The Weekly Observer

November 9-13, 2026

The 250th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Foreign Minister Motegi's attendance at the G7 Foreign Ministers' Meeting, the GOJ's discussions on the strategic national security documents review, the Japan-Mexico foreign ministers' meeting, the GOJ reportedly lowering its defense spending requests due to budget constraints, the consumption tax cut debate in the Senate, the LDP-Ishin-DPFP agreement on reducing the number of House seats, the "K Program" revision plan, the yen depreciating once again to the ¥160 range, the current account surplus in the April-September period, and more.

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I. News of the Week

1. Motegi Attends the G7 Foreign Ministers' Meeting

- Minister for Foreign Affairs Motegi Toshimitsu attended the G7 foreign ministers' meeting from November 8-11 in Paris, France.
- Motegi participated in four sessions:
    - **Crises and International Challenges:** Motegi urged opposing unilateral changes to the status quo, coordination on North Korea, and economic security. The G7 condemned North Korea's nuclear and missile programs, urged resolving the abductions issue, and pledged to counter economic coercion.
    - **AI:** Motegi stressed human involvement, countering malicious AI use, the Hiroshima AI Process, and the importance of undersea cables. The ministers urged safe frontier AI development and stronger cable security through international cooperation.
    - **Stability in the Middle East:** Motegi voiced concern over Yemen, urged restoring free navigation through the Strait of Hormuz and Strait of Bab el-Mandeb, and backed U.S.-Iran talks. The ministers opposed transit costs and sought regional de-escalation.
    - **Support to Ukraine:** Motegi voiced concern over Russia's attacks, stressed Euro-Atlantic and Indo-Pacific security are inseparable, and ministers pledged continued support, including energy security and winterization assistance.
- The ministers issued a joint declaration following the series of meetings. The ministers reaffirmed support for Ukraine and pressure on Russia, condemned Iran's Hormuz obstruction, and opposed unilateral changes to the status quo in the Indo-Pacific and over Taiwan. They condemned North Korea's weapons programs, urged action on Sudan, Haiti, Cuba, Venezuela, and Gaza, and pledged cooperation on economic coercion, critical minerals, undersea infrastructure, and frontier AI.
- Prime Minister Takaichi Sanae participated online in the meeting on AI Security hosted by the French Government. She said that frontier AI brings opportunities but also risks like cyber attacks and loss of control, requiring international cooperation. She promoted the Hiroshima AI Process, Japan's AI Promotion Act review, AISI-led risk cooperation, and pledged to host an AI Summit soon.
- Motegi also held a series of bilateral talks with his counterparts from France, the United Kingdom, and Italy, stressing G7 unity and close partnerships. All agreed to

cooperate on Indo-Pacific issues, North Korea, and security. He also raised concerns over the European Union's Industrial Accelerator Act.

- Motegi also met with U.S. Secretary of State Marco Rubio, the first conversation between the two since the U.S. midterm elections. They agreed to advance security cooperation to strengthen alliance deterrence, maintain close communication on Indo-Pacific regional situations, and work together on international challenges, including issues related to the International Criminal Court.

2. Japan Weighs Historic Security Documents Review

- On Tuesday, the GOJ informed the ruling Liberal Democratic Party (LDP) and Japan Innovation Party (*Nippon Ishin no Kai*) members discussing the review of the three strategic national security documents that the revision will describe a "historic and fundamental transformation" with six transformations, including AI and a weakening rules-based order, and add "collective resilience" against economic coercion. *Nikkei* adds that official development assistance (ODA) would support partner countries' critical infrastructure development.

- The GOJ is reportedly considering keeping China as the "greatest strategic challenge" while avoiding the "threat" expression, continuing a deterrence and dialogue approach. Officials reportedly see tougher wording as diplomatically unhelpful, partly given Washington's China policy, though *Ishin*'s proposal sought "serious threat."

- The GOJ plans to center the revised National Defense Strategy on capability to "deny" adversaries' objectives, with four capabilities (unmanned assets, stand-off capabilities, integrated air and missile defense, sustainment) and four foundations. At a LDP meeting on Wednesday, members urged studying nuclear-powered submarines.

- On Saturday, Takaichi said that the documents' wording on the Three Non-Nuclear Principles has "room for consideration." The GOJ is reportedly weighing an explicit exception to "not allowing the introduction of" principle while maintaining the basis of the principles. Critics fear this will hollow out the principles.

- The GOJ is also considering including language on cybersecurity, with the JSDF capable of hunting cyber threats at critical infrastructure firms in peacetime, via the documents rather than legislation, and only with company consent or independent approval. *Asahi* reports that intelligence provisions will be expanded, amid concerns about surveillance.

- The documents are expected to expand outsourcing, use retirees, cut JSDF authorized strength from about 247,000, and consolidate regional headquarters. LDP-*Ishin* talks began on Tuesday, aiming for Cabinet approval in December.

3. Foreign Policy Developments

- On Friday, the Ministry of Foreign Affairs (MOFA) announced that Takaichi will travel to Manila, the Philippines, and Shenzhen, China, from November 16-19 for the ASEAN-related summit meetings and the APEC Summit. A key question is whether Takaichi meets Russian President Vladimir Putin during her travels, as Japan seeks the release of the detained journalist and Moscow's takeover of Japan Tobacco's Russia operations.

- The MOFA announced that President Keiko Sofia Fujimori Higuchi of Peru will pay a visit to Japan from November 19-20, while President José Antonio Kast Rist of Chile will pay an official working visit to Japan from November 19-21.

- Motegi and Mexican Foreign Secretary Roberto Velasco Alvarez met in Tokyo, agreeing to speed up establishment of a Japan-Mexico Committee and a High-Level Economic Dialogue. They also agreed to deepen economic security, energy, water, and consular cooperation, and to coordinate on regional and nuclear issues.

- Media reports suggest that a formal summit meeting between Takaichi and President Xi Jinping at the APEC Summit looks unlikely. China remains firm, demanding Takaichi retract her November 2025 remarks concerning Taiwan, while Japan seeks informal contact and says its 1972 communiqué stance remains unchanged.

- Japan is pursuing economic security across Asia, planning to launch an ASEAN partnership on advanced AI safety, aimed partly at Chinese AI models. It will lead a joint ASEAN oil stockpile from 2027 too. The GOJ will also seek "transparency" language in the APEC Summit declaration, with China in mind.

- On Monday, Takaichi and Vietnamese President To Lam met in Tokyo and issued a joint vision statement. The leaders agreed to advance economic security, rare earths, AI, LNG and gas power, energy reserves, and security cooperation. Japan remains a preferred partner for Vietnam's nuclear power program. Both sides agreed to continue nuclear development cooperation.

4. Security/Defense Developments

- *Mainichi* reported Friday that the GOJ's next five-year defense spending plan is likely to land at roughly ¥50-60 trillion, below the Ministry of Defense's (MOD) ¥70-80 trillion request, compared to the ¥43 trillion earmarked for the current period due to fiscal constraints. Takaichi is wary of large tax hikes alongside consumption tax cuts; corporate tax is the main funding option.

- *Asahi* reported Thursday that the GOJ is weighing a sharp rise in its host nation support for U.S. forces stationed in Japan starting FY 2027. It will consider increasing the burden about 1.4 times to over ¥300 billion a year, or roughly ¥1.5 trillion over five years. The United States is said to be seeking triple the current amount, over ¥3 trillion, so talks are likely to be difficult.

- On Wednesday, Minister of Defense Koizumi Shinjiro joined U.K. Defense Secretary Wes Streeting and Italian Defense Minister Guido Crosetto virtually to discuss the Global Combat Air Program (GCAP). They called it a unique link between the Indo-Pacific and the Euro-Atlantic, and reaffirmed their commitment to deepen trilateral cooperation on technology, industry, and people-to-people ties.

- On Tuesday, the MOD issued a press release regarding the Japan-U.S.-Australia-Philippines defense ministers' meeting held in Cebu on October 28. The ministers pledged to strengthen deterrence and interoperability and opposed unilateral, coercive actions in the East and South China Seas. They agreed to set up a Combined Coordination Center in the Philippines, align defense investments, and expand joint military exercises.

- The GOJ and Government of Sri Lanka signed and exchanged notes in Colombo for ¥1 billion in official security assistance (OSA), providing the Sri Lankan Navy with inflatable boats to boost maritime surveillance, law enforcement, and rescue capabilities. Meanwhile, the MOFA announced Monday that Japan will provide the Philippines with coastal surveillance radar under OSA, its first defense equipment transfer through the framework, as well as surveillance drones, to improve maritime monitoring and sealane safety. Delivery will take two to three years.

- On Monday, Koizumi met with Vietnamese Deputy Prime Minister and Minister of National Defense Gen. Phan Van Giang in Tokyo. They reviewed defense cooperation, including possible joint development of high-speed landing craft, and agreed to hold vice ministerial talks in December and keep working together for regional stability.

5. Consumption Tax Cut Bill Enters Senate Battle

- The consumption tax cut bill has entered deliberations in the Senate following passage through the House on November 6. The ruling parties lack a majority in the Senate, requiring votes from opposition parties to enact the bill to cut the consumption tax on food and beverages from 8 percent to one percent for two years.

- The priority for the LDP has been discipline, following former Prime Minister Ishiba Shigeru and three other lawmakers' abstention from the vote last week. The four lawmakers were reprimanded on Monday, with Obuchi Yuko and Furukawa

Yoshihisa stepping down as deputy chairs of the Tax Research Commission (Obuchi declined once but decided to resign). LDP Senate Secretary General Aoki Kazuhiko stressed that lawmakers must "stay within reach" of the chambers for the vote to prevent any abstentions like in the House.

- The LDP and *Ishin* aim to make concessions and win over Komeito or the Democratic Party for the People (DPFP) to secure a majority in the Senate. Komeito Chief Representative Okamoto Mitsunari called the bill "hollow" and signalled opposition, questioning the roughly ¥10 trillion revenue loss and unclear payment eligibility for the benefits program.

- Meanwhile, DPFP President Tamaki Yuichiro said Tuesday that the party still opposes the bill and demanded a resident tax cut. The DPFP's counter-bill was submitted to the Senate on Wednesday. On November 15, Tamaki indicated that the party may support the bill if the resident tax cut is implemented in FY 2029.

- The GOJ and ruling parties aim to enact the bill in early December ahead of the December 12 end of the Diet session. It is not guaranteed that the bill will be enacted, as the forty-member special committee in the Senate could veto it given the opposition parties hold twenty seats to the ruling parties' nineteen. No bill has been enacted despite a veto in a special committee since 1979.

- On Friday, Takaichi disclosed concrete figures for the income-tied benefits program for the first time, stating that eligibility would widen from 30 percent to at least 50 percent of Japanese workers. The base payment would be about ¥25,000, with fixed and child components of about ¥5,000 each, and up to ¥60,000 for a couple with two children.

6. Key Political Developments

- On Friday, the Cabinet approved ¥651.9 billion from a Middle East contingency reserve fund for winter utility subsidies, covering December 2026 to February 2027. The aid aims to cut a typical household's bills by about ¥7,000, including ¥130 billion for local governments. About ¥84 billion remains in the reserve fund.

- A GOJ expert panel largely finalized revised implementation guidelines for the Specified Skilled Worker and the Employment for Skills Development visa program starting in April 2027. Hospital and care facility catering reopens under food manufacturing, with twenty thousand nursing care slots shifted to skilled workers. The Cabinet plans to approve the revised guidelines by the end of the year.

- Under the "Japanese DOGE" drive, the GOJ's budget review on Thursday and Friday flagged about ¥230 billion that could be returned from four funds including for

economic security and biotechnology, with proceeds eyed for the FY 2027 budget. Separately, the ruling parties plan to scrap three ineffective tax breaks, including a gift tax exemption for marriage and childcare funds.

- On Thursday, the ruling parties and the DPFP agreed on a bill cutting thirty-one proportional representation seats in the House. It switches seat allocation to the modified Sainte-Laguë method, merges the Chugoku and Shikoku blocs, and was submitted to the House for deliberations in the Special Committee on Political Reform starting next week.

- The House Commission on the Constitution debated Article Nine and the JSDF. The LDP urged explicitly writing the JSDF into the Constitution, while opposition parties doubted the proposal's effectiveness. DPFP President Tamaki noted that the LDP and *Ishin* disagree on the second paragraph of Article Nine. Meanwhile, *Sanseitō* called for fundamental revision of the Constitution.

- On Tuesday, the House began deliberations on a bill tightening land transaction rules near key security facilities. It would require permits, regardless of nationality, in zones around important JSDF bases and remote border islands, with foreign government-linked buyers generally denied purchases. Minister in charge of a Society of Well-Ordered and Harmonious Coexistence with Foreign Nationals Onoda Kimi said that permit statistics may be published for public viewing.

7. Economic Security and Tech Developments

- On Friday, the Ministry of Economy, Trade and Industry (METI) began reviewing penalties for trade secret leaks, as current sentences fall far below the legal maximum of ¥20 million for individuals and ¥500 million for companies. Arrests have nearly doubled since 2019 and the Japan Business Federation (*Keidanren*) urges stricter enforcement given the economic security risks,

- On Thursday, the GOJ outlined reforms to the "K Program" (Economic Security Key and Advanced Technology R&D through Cross Community Collaboration Program), creating three support tiers: implementation acceleration, exploratory development, and large-scale national projects. Targets include vulnerability detection using AI, satellite technologies, and rare earth development off Minamitorishima, with the new program due by the end of FY 2026.

- *Nikkei* reported that the METI is considering a system to temporarily nationalize critical civilian facilities, such as chemicals and casting plants, when aging equipment threatens supply. The GOJ would fund upgrades, have the original firm operate the plant, and return it later, aiming to preserve domestic production especially amid Chinese export controls.

- On Tuesday, the Ministry of Internal Affairs and Communications (MIC) announced the establishment of an expert panel to discuss blocking access to websites that publish leaked personal data after cyber attacks. It will examine legal issues, including conflict with constitutionally protected "secrecy of communications," with an interim report due early next year and a finalized version by the end of 2027.

- The Japan-U.S. university and industry program UPWARDS, which includes Tohoku University, Tokyo Electron, and Micron, announced a joint initiative with the Ministry of Education, Culture, Sports, Science and Technology's (MEXT) enSET project. It aims to develop semiconductor talent through shared facilities, practical curricula, doctoral support, and study abroad opportunities in the United States.

- On Monday, Mitsui Chemicals announced that it will acquire semiconductor materials maker JSR from state-backed fund Japan Investment Corporation (JIC), jointly with the Development Bank of Japan, for ¥1.84 trillion including debt. It is Japan's largest chemical industry deal and a significant step to reorganize the domestic chip materials industry, targeted to be finalized in late FY 2027. It will also be JIC's first major exit from an investment project.

8. Key Economic/Financial Developments

- *Nikkei* reported Saturday that Nippon Export and Investment Insurance (NEXI) will host a summit meeting in Tokyo on November 16 bringing together Berne Union members, including about thirty-one export credit agencies, adopting a first-ever joint statement. They will deepen cooperation and share risks with private insurers on large energy, critical minerals, and AI projects amid tariffs and Middle East instability.

- On Thursday, the yen fell back to around ¥160 to the dollar, raising fears of renewed intervention by the government and central bank. Minister of Finance Katayama Satsuki and Vice Minister of Finance for International Affairs Mimura Atsushi issued warnings, citing the summer's coordinated Japan-U.S. action. Ministry of Finance (MOF) data showed ¥15.4 trillion in yen-buying intervention between July 30 and August 3 and a record daily amount on July 30.

- The METI and MOFA issued a press release on a Japan-U.S. joint statement regarding seabed mineral development, building on their October 2025 critical minerals framework and a March 2026 memorandum of cooperation. The two countries plan to deepen industry partnerships, secure trusted processing capacity, protect sensitive technologies, share research and regulatory practices, and promote predictable rules to encourage private investment.

- On Wednesday, the GOJ convened its Council on Economic and Fiscal Policy, presenting data showing that the economy is at record highs since Takaichi took

office: nominal GDP of ¥689 trillion, corporate profits of ¥37.7 trillion, and tax revenue of ¥84.2 trillion. Wages are rising and the primary deficit has nearly closed. The draft growth strategy approach presented targets seventeen strategic sectors with five years of multi-year, KPI-tracked investment.

- On Monday, METI Minister Akazawa Ryosei and Vietnamese Minister of Industry and Trade Le Manh Hung met for the Eighth Meeting of the Joint Committee on Cooperation in Industry, Trade and Energy. Bilateral trade between the two countries topped $50 billion in 2025 and is on track for about $60 billion. They agreed to cooperate on supply chains, critical minerals, LNG and gas power, nuclear power, and trade facilitation.

9. State of the Economy

- On Thursday, the Bank of Japan (BOJ) announced that the corporate goods price index (CGPI) in October rose 7.1 percent year-on-year to 136.8, exceeding forecasts. Higher crude prices from the prolonged U.S.-Iran conflict lifted petroleum products 15.9 percent and chemicals 15.5 percent. AI demand lifted non-ferrous metals and ICT equipment, while agricultural products fell 25 percent on lower rice prices.

- The BOJ announced that import prices in October rose 24.8 percent year-on-year, the first widening in four months, driven by a rebound in crude oil. Terms of trade worsened to 83.1, adding pressure on the yen, which slid toward ¥159.5 to the dollar. Analysts say oil's direction, tied to U.S.-Iran talks, will shape the yen.

- On Tuesday, the MOF announced that the current account balance in April-September slipped 0.4 percent to a ¥17.1 trillion surplus. The trade balance swung to a ¥1.07 trillion deficit as Middle East disruption raised crude replacement costs and primary income fell 2.5 percent. Tourism and intellectual property receipts rose, though Chinese visitors halved.

- The MIC announced that household spending in September fell 6.8 percent in real terms year-on-year, the steepest drop since September 2020 and the tenth straight month in decline, as inflation and bad weather hit food, clothing and travel. Last year's one-off boosts from the Osaka Expo 2025 and pre-reform hometown tax donations also weighed. Worker incomes rose 0.9 percent in real terms.

- Tokyo Shoko Research announced that corporate bankruptcies in October fell 3 percent year-on-year to 934 companies, the second straight monthly decline. The number of bankruptcies among large companies rose, including toy retailer Toys"R"Us Japan at ¥13.2 billion. Labor shortage failures rose 35 percent to 50 percent, while the 418 bankruptcies this year due to labor shortages already exceeded last year's record. Elderly care and *izakaya* businesses were hit the hardest.

- On Monday, the Cabinet Office announced that Japan's coincident economic index in September rose 0.7 points to 119.5, the first gain in two months, as auto production recovered after the Kumamoto earthquake and chip equipment output was strong. The assessment stayed at "showing improvement." The leading index fell 1.6 points, while the lagging index hit a record high.

II. Public Opinion Poll

- An NHK poll released on Monday found that the Takaichi Cabinet's approval rating was 53 percent, up two points from October, while disapproval remained at 32 percent.
    - 33 percent of respondents said that they support the Cabinet because it seems better than the alternatives; 28 percent said because it has executive ability; and 16 percent said because they have high hopes for its policies.
    - 43 percent of respondents said that they do not support the Cabinet because they have no hopes for its policies; 24 percent said because they do not trust the prime minister; and 11 percent said because it does not include a party they support.
    - 46 percent of respondents said they oppose the consumption tax cut and income-tied benefits program, while 36 percent said they support it.
    - 37 percent of respondents said that they are somewhat dissatisfied with the GOJ's explanations about the consumption tax cut and benefits program; 29 percent said they are somewhat satisfied; 22 percent said they are very dissatisfied; and 4 percent said they are very satisfied.
    - 47 percent of respondents said that they somewhat approve of the GOJ's utility subsidies for the winter; 22 percent said they somewhat disapprove; 17 percent said they strongly approve; and 8 percent said they strongly disapprove.
    - 37 percent of respondents said that they somewhat disapprove of the GOJ's gradual phasing out of gasoline subsidies; 29 percent said they somewhat approve; 22 percent said they strongly disapprove; and 5 percent said they strongly approve.
    - 59 percent of respondents said that they support the proposal to reduce thirty-one seats in the House, while 25 percent said they oppose it.
    - 51 percent of respondents said that they believe the results of the U.S. midterm elections were desirable, while 7 percent said they believe it was undesirable.
    - 32 percent of respondents said that they somewhat approve of the GOJ's China policy; 24 percent said they somewhat disapprove; 20 percent said they strongly approve; and 15 percent said they strongly disapprove.
    - 41 percent of respondents said that they are very concerned about the misuse of personal information resulting from data breaches; 32 percent said they are somewhat concerned; 14 percent said they are not so concerned; and 5 percent said they are not concerned at all.

    - 35 percent of respondents said that they somewhat disapprove of the GOJ's response to the series of fraudulent access and personal information leaks; 31 percent said they somewhat approve; 16 percent said they strongly disapprove; and 6 percent said they strongly approve.

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

Political Party	**Approval Rating (%)**
Liberal Democratic Party	35.9 (+0.6)
Japan Innovation Party	2.4 (-0.3)
Democratic Reform Party	0.4 (-0.1)
Democratic Party for the People	3.4 (+0.7)
Suffrage Party (Sanseitō)	3 (+0.4)
Team Mirai	0.9 (-0.3)
Japan Communist Party	2.8 (+0.2)
Reiwa Shinsengumi	0.6 (+0.3)
Japan Conservative Party	1 (+0.3)
Social Democratic Party	0.3 ($\pm$0)
Constitutional Democratic Party	3.5 (+0.5)
Komeito	1.3 (-1)
Independent (No Party)	37.1 (-1.4)