

The Weekly Observer

October 26-30

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

Japan and Germany Agree to Be "Premium Partners"

On Wednesday, **Prime Minister Takaichi Sanae and German Chancellor Friedrich Merz agreed to call their countries "premium partners."** They signed around **thirty cooperation memoranda**, voiced hopes for **defense industry cooperation** including drones, and confirmed an early **"2+2" meeting**.

Joint declarations on technology and economic security create a high-level AI dialogue, deepen **6G and nuclear fusion** cooperation, and express **"serious concern" about economic coercion**, apparently aimed at **China**. Takaichi objected to the **German-French plan to exclude Japanese EVs from EU incentives**, though the joint statement only pledged policy cooperation.

Merz also **signaled openness to fighter jet cooperation.** METI and Germany's economy ministry signed declarations on **critical minerals, semiconductors and clean hydrogen.**

Three-Party Agreement on 31-Seat Reduction in the House

On Thursday, the ruling **Liberal Democratic Party** (LDP) and **Japan Innovation Party** (*Nippon Ishin no Kai*) agreed with the **Democratic Party for the People** (DPFP) to **cut thirty-one House seats**, scaled back from an initial forty-five seat proposal to reflect a projected 6.7 percent population decline by 2030.

Proportional seats will be allocated using a **modified Sant-Laguë method**, which **favors small and medium-sized parties**, and parties will be able to **combine their candidate lists under a "unified ballot" system.**

The **LDP's share of House seats would edge up from 71 to 72 percent** despite losing fourteen seats. The **DPFP praised the changes** as suited to a multiparty landscape.

Some in the ruling parties wanted to keep the original plan, but they compromised to ensure passage absent a Senate majority.

THIS WEEK IN NUMBERS

Cabinet Approval



62% (+/- 0 pts.)

31% (-2 pts.)

Nihon Keizai Shimbun (October 26)

State of the Economy

Monthly Economic Report (Oct.):
Maintained assessment that economy is "recovering at a moderate pace"

Corporate profit assessment changed for 1st time in 34 months to "improving"

Labor Statistics (Sept.):
Jobs-to-applicants ratio: 1.19x (+0.01 pts.)
1st increase in 3 months
Unemployment: 2.4% (-0.1 pts.)

Services Producer Price Index (Sept.):
115.5 (+3.7% from Sept. 2025)
Up from 3.5% growth in August