

The Weekly Observer

October 12-16, 2026

The 246th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the detainment of a Japanese reporter in Russia, the announcement of a semiconductor project under the Japan-U.S. investment initiative, the GOJ considering the acquisition of nuclear-powered submarines, MAFF Minister Yana's resignation, the agreement to begin Diet deliberations on the consumption tax cut, the GOJ adopting legislation to support procurement of crude oil not coming through the Strait of Hormuz, the reported amendment to ESPA to reinforce data security, energy security-related policy updates, the decrease in the number of undocumented foreign nationals, and more.

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I. News of the Week

1. Russia Detains Japanese Journalist

- On Tuesday, the Russian Federal Security Service (FSB) [announced](#) that it had detained a Japanese reporter from *Hokkaido Shimbun* in Sakhalin Oblast in the Far East on suspicion of espionage. A Moscow court authorized two months of pretrial detention until December 12.
- The FSB claims that the reporter was gathering information on soldiers mobilized from the Kuril Islands (Northern Territories) for the military operation to invade Ukraine. If found guilty, the defendant could face a prison sentence of ten to twenty years. A *Kyodo* reporter was temporarily detained in December 2019, but was released about five hours later and left the country the following day.
- On Wednesday, Director-General Nakamura Kimitake of the Ministry of Foreign Affairs' (MOFA) European Affairs Bureau [summoned](#) Russian Ambassador to Japan Nikolay Nozdrev to protest the detainment and requested that the correspondent be treated humanely. Nakamura asked for an early meeting with the reporter.
- On Thursday, Prime Minister Takaichi [told](#) reporters that the “MOFA is working hard to make representations to the Russian authorities and is requesting various measures, including a meeting.” She also [denied](#) any Russian claims of “espionage threatening Russia’s security” made by the FSB.
- On Friday, Chief Cabinet Secretary Kihara Minoru [revealed](#) that Russia sent a “consular notification” to Japan informing it of the detention. He added that, “We will do everything in our power to arrange a visit as soon as possible so that we can assess the individual’s health and verify the facts.”
- *Jiji* [reported](#) that speculation has arisen that the Putin Administration is seeking to exchange the reporter for Russian nationals detained in Western countries. Some observers are linking this case in which Japanese law enforcement officials detained a Russian hacker in May and extradited him to Germany this month.

2. Foreign Policy Developments

- On Thursday, the GOJ [announced](#) that Japan and the United States have agreed on the implementation of a semiconductor manufacturing project under the \$550 billion Strategic Investment Initiative (SII) project. The project, expected to cost a total of \$10 billion (approximately ¥1.6 trillion), will likely include Japanese companies like Tokyo Electron, SCREEN Holdings, and Tokyo Ohka Kogyo.

- Minister for Foreign Affairs Motegi Toshimitsu [held](#) a telephone call with Prince Faisal bin Farhan Al-Saud, Minister of Foreign Affairs of Saudi Arabia. Stating that attacks on civilians and civilian facilities can never be tolerated, and that Japan strongly denounces the series of attacks by the Houthis, Motegi explained efforts made by Japan, which has strongly called on the Houthis to immediately stop escalating the situation and has directly called on Iran to urge the Houthis to exercise restraint as well.
- *Asahi* [reported](#) Tuesday that Vietnamese President To Lam is scheduled to visit Japan in early November for a summit meeting with Takaichi to discuss energy security and economic security cooperation. This comes after Takaichi visited Vietnam in May and announced the updated “Free and Open Indo-Pacific” (FOIP) policy.
- Deputy Director-General Ariyoshi Takashi of the Asian and Oceanian Affairs Bureau [held](#) a Japan-U.S.-ROK foreign ministries’ official telephone meeting, reaffirming that ballistic missiles launched by North Korea violate the relevant UN Security Council Resolutions and called on North Korea to cease such provocations that threaten the peace and security of the region and the international community.
- On Monday, Senior Deputy Minister for Foreign Affairs Namazu Hiroyuki [held](#) a Japan-U.S. Dialogue on a FOIP with Under Secretary of State for Political Affairs Allison Hooker. Both sides compared notes on their approaches to the Indo-Pacific region, and confirmed proactively advancing concrete initiatives together between Japan and the United States to enhance resilience and promote their freedom to decide for themselves.
- On Sunday, Motegi [issued](#) a statement regarding the attacks by the Houthis on Saudi Arabia. Motegi stated that, “Attacks on civilians and civilian facilities can never be tolerated, and Japan renews its strong denunciation of the series of attacks by the Houthis. At the same time, Japan reiterates its strong call on the Houthis to immediately stop escalating the situation both inside and outside Yemen.”

3. Security/Defense Developments

- *Asahi* [reported](#) Friday that the GOJ is considering refraining from explicitly stating the “3.5 percent” GDP spending target for defense, which the Trump Administration is demanding of its allies, as part of the revision of the three strategic national security documents scheduled by the end of the year. The GOJ is considering expanding the scope of eligible expenses under the category “comprehensive security-related expenses” for economic security, AI, space, and other policy categories.
- The U.S. Navy’s nuclear-powered aircraft carrier *Theodore Roosevelt* [docked](#) at Berth No. 12 at U.S. Naval Base Yokosuka in Kanagawa Prefecture. This marks the first

time the *Theodore Roosevelt* has docked at the base, and it is the first port call by a U.S. aircraft carrier not based at Yokosuka in about four years since the *Abraham Lincoln* visited in May 2022.

- *Mainichi* [reported](#) that the GOJ has begun coordinating to include a policy to begin considering the introduction of nuclear-powered submarines into the JSDF as part of the revision of the three security-related documents to be completed by the end of the year. Since the JSDF's diesel submarines are slower than nuclear-powered submarines, there is a risk that an adversary could detect their movements and catch up to them. Takaichi [said](#) Wednesday that the GOJ will “deepen our concrete and realistic deliberations” regarding the acquisition of nuclear-powered submarines.
- On Wednesday, the GOJ [released](#) a summary document from the fourth session of the expert panel reviewing the three strategic national security documents. One panel member [argued](#) that railways should be added to airports and seaports as part of the infrastructure needed to be developed for national defense. Regarding nuclear-powered submarines, while some argued that “development and other related efforts take decades” and called for their inclusion to be explicitly stated in the three documents, others contended that, given safety and other concerns, the documents should only state that the matter would be “considered.”
- On Monday, the Ministry of Defense (MOD) [announced](#) that North Korea launched at least two ballistic missiles that flew a maximum distance of 910 kilometers and landed in the Sea of Japan. One of the missiles reached an altitude of seventy kilometers, [possibly flying](#) in irregular orbit.

4. MAFF Minister Yana Resigns Over Multiple Political Scandals

- On Wednesday, Minister of Agriculture, Forestry and Fisheries (MAFF) Yana Kazuo [resigned](#) after media reports surfaced regarding three separate political scandals. Takaichi [explained](#) that she “takes my responsibility for appointments very seriously.”
- Takaichi initially defended Yana and told him to win back trust through hard work. However, after a scandal surfaced on Tuesday concerning Yana's potential violation of election laws to shuttle voters to voting stations during the February election, Takaichi [changed her tone](#) and said she would “take necessary action” if he was found in violation of election laws. Takaichi also commented that Yana's other scandal — stating that he had cut funding from cities where mayors did not back his re-election campaign — was “lame.”
- Takaichi may have felt the [pressure to replace](#) Yana in order to ensure Diet deliberations started on schedule. The GOJ and ruling parties proposed starting

discussions on the food consumption tax cut bill on October 20. Keeping Yana around would have delayed proceedings.

- The opposition parties put pressure on Takaichi on Wednesday too, [agreeing](#) across all ten caucuses in the Senate to submit a censure motion if Yana did not resign himself. The ruling parties lack a majority in the Senate, so even a non-binding censure motion would have significantly delayed Diet proceedings.
- On Thursday, Takaichi [appointed](#) former State Minister of Agriculture, Forestry and Fisheries Takebe Arata to replace Yana. Takebe is the son of a former agriculture minister. Takaichi explained that she appointed Takebe for his expertise and out of the belief that he would be able to contribute immediately.
- The opposition parties [criticized](#) Takaichi for her “late decision” to fire Yana, with Democratic Reform Party (DRP) Diet Affairs Chairperson Goto Yuichi demanding that Yana quit as a politician over the multiple scandals. Yana has been on the receiving end of criticism even from within the Liberal Democratic Party (LDP). Senate Chairperson Matsuyama Masaji [commented](#) that, “He should have apologized from the start; his handling of the situation was poor. His resignation is unavoidable.”

5. Diet to Begin Deliberations on Consumption Tax Cut Bill on October 20

- On Friday, LDP Diet Affairs Chairperson Murai Hideki and DRP counterpart Goto [agreed](#) to begin deliberations in the Lower House on the food consumption tax cut and income-tied benefits program on October 20.
- On Wednesday, the opposition parties [demanded](#) that the ruling parties present an idea for benefit amounts to begin deliberations. Takaichi [explained](#) in the Diet that approximately twenty million people, equivalent to about 30 percent of Japan’s active workforce, will be eligible for the benefit. She noted that for households consisting of a married couple and two children with a household income of ¥5.1 million or less, Japan’s net tax burden rate is higher than in other countries, and stated that “we will consider this issue with reference to such data.”
- *Nikkei* [reported](#) that the GOJ has presented a proposal to the ruling parties regarding a new income-based benefit, the “Worker Burden Relief Subsidy,” under which approximately twenty million people would receive an average of about ¥30,000 per person per year. The annual income level of eligible recipients generally ranges from one million to ¥3.5 million.
- On Tuesday, Takaichi [cited](#) a proposal to utilize special accounts, such as the surplus funds from the Special Account for Foreign Exchange Funds to finance the consumption tax cut, which is estimated to be around ¥5 trillion. She explained that,

“To gain market confidence, we will secure the necessary funds without relying on special purpose bonds (deficit bonds).” She indicated that the GOJ plans to review both expenditures and revenues while monitoring tax revenue trends, and to generate funds by combining non-tax revenues with the return of funds from reserves to the national treasury.

- Based on [price forecasts](#) by private sector economists, the market expects that about 90 percent of the tax cut will be reflected in prices. However, even in an inflationary environment, regular price adjustments will continue. Attention is also focused on how the implementation of the tax cut will affect corporate pricing and the underlying trend in prices.
- It remains to be seen whether opposition parties will support the bill. Komeito Chief Representative Okamoto Mitsunari [said](#) that his party cannot support the bill, as lowering the tax rate on food and beverages for a limited period of two years is ineffective to combat rising prices. Okamoto proposed a blanket cash handout instead.

6. Key Political Developments

- On Friday, Deputy Chief Cabinet Secretary Ozaki Masanao [indicated](#) plans to revise the public-private investment roadmap for the seventeen strategic growth sectors, including AI and semiconductors, in the spring of 2027. Ozaki stated that, “To ensure the steady implementation of public-private investment, it is essential to continuously cycle through the PDCA (Plan-Do-Check-Act) process.”
- The Ministry of Health, Labor and Welfare (MHLW) [presented](#) a proposal to revise the public health insurance system for seniors aged seventy-five and older. A system that takes financial income, such as dividends, into account when determining insurance premiums and out-of-pocket costs will be implemented in August 2029. Income earned through the Nippon Individual Savings Account (NISA) program will be excluded from the calculation.
- On Thursday, the Lower House Council on Election System Reform [convened](#) to discuss the reform proposal. On the reduction of Lower House seats, while the ruling parties reiterated the call for a “reduction of forty-five seats in the proportional representation (PR) block alone,” opposition parties voiced their objections, and the two sides remained at an impasse. Regarding the criteria under which candidates running in both single-member districts and PR blocks can be re-elected through the PR system even if they lose in single-member districts, the LDP argued that the threshold should be raised from “one-tenth” to “one-sixth” of the total valid votes.
- On Tuesday, the Ministry of Economy, Trade and Industry (METI) [approved](#) bills for the Act on the Rationalization of the Use of Designated Waterways to Ensure the

Stable Transportation of Crude Oil and Petroleum Products, the Bill for the Act on Special Measures for Ensuring the Performance of Specified Cargo Insurance Contracts and Specified Ship Insurance Contracts, and the Bill for the Act Partially Amending the Act on Japan Organization for Metals and Energy Security. The bills include the [establishment](#) of a program to subsidize the costs of procuring crude oil that does not pass through the Strait of Hormuz.

- The GOJ [presented](#) a draft amendment to the Act on the Survey of Important Land and Other Properties to be submitted to the extraordinary Diet session at a meeting of the LDP's Headquarters for Foreign Nationals Policy. The amendment would establish a permit system for the acquisition of land and buildings critical to national security, such as those near JSDF bases, regardless of the buyer's nationality. Unauthorized transactions would be punishable by imprisonment for up to three years or a fine of up to ¥3 million.
- Minister for Internal Affairs and Communications (MIC) Fujii Hisayuki [revealed](#) during a press conference that the ministry plans to seek input from experts in preparation for the formulation of a basic policy on the development of a secondary capital, with a target date of October next year. No decision has been made yet on whether to establish an expert panel or study group.

7. Economic Security and Tech Developments

- *Nikkei* [reported](#) Saturday that MS&AD Insurance Group Holdings will join the generative AI development project led by the New Energy and Industrial Technology Development Organization (NEDO) as early as October through its subsidiary, Aioi Nissay Dowa General Insurance. The company will provide its proprietary encryption technology to ensure that even when information on insurance policies or bank loans is entered, individuals cannot be identified. The goal is to develop new financial services using domestically developed AI.
- *Nikkei* [reported](#) that the GOJ will amend the Economic Security Promotion Act (ESPA) next year to establish a prior notification system for businesses that handle sensitive personal information such as genomic, medical, and financial data. If there are national security risks associated with where the data is stored or provided, the GOJ will be able to issue orders or recommendations to halt such activities. This is intended to prevent the leakage or misuse of data to countries like China and Russia.
- On Friday, the METI [announced](#) that it had approved a plan by Taiwan Semiconductor Manufacturing Company (TSMC), a major semiconductor manufacturer, to produce cutting-edge three nanometer chips at a new factory to be built in Kumamoto Prefecture as eligible for subsidies. As a result of the plan change,

the total investment will increase from \$12.2 billion to at least \$15.7 billion. The new plant is scheduled to begin production of six thousand units per month in December 2028.

- *Nikkei* [reported](#) Thursday that the METI plans to expand launch pads and related facilities at the four domestic rocket launch sites. Global demand for satellite launches related to national security and business is on the rise. The ministry aims to increase the number of launches in Japan, which currently stands at only a few per year, to thirty by the early 2030s.
- On Tuesday, Minister for Digital Transformation Furukawa Toshiharu [met](#) with Anthropic Co-Founder Jack Clark to discuss high-performance AI supported cybersecurity measures to address the uptick in cyber attacks in Japan. Furukawa asked for access to frontier AI models for Japan's core infrastructure providers. The LDP's AI/Digital Society Promotion Headquarters also [welcomed](#) Clark to discuss AI regulations and responses to cyber attacks. They reaffirmed the importance of U.S. Big Tech collaborating with allies and like-minded nations to address AI risks.
- *Nikkei* [reported](#) that NTT Data Group and Anthropic are in discussions to establish a new facility in the coastal area of southern Osaka Prefecture, with the goal of finalizing a contract by the end of FY 2026. Part of the facility is expected to begin operations as early as FY 2028. Construction costs are expected to reach up to ¥1 trillion, and the facility is projected to have one of the largest total power reception capacities in Japan. This will be Anthropic's first facility in Japan and is expected to accelerate the development of AI infrastructure.

8. Key Economic/Financial Developments

- On Friday, the GOJ [approved](#) a draft amendment to a law under which the state will assume the reinsurance costs for ships transporting energy resources, such as oil, to Japan. While coverage had previously been limited to Iranian crude oil, it will now be expanded to include liquefied natural gas (LNG) and petroleum products from other countries. METI Minister Akazawa also [announced](#) that the GOJ would introduce a system under which the GOJ would subsidize the difference between import prices and domestic wholesale prices between November 2026-March 2027 in order to curb the rise in kerosene prices. Meanwhile, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) will [establish](#) a system as early as FY 2027 under which foreign-flagged vessels chartered by Japanese companies from their overseas subsidiaries will be deemed to be Japanese-flagged.
- Bank of Japan (BOJ) Governor Ueda Kazuo [said](#) that the underlying inflation rate is “generally close to 2 percent, and we cannot tolerate it rising any further.” He

emphasized the bank's intention to continue raising interest rates. Ueda indicated that, "We will continue to raise the policy interest rate to adjust the degree of monetary easing." The Bank is set for its next monetary policy meeting on October 29-30.

- On Thursday, the G20 finance ministers and central bank governors' meeting [concluded](#) in Bangkok, Thailand. According to sources, China argued during behind-the-scenes discussions that "rising interest rates in G7 countries are having a negative impact on their own economies and on developing countries." Japan was reportedly the only country to openly refute it. The meeting ended without a joint statement for the first time in eight years as U.S. Secretary of the Treasury Scott Bessent, the host/chair, was absent.
- Minister of Finance Katayama Satsuki [announced](#) that Japan and South Korea have agreed to extend their currency swap agreement, which allows them to provide each other with currency during a financial crisis. The credit line will remain at \$10 billion. South Korean media are reporting that the extension period is three years. The agreement, which began in 2001 as a result of the Asian financial crisis, was resumed in 2023 after an eight-year suspension due to deteriorating bilateral relations.
- On Monday, the METI [announced](#) that Minister Akazawa virtually attended the International Energy Forum Ministerial held in Saudi Arabia, the first ministerial session held in eight years. Akazawa [outlined](#) Japan's efforts to serve as a "hub connecting Middle Eastern oil-producing countries and Asian nations," such as the POWER Asia initiative. He stated that, "We are proceeding with discussions aimed at formulating a comprehensive cooperation plan to enhance the economic and energy resilience of the Gulf states in the Middle East."
- Takaichi [announced](#) on X that Katayama will assume the position of the next chair of the Joint Development Committee of the World Bank and the International Monetary Fund. This is reportedly the first time a chairperson from Japan has been appointed since the committee was established in 1974.

9. State of the Economy

- On Friday, the Immigration Services Agency (ISA) [announced](#) that as of July 1, 2026, there were 65,229 undocumented foreign nationals in Japan. This [represents](#) a decrease of 3,259 people, approximately 5 percent, from the 68,499 recorded as of January 1, likely due to the GOJ's tightened enforcement. The number of foreign residents as of the end of June reached 4.28 million, setting a new record high.
- On Tuesday, the BOJ [announced](#) that the corporate goods price index (CGPI) in September rose 6.8 percent from the same month last year to 135.7, with the growth

rate [down](#) 0.8 percentage points from August. The decline in rice prices and the increase in government subsidies led to a slowdown in growth.

- The BOJ [released](#) its Opinion Survey on the General Public's Views and Behavior for September, which found that respondents on average expect prices to go up 10.1 percent in five years. This [marks](#) the third consecutive quarter of high growth exceeding 10 percent.
- When asked why they believe prices will rise in five years, 80 percent cited "recent price increases" as the reason. Price hikes for groceries and other everyday items may be driving up individuals' medium- to long-term inflation expectations. In the previous survey conducted in June, the figure stood at 10.8 percent.
- RECOF DATA [found](#) that the number of mergers and acquisitions (M&A) deals involving Japanese companies from January-September reached 3,883, marking a record high for the same period. In particular, acquisitions by overseas entities totaled 326, an increase of more than 20 percent from the previous record set in 2025. There was a series of large-scale acquisitions by investment funds and business successions.

II. Public Opinion Poll

- An NHK poll [released](#) on Tuesday found that the Takaichi Cabinet's approval rating was 51 percent, down two points from September, while disapproval rose one point to 32 percent.
 - 34 percent of respondents [said](#) that they support the Takaichi Cabinet because it seems better than the alternatives; 27 percent said because it has executive ability; and 18 percent said because they have hopes for its policies.
 - 33 percent of respondents said that they do not support the Cabinet because they have no hopes for its policies; 31 percent said because they do not trust the prime minister; and 13 percent said because it lacks executive ability.
 - 38 percent of respondents said that they somewhat approve of the Cabinet and LDP leadership reshuffle; 33 percent said they somewhat disapprove; 15 percent said they strongly disapprove; and 4 percent said they strongly approve.
 - 78 percent of respondents said that they are not satisfied with MAFF Minister Yana Kazuo's explanations regarding his political scandals, while 8 percent said they are satisfied.
 - 44 percent of respondents said that they oppose the GOJ's food consumption tax cut proposal, while 38 percent said they support it.
 - 32 percent of respondents said that they believe the financial assistance for low- and middle-income earners should apply to low income earners and moderate level income earners; 20 percent each said it should be limited to low income earners and to all citizens; and 19 percent said they oppose the program itself.

- 44 percent of respondents said that they are somewhat affected by the increasing prices for household items and utilities; 34 percent said they are greatly affected; 13 percent said they are somewhat unaffected; and 3 percent said they are not affected at all.
- 56 percent of respondents said that they believe the Diet should come to a conclusion on reducing the number of Lower House seats during the current session, while 27 percent said they do not believe a conclusion is necessary.
- 44 percent of respondents said that they strongly believe that AI will become a threat to humanity in the future; 35 percent said they somewhat believe it; 9 percent said they do not really believe it; and 3 percent said they do not believe it at all.
- 55 percent of respondents said that they believe there should be international regulations around AI development; 15 percent said they believe in the need for country-based regulations; 14 percent said they believe companies need to adopt their own rules; and 5 percent said they do not believe rules are necessary.
- 44 percent of respondents said that they are very concerned about information leaks following the uptick in fraudulent access to company IT systems; 33 percent said they are somewhat concerned; 13 percent said they are somewhat unconcerned; and 2 percent said they are not concerned at all.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	35.3 (-0.6)
Japan Innovation Party	2.7 (+0.4)
Democratic Reform Party	0.5 (N/A)
Democratic Party for the People	2.7 (-0.1)
Suffrage Party (Sanseitō)	2.6 (+0.1)
Team Mirai	1.2 (+0.4)
Japan Communist Party	2.6 (+0.1)
Reiwa Shinsengumi	0.3 (+0.1)
Japan Conservative Party	0.7 (± 0)
Social Democratic Party	0.3 (-0.3)
Constitutional Democratic Party	3 (-0.7)

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Komeito	2.3 (-0.2)
Independent (No Party)	38.5 (+0.9)