of the urgent humanitarian needs arising in both countries in response to the deterioration of the humanitarian situation in Yemen and to ensure peace and stability in the Middle East.
- On Monday, Chief Cabinet Secretary Kihara Minoru [explained](#) Takaichi's absence from the G7 online summit meeting on October 2 as "a sudden change in schedule" by France, the G7 Chair for this year. Takaichi [posted](#) on X that proxy attendance was permitted (U.K. Prime Minister Andy Burnham sent a proxy as well).

3. Security/Defense Developments

- On Friday, Vice Minister of Defense for International Affairs Ando Atsushi [held](#) a meeting with Republic of Korea Vice Minister of National Defense Lee Doo-hee. This was the first visit by a Korean vice defense minister to Japan in sixteen years. The two sides agreed to promote bilateral defense cooperation and continued coordination with the United States.

- Koizumi [announced](#) that the Ministry of Defense (MOD) will begin research and studies aimed at strengthening space transportation capabilities so that, in the event of an emergency or other situation in which a satellite is attacked and rendered inoperable, a rocket carrying a replacement satellite can be launched quickly to restore functionality. The vendor will be selected in February 2027; a budget of ¥70 million will be allocated in FY 2026.
- *Yomiuri* [reported](#) Wednesday that a proposal has emerged that would include a plan to begin considering the introduction of nuclear-powered submarines for the JSDF as part of the scheduled revision of the three strategic national security documents by the end of the year. The aim is to improve long-range maritime deterrence against China. [One proposal](#) is to allow for exceptions to the “no introduction” principle among the Three Non-Nuclear Principles in emergencies. Takaichi [commented](#) that “no decisions have been made regarding new propellant power.”
- *Nikkei* [reported](#) that the GOJ’s draft amendment to the Act on Surveys of Important Land and Other Areas to be submitted to the extraordinary Diet session will grant the GOJ new authority to conduct on-site inspections of land deemed important for national security. In cases where eavesdropping or radio jamming is suspected near “regulated zones” near facilities important to national security, officials from the Cabinet Office and police officers will be authorized to conduct on-site investigations.
- The ruling Liberal Democratic Party’s (LDP) Parliamentarians’ League for the Promotion of Defense Industry [approved](#) in principle recommendations toward the revision of the three strategic national security documents at the end of the year. It called for the establishment of a new independent administrative agency under the MOD to serve as the central coordinating body for industrial policy next fall. It also called for allocating approximately ¥500 billion to support technology development for startups and other companies, encouraging new market entrants.
- *Jiji* [reported](#) Tuesday that the MOD has decided to proceed with R&D toward the introduction of JSDF transport ships equipped with AI and autonomous navigation technology. The MOD intends to promote the use of unmanned transport ships to ensure smooth resupply and reduce the risks faced by personnel in hazardous areas in anticipation of a contingency in the scattered southwestern island region.

4. PM Takaichi Delivers Policy Speech in the Diet

- On Monday, Takaichi [delivered](#) a policy speech to open the extraordinary Diet session, which will run for sixty-nine days until December 12.

- She [stated](#) that, “We will not delay necessary policies and reforms, but will achieve both a ‘strong economy’ and fiscal sustainability,” adding that, “We will build market confidence in the government through a straightforward approach.”
- On fiscal policy, Takaichi stated that the GOJ aims to lower the debt-to-GDP ratio in a stable manner, appropriately controlling the issuance of government bonds by assessing the state of interest rates. She assured that policy would be formulated in a mobile manner in response to changes to the economy and financial markets.
- On economic policy, she committed to not relying on special-purpose government bonds for the consumption tax cut for food and beverages in order to gain the trust of financial markets. She indicated that the GOJ will craft a growth strategy action plan with five-year domestic investment targets. She stated that the GOJ will formulate a population strategy, including foreign nationals, based on population projections.
- On foreign and security policy, Takaichi emphasized the importance of a rules-based international order and reiterated Japan’s support for the International Criminal Court (ICC). She stated that China remains an important neighbor with which Japan seeks dialogue to promote constructive and stable relations while protecting national interests.
- The opposition parties [criticized](#) Takaichi’s policy speech, arguing that it “lacked specificity” and included “strong words, but rang hollow.” In response to her statement that “there is no need for concern” regarding funding for the tax cut, some have said, “Not only does she have absolutely no intention of explaining herself, but isn’t she treating the public like fools by essentially telling them to ‘just shut up and obey’?”

5. Key Political Developments

- On Friday, the GOJ [adopted](#) the bill toward lowering the consumption tax rate and introducing an income-tied benefits program in FY 2027 (one handout per year starting FY 2030). The GOJ is also [considering providing](#) subsidies equivalent to about 5 percent of sales revenue to approximately 800,000 farmers, foresters, and fishermen nationwide. This amount would nearly offset the loss in revenue from the consumption tax cut.
- The GOJ [convened](#) a ministerial meeting related to the Japanese version of DOGE, presenting potential areas for budget cuts to streamline the national budget and generate revenue for the consumption tax cut and growth strategy. These [include](#) EV subsidies, the space strategy fund, and the tax deduction for small- and medium-sized enterprises implementing wage hikes.

- Six opposition parties in the Senate [agreed to contemplate](#) submitting a censure motion against Minister of Agriculture, Forestry and Fisheries Yana Kazuo over allegations that he pressured the government to cut infrastructure-related funds to cities in his constituency where mayors did not back his re-election campaign back in February 2026.
- The cross-party joint council on election campaigns [submitted](#) a proposal to the Ministry of Internal Affairs and Communications (MIC) outlining specific measures to be required of service providers, to be incorporated into the MIC's draft guidelines based on the amended law regarding social media measures during elections. To mitigate the negative effects of misinformation, the proposal includes proposals such as addressing "monetization," where posters receive compensation based on views, and measures to address AI-generated content.
- On Thursday, the Lower House Steering Committee [convened](#) a subcommittee session on Diet reform. The subcommittee is expected to discuss the digitization of the Diet and the nature of Diet deliberations. One proposal being [considered](#) is to reduce the prime minister's attendance at the Budget Committee in exchange for more political party leader debates with the prime minister.
- *Yomiuri* [reported](#) Wednesday that the GOJ has begun considering the formulation of a second supplementary budget for FY 2026. GOJ officials view this as different from typical supplementary budgets compiled as part of annual economic stimulus measures, and believe it does not conflict with budget reform efforts. Work on drafting the budget is set to begin as early as November, with the goal of having it enacted during next year's ordinary Diet session.

6. Cyber Attacks Targeting Japanese Companies Skyrocket

- On Friday, the National Cybersecurity Office (NCO) [issued](#) a safety alert to Japanese companies handling personal information in light of a series of cyber attacks on businesses. The NCO [requested](#) that patches be applied to the areas where vulnerabilities were identified and that a monitoring system be established to detect unauthorized access at an early stage. Regarding information management, the NCO urged organizations to thoroughly encrypt data to prevent misuse even if stolen, and to delete information once it is no longer needed for its intended purpose.
- The LDP's Headquarters for National Cybersecurity Strategy [discussed](#) necessary measures to respond to the increasing number of cyber attacks targeting Japanese companies. Former Digital Minister Taira Masaaki stated that, "You could call it a state of emergency in cyberspace. The entire government must work together to address this issue."

- Experts [warn](#) that the concern is not just the number of incidents, but the quality of the cyber attacks. In the past, it was easier to attribute certain methods to certain organizations. Now, it is unclear who is carrying out the attacks or for what purpose. Experts note that while there is no evidence that AI has been used for the recent cyber attacks, the low cost effort makes it possible to carry out “carpet bombing” style campaigns that would have been unthinkable in the past. A range of companies, from KDDI to Times Parking to the Yoshinoya restaurant chain, have [come under attacks](#) that have resulted in leakage of personal information.
- In response to recent developments, the Tokyo Metropolitan Government (TMG) [decided to strengthen](#) agency-wide cybersecurity and increase staffing to implement countermeasures. The TMG will review and strengthen the system that monitors cyber attacks all day to protect information within the government, and confirmed that any vulnerabilities would be promptly addressed.
- Japan is not the only country experiencing an uptick in cyber attacks. CrowdStrike, a major U.S. cybersecurity firm, [released](#) a report on Wednesday stating that attackers used U.S.-based Anthropic and Chinese-developed AI tools in a cyber attack on South Korea. Since late September, there has been a series of unauthorized access incidents targeting financial institutions, including major banks, resulting in a leak of at least 65,000 pieces of customer information. Similar incidents have been reported in European countries like Denmark and France.
- The NCO and National Police Agency [signed](#) onto an international joint cybersecurity advisory issued on Thursday sounding the alarm on Chinese government-linked cyber threat actors, enabled by the Beijing Integrity Technology Group, combining automated scanning tools, large-scale botnets, and hands-on exploitation techniques to target and steal sensitive data from organizations worldwide, [including](#) U.S. critical infrastructure vendors and Japanese airports.

7. Economic Security and Tech Developments

- On Friday, the Thirteenth Japan-U.K. Joint Committee Meeting on Science and Technology Cooperation and the Strategic and Critical Technology Roundtable were [held](#) in Tokyo. The two sides [announced](#) fifteen areas for cooperation, including quantum, AI and compute, space, research security, among other areas. The two countries [agreed](#) on a “Frontier Technology Partnership” back in June.
- On Wednesday, the National Institute of Advanced Industrial Science and Technology (AIST) and Kumamoto University [signed](#) a comprehensive collaboration agreement in the field of semiconductors. The two organizations will pool their technologies to advance the practical application of these technologies in society, including at the

science park currently under development in Kumamoto Prefecture. They will also cooperate in providing technical support to companies participating in the park and in training semiconductor professionals.

- On Tuesday, Oshima Shipyard (Nagasaki Prefecture) [announced](#) that it will proceed with capital investments at its Koyagi Plant using a grant of up to approximately ¥6.1 billion from the GOJ's "Shipbuilding Industry Revitalization Fund." The shipyard will upgrade its facilities and cranes to enhance shipbuilding capacity. The shipyard delivered four vessels last fiscal year, with plans to increase that to ten by 2031. The company builds bulk carriers and ranks third in Japan in shipbuilding volume.
- *Yomiuri* [reported](#) that the MOFA will start supporting Japanese companies next fiscal year in expanding into Central and South America, which is rich in critical minerals such as rare earth elements. The MOFA will accelerate business matchmaking between businesses by leveraging the network of Japanese communities in Latin America and utilizing Japanese descendants as "bridges." As countries such as China tighten export controls on critical minerals, Japan aims to continue to develop the Latin American market to diversify supply sources.
- On Monday, domestic chip foundry Rapidus [announced](#) the launch of "Rapidus Core," a framework for collaborating with companies engaged in semiconductor design and integrated circuit design data. As part of the first phase, seventeen design-related companies both domestic and foreign, including Toshiba and Dai Nippon Printing, have joined the initiative. By establishing a new framework, customers will be able to more easily identify Rapidus's partners, thereby lowering the barrier to outsourcing production to Rapidus.

8. Key Economic/Financial Developments

- On Friday, the GOJ [convened](#) the Economic and Fiscal Policy Council, [deciding](#) to establish a new framework to review the effects of its Medium- to Long-Term Economic and Fiscal Plan for FY 2027-2040 on economic growth and fiscal conditions like growth rate projections and debt rates on an annual basis. The GOJ will review investment, expenditure, and revenue plans if the expected results are not achieved.
- On Thursday, the Asia Zero Emissions Community (AZEC) ministerial meeting held in Manila, the Philippines, [concluded](#) with an agreement to expand oil reserves, putting systems and infrastructure in place to establish a mechanism for coordinating the release of reserves in times of crisis in anticipation of a prolonged Middle East crisis. Asian nations continued to heavily depend on fossil fuel energy sources, casting doubt on whether decarbonized energy is a sustainable solution.

- On Wednesday, the Japan Fair Trade Commission (JFTC) [conducted](#) a compulsory investigation of affiliates of Asahi Breweries, Kirin Brewery, Sapporo Breweries, and Suntory on suspicion of violating the Antimonopoly Act. The four major alcoholic beverage manufacturers are suspected of making on-the-spot adjustments behind closed doors, such as raising wholesale shipping prices.
- *Nikkei* [reported](#) that the GOJ and Bank of Japan (BOJ) plan to make data obtained from surveys of major banks' financial conditions publicly available by the end of FY 2026, enabling researchers to analyze detailed information on lending collected through this joint effort. They will consider utilizing any newly identified credit risks and other findings in the formulation of policies related to the regulation and supervision of financial institutions.
- On Tuesday, the Nikkei Stock Average (Nikkei 225) [continued to rise](#), closing at ¥70,683.98, up ¥737.12 (1.05 percent) from the previous day. This marked the first time in three months that the index closed in the ¥70,000 range. Following the rally in U.S. tech stocks a day prior, buying activity picked up in Tokyo in AI and semiconductor-related stocks like Advantest and TDK.
- On Monday, Minister of Finance Katayama Satsuki and Treasurer of Australia Jim Chalmers [agreed to establish](#) a “finance ministers’ dialogue” to annually discuss cooperation in identifying opportunities and other efforts to secure critical minerals and energy resources in the Indo-Pacific region. This is the third country that Japan has entered regular dialogue on finance, following China and South Korea.

9. State of the Economy

- On Thursday, the BOJ [issued](#) its Regional Economic Report (Sakura Report) for October, in which it [raised](#) the economic assessments for Tohoku and Shikoku regions. In the other seven regions, assessments remained unchanged from the previous survey in July. Strong demand for AI is underpinning economic conditions across a wide range of regions and industries.
- The Ministry of Finance (MOF) [announced](#) that Japan ran a ¥4.06 trillion current account surplus in August, a 12 percent increase in the surplus amount compared to the same month last year. This was the nineteenth consecutive month in surplus. The primary income balance, which reflects the flow of interest and dividends associated with overseas investments, [increased](#) 21.6 percent from the same month last year to ¥5.13 trillion, the largest surplus amount on record since January 1985.
- Meanwhile, Japan ran a ¥687.7 billion trade deficit, down from a ¥113.8 billion surplus in August 2025 as export volume increased 16.9 percent to ¥9.86 trillion. The travel balance in the January-August period [shrank](#) 0.6 percent from the same period

last year, largely due to a decrease in Chinese tourists. The digital deficit continued for a third consecutive year in the ¥4 trillion range, coming in at ¥4.49 trillion as Japan relies heavily on cloud, video broadcasting, and AI services from abroad.

- Tokyo Shoko Research [announced](#) that the number of corporate bankruptcies nationwide with liabilities of ¥10 million or more in the first half of FY 2026 rose 4 percent year-on-year to 5,373 cases. This [marked](#) the fifth consecutive year of increase and the highest level in thirteen years. Bankruptcies attributed to labor shortages, including soaring labor costs, reached a record high.
- On Wednesday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that real wages increased 1.5 percent from the same month last year in August. This [marked](#) the eighth consecutive month of increase. Total cash wages per employee, which reflect nominal wages, rose 3.8 percent to ¥311,364. This marked the first time since March 1992 that the increase in wages exceeded 3 percent for seven consecutive months.

II. Public Opinion Poll

- A JNN poll [released](#) on Monday found that the Takaichi Cabinet's approval rating was 63 percent, up one point from September, while disapproval fell one point to 34 percent.
 - 40 percent of respondents said that they disapprove of the reshuffled Cabinet and LDP leadership, while 31 percent said they approve.
 - 58 percent of respondents said that they believe it is problematic to appoint slush fund implicated lawmakers to ministerial positions, while 29 percent said they believe there is no problem.
 - 60 percent of respondents said that they approve of Takaichi's diplomatic engagements in New York last month, while 26 percent said they disapprove.
 - 54 percent of respondents said that they support the GOJ's food consumption tax cut proposal, while 36 percent said they oppose it.
 - 42 percent of respondents said that they believe the tax cut will have little impact as an inflation relief measure; 39 percent said they believe it will have somewhat of an impact; 13 percent said they believe it will have no impact; and 4 percent said they believe it will have great impact.
 - 35 percent of respondents said that they somewhat approve of Takaichi and the Prime Minister's Office using social media to directly communicate with the people; 29 percent said they somewhat disapprove; 20 percent said they strongly approve; and 12 percent said they strongly disapprove.
 - 20 percent of respondents said that they want the extraordinary Diet session to focus on social security measures like pensions and healthcare; 19 percent said inflation relief; and 16 percent said economic measures like wage hikes.

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- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	34.7 (+2.5)
Japan Innovation Party	3.2 (+1)
Democratic Reform Party	0.4 (N/A)
Democratic Party for the People	2.9 (+0.3)
Suffrage Party (Sanseitō)	3.4 (-1)
Team Mirai	0.6 (-1.3)
Japan Communist Party	2.5 (+0.5)
Reiwa Shinsengumi	0.3 (± 0)
Japan Conservative Party	0.8 (-0.5)
Socialist Democratic Party	0.3 (-0.2)
Constitutional Democratic Party	2.5 (-0.2)
Komeito	2.8 (+1.6)
Independent (No Party)	41.4 (-1.7)