

JAPAN 2025: EXTERNAL SHOCKS, DOMESTIC TURBULENCE AND THE RISE OF

TAKAICHI SANAE<sup>1</sup>

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*This article analyses the political «turbulence» that defined Japan's domestic and international landscape throughout 2025. Domestically, the period was characterized by an unprecedented crisis for the Liberal Democratic Party (LDP), which, for the first time since 1955, lost its majority in both houses of the National Diet following a decisive defeat in the Upper House election. The study examines how this setback, coupled with economic pressures such as rising inflation driven by increased rice prices, undermined the government's legislative capacity and contributed to record-low popularity. Central to this investigation is the role of influential LDP veterans and hawkish factions in unseating Prime Minister Ishiba Shigeru to facilitate a shift toward a more conservative posture of the party and the cabinet under Takaichi Sanae.*

*The election of Takaichi, Japan's first female prime minister and an ideological heir to Abe Shinzō, marked a significant change in the party's internal «organization» and strategic direction. Her commitment to an expansionary fiscal policy is analyzed in relation to the resulting friction with the Bank of Japan. Furthermore, the paper explores the «normalization» of Japan's security policy amidst regional tensions and the return of Donald Trump to the U.S. presidency. By evaluating the shifting rationality behind these policies—moving from a focus on China's rise to concerns over the U.S. commitment to regional defence—the article highlights how Japan continues to follow in «Abe Shinzō's footsteps».*

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## 1. *Introduction*

The year in review was a turbulent one for Japan, both domestically and internationally, marked by unpredictability in political processes and rapid shifts in geopolitical realities, which placed the Liberal Democratic Party (LDP) in an unprecedented crisis that demanded significant adaptation to ensure its survival. This chapter primarily examines the LDP's crisis during Ishiba Shigeru's leadership and the October 2025 election of Takaichi Sanae, which signalled the start of the party's political recovery.

Japan's domestic affairs in 2025 were characterized by the prolonged turbulence stemming from the snap election called by Ishiba Shigeru in 2024, in which the LDP and its junior coalition partner, Kōmeitō, failed to secure a parliamentary majority. This electoral setback substantially weakened the coalition's capacity to shape and pass key legislation, which became apparent in the deliberation of the 2025 state budget. The political power of the LDP further deteriorated following the decisive defeat of the party in the Upper House election held on 20 July.

For the first time since its inception in 1955, the LDP lost its majority in both houses of the National Diet. Conversely, fringe right-wing parties, such as Kamiya Sōhei's Sanseitō, emerged as significant political contenders, surpassing more established opposition parties and securing the requisite number of seats to sponsor draft legislation. This electoral outcome triggered an intra-party crisis, ultimately leading to Prime Minister Ishiba Shigeru's resignation in early September and the subsequent election of Takaichi Sanae as LDP President, making her the country's first female prime minister.

Despite a radically transformed political landscape since 2022—characterized by a delegitimized LDP grappling with internal divisions and numerous scandals [Pugliese & Wallace 2023; Pugliese & Zappa 2024], alongside the rise of populist parties like Sanseitō and the Democratic Party for the People (DPFP)—conservative hardliners within Japan's largest party have far from disappeared. On the contrary, throughout the year under review, they leveraged Ishiba's perceived ineffectiveness and indecisiveness to reclaim their influence.

Under the strategic leadership of veteran LDP figures Asō Tarō and Motegi Toshimitsu, these factions regrouped under Takaichi. They integrated emerging hawkish leaders, such as Kobayashi Takayuki, to form a new ruling bloc within the

LDP in opposition to the Ishiba-Kishida-Suga alliance [see Yamamoto & Zappa 2025]. Against this backdrop, the return to active politics of former Abe-faction leaders—including Hagiuda Kōichi and Nishimura Yasutoshi, following their temporary suspension over the 2023 slush fund scandal [Pugliese & Zappa 2024]—proved instrumental in Takaichi's 2025 victory. Her commitment to reinstating an expansionary fiscal policy, in contrast to the purportedly austerity-driven Ishiba administration, created friction between the cabinet and the Bank of Japan (BOJ), yet yielded significant public support for the newly installed administration.

Japan's international affairs in 2025 were influenced by two key events: the return of Donald Trump as the 47th President of the United States in January; and the LDP election of Takaichi Sanae as prime minister, a former protégé and ideological ally of Abe Shinzō, who succeeded Ishiba Shigeru in October.

These developments, while significant, have not altered the trajectory Abe successfully embedded at the core of Japan's strategic thinking: the «normalization» of its foreign and security policy to address the increasing geopolitical tensions in the region. The normalization process entails a gradual abandonment of Japan's postwar anti-militarist stance and the adoption of *Realpolitik* as the country's primary guiding principle in international affairs [Pugliese & Patalano 2020]. Also in 2025, nothing indicated that Japan is deviating from following «Abe Shinzō's footsteps» [Pugliese & Zappa 2024].

What has changed is the underlying rationale for adopting a more robust security policy. While it was previously driven mainly by China's rise, it has increasingly centred on concerns about the U.S. commitment to defend Japan, which was once regarded as the unquestionable bedrock of the country's security structure. Consequently, two distinct approaches emerged, represented by Ishiba and Takaichi, reflecting their differing views on the U.S.'s role in the country's strategic outlook. Ishiba believed that Japan should not rely fully on the U.S. in its foreign and security policy and needed to hedge, whereas Takaichi saw the alliance as indispensable and believed that everything must be done to maintain it. The part analysing Japan's foreign policy in 2025 is mainly structured around Prime Minister Ishiba's approach, which is then contrasted with Takaichi's own posture, emerged more clearly after she took office in October 2025.

## *2. Domestic Affairs and Economic Policy*

### *2.1 The battle never ends: Ishiba on the barricades*

As illustrated in the previous issue of this journal, Ishiba Shigeru has been a divisive figure since his ascension to the LDP leadership. Following his

predecessor Kishida Fumio's plan to rebuild public confidence in the party—which had been severely eroded by the Unification Church and kickback scandals of 2022 and 2023—Ishiba alienated significant factions within his own party. This was particularly evident among the conservative right wing, represented by party heavyweight Asō Tarō and Takaichi Sanae, due to his conciliatory posture toward the opposition following the 2024 general election [Yamamoto and Zappa 2025].

In this context, the October 2024 election results undeniably dealt an initial blow to the new cabinet, both within and outside the LDP, despite a relatively positive reception of the Ishiba administration by the Japanese public [see Yamamoto & Zappa 2025; NHK Senkyo Web, n.d.]. However, having failed to secure a majority in the Lower House, Ishiba was forced to form a minority government with the backing of the LDP's long-standing ally Kōmeitō. Nonetheless, at this juncture, the LDP had to hand over the control of several parliamentary committees, including the one responsible for reviewing the annual state budget to the primary opposition party, the Constitutional Democratic Party (CDP).

Deliberations on the cabinet-approved draft budget commenced with the opening of the Diet session in late January and continued until early March before the document was sent to the Upper House. In his inaugural policy speech, Ishiba outlined his vision for a «pleasant Japan» (*tanoshī Nippon*), a new plan for the «remodelling of the Japanese archipelago» inspired by his political mentor, Tanaka Kakuei. Ishiba's agenda was articulated through several key pillars, including the promotion of technology and innovation-led revitalization of rural areas; investments in green and digital transitions to develop infrastructure for a «new era» (*shinjidai no infura seibi*) and enhanced disaster preparedness; the strengthening of public finance to sustain burgeoning social security and healthcare costs; the prioritization of public and private investment in high-value-added sectors and increased wages across all industries; the adoption of a multi-directional foreign policy focused on proactive engagement with China; the enhancement of Japan Self Defense Forces (JSDF) capabilities, including the expansion of human capital; and political reforms, specifically the introduction of new legislation regarding political donations.

Given the constraints of his minority government, and in line with his political trajectory [see Yamamoto & Zappa 2025], Ishiba concluded by calling for sincere cross-party discussions, particularly concerning the 2025 budget, fiscal reforms, and education. The prime minister pledged to make every effort to clarify the cabinet's positions to persuade Diet members and secure their approval [Prime Minister's Office of Japan 2025, 24 January].

Notwithstanding these efforts, for the first time in 29 years, the initially proposed budget was amended by committee members in a historic shift in

parliamentary custom. The decision by committee chairperson Azumi Jun (CDP) to establish a new review methodology—examining the budget on a ministry-by-ministry basis to curtail excessive spending—reportedly hindered the rapid passage of the draft budget through the House [Harris 2025, 25 January]. Furthermore, the majority decision by committee members from the CDP and Kōmeitō to hold a hearing for Matsumoto Junichirō, the former chief accountant of the LDP’s Abe faction, regarding the 2023 kickback scandal, caused additional delays in the review process and further incensed elements within the LDP [Izumi 2025, 18 February; Yomiuri Shimbun 2025, 27 February]. Ultimately, the budget committee’s proposed amendments resulted in a nearly €2-billion reduction from the minority coalition government’s original proposal. This outcome underscored a rare institutional asymmetry between the cabinet and the Diet, highlighting the fragile position of the Ishiba administration [Yamazaki 2025, 28 February; Akimoto 2025, 2 April].

## *2.2 Towards new political arrangements*

In light of the aforementioned developments, the cabinet’s political energy during the first half of 2025 was primarily consumed by domestic efforts to secure the passage of the annual budget through the Diet. The bill, totalling a record ¥115.2 trillion (€622.5 billion), was approved on March 31, shortly before the commencement of the new fiscal year. Notably, the government’s draft budget featured increased allocations for social security (€206 billion) and defence (€45.8 billion), alongside a growing commitment to regional revitalization (€1.08 billion), disaster prevention (€78.9 million), and next-generation semiconductor development (€708 million) [Ministry of Finance 2024, 27 December].

In a historic precedent, the budget proposal underwent a second review by the Upper House budget committee, requiring the government to revise it before its final ratification. Following the bill’s passage, Prime Minister Ishiba publicly expressed his appreciation for a budget he described as the product of «earnest deliberations and revisions», reflecting the full exercise of both the Diet’s and the Government’s respective roles [Prime Minister’s Office of Japan 2025, 31 March]. Inter-party negotiations regarding the budget also provided the LDP with an opportunity to expand its governing coalition to include the *Ishin no Kai* (Japan Innovation Party, JIP)—a party with a conspicuous support base in the greater Ōsaka metropolitan area. As will be detailed below, this strategic realignment significantly influenced the formation of political alliances later in the year.

Indeed, for the first time since entering national politics in 2012, the JIP voted in favour of the cabinet’s budget draft. This support was secured after the LDP agreed to incorporate provisions for education subsidies to reduce child-rearing

costs and expand educational opportunities for Japanese students. This marked a pivotal moment for the realization of a long-standing LDP-Kōmeitō policy objective to reduce schooling fees across all levels of education [AERA 2017, 12 October; Kōmeitō n.d.]. Commencing in fiscal year 2025, the government will provide €2.7 billion in annual subsidies to families with children in school, notably without income caps. However, given that Japan trails other OECD nations in public education funding, observers caution that these projected annual subsidies may ultimately disproportionately benefit private institutions to the detriment of an already struggling public education system [Shiga 2025, 16 May].

Furthermore, in addition to the education subsidies, the minority government secured JIP support for the politically sensitive decision to review the monthly co-payment cap on the high-cost medical expense benefit system (*kōgaku ryōyōhi seido*). This reform requires patients undergoing long-term, costly treatments to pay higher out-of-pocket sums—ranging from 2.7% to 10% based on income—before becoming eligible for financial assistance. The measure was deemed urgent to address burgeoning healthcare costs, which, as of 2023, amounted to over €450 billion, or 11% of the national GDP [World Health Organization, n.d.]. Nevertheless, faced with resistance from within the LDP, sections of the opposition, and patient advocacy groups, Prime Minister Ishiba was forced to back down and to announce that the implementation phase of the reform was postponed until September 2025 [Prime Minister’s Office of Japan 2025, 1 April]. In December 2025, the Ministry of Health, Labour and Welfare eventually resolved to implement the increase in the out-of-pocket payment cap starting in the summer of 2026, despite persistent uncertainty regarding the measure’s social sustainability [Mainichi Shimbun 2025, 4 March; Otake 2025, 16 December].

Setting aside the aforementioned political challenges, cooperation—albeit intermittent—between the ruling minority coalition and the opposition emerged on several occasions throughout the year under review. Notable instances include the ruling coalition’s decision to raise the taxable income threshold from ¥1.03 million (approximately €5,570) to ¥1.6 million (approximately €8,660). This move partially reflected the policy objectives of the Democratic Party for the People (DPFP), which had achieved significant success among younger voters—primarily urban, non-regular employees—in the 2024 Lower House election [Yamamoto & Zappa 2025, p. 96].

### *2.3 Across-the-aisle cooperation and the (short-lived) prospects for a national unity government*

Furthermore, cross-party collaboration was instrumental in the enactment of two significant legislative measures: first, a Cyber Defence Act authorizing the

government to monitor the internet and neutralize potential cyberattacks during peacetime; and second, a pension system reform aimed at revising basic pension levels and extending coverage to part-time workers [Suzuki 2025, 16 May; Harris 2025, 31 May; The Mainichi 2025, 17 September]. The former measure is particularly relevant, as it resulted from a temporary alignment between the minority government and the largest opposition parties (the CDP, JIP, and DPFP), excluding the Japanese Communist Party and Reiwa Shinsengumi. This new legislation enabled the government to consolidate its oversight of digital communications by collecting and analyzing relevant metadata—such as IP addresses and transmission timestamps—and establishing a more robust surveillance system for communications involving foreign entities.

An early draft of the bill had been presented to the prime minister in November 2024 by a group of lawmakers led by Kobayashi Takayuki, then-chair of the LDP's research commission on economic security [Jimintō, 2024, 7 November]. Notably, the enactment of this law was also consistent with Takaichi's political agenda. Following Ishiba's victory in the October 2024 LDP presidential election, Takaichi had maintained a relatively low profile [Yamamoto & Zappa 2025], serving as chair of the LDP research commission on public safety, counterterrorism, and cybercrime. Previously, during her tenure as Minister of Economic Security in the Kishida administration, she had advocated for the establishment of a Cybersecurity Agency under the jurisdiction of the Prime Minister's Office [Yomiuri Shimbun 2024, 21 May].

Beyond the aforementioned cross-party cooperation, a significant policy convergence on cybersecurity also emerged within the LDP itself. Ishiba proved receptive to the policy recommendations of the party's more hawkish factions, represented by Kobayashi and Takaichi, and subsequently launched the Cybersecurity Headquarters in early July. This new agency, established under the Prime Minister's Office, was tasked with coordinating inter-ministerial efforts to draft a comprehensive cybersecurity strategy capable of addressing emerging and severe threats to national security [Prime Minister's Office of Japan 2025, 1 July].

Under these circumstances, as reported by Tobias Harris, key LDP figures—including former Prime Minister Kishida Fumio—alluded to the concept of forming a grand coalition government as «logical» (*rikutsu no aru*), despite the enduring political disparities between the CDP and the LDP. However, it is hypothesized that this issue may have exacerbated frictions between Kishida, a supporter of the Ishiba administration, and Asō Tarō and Motegi Toshimitsu, the two other most influential LDP veterans, who favoured a conservative LDP-JIP alliance. Following the Upper House election in particular, Asō and Motegi gradually shifted their support toward internal movements aimed at unseating Ishiba, eventually backing Takaichi in her ascent to power [Harris 2025, 31 May].

Nonetheless, the minority government and the opposition remained at an impasse over two significant policy items: first, draft legislation concerning political campaign contributions; and second, the proposal to amend the Civil Code to allow married couples to maintain separate surnames. Both issues carried profound implications for the balance of power within the LDP and the broader ruling coalition. Notably, the Kōmeitō actively advocated for a draft law that would, among other provisions, require donors to direct funds to party headquarters or local organizations rather than to individual politicians. In March, the prime minister deemed the proposal—jointly drafted by Kōmeitō and DPFP lawmakers—as «virtually unacceptable», while officially remaining open to further negotiations [Nihon Keizai Shimbun 2025, 25 March].

#### *2.4 Ishiba's gradual downfall*

Despite his 2024 campaign pledge to rebuild trust in politics following the 2023 slush fund scandal, Ishiba himself came under intense scrutiny from both the LDP and the opposition. This followed revelations that the prime minister had distributed fifteen 10,000-yen (approximately €54) coupons to young LDP lawmakers during a dinner at the Prime Minister's official residence in early March 2025. Lawmakers from across the political spectrum accused Ishiba of contributing to the further alienation of Japanese voters. In response, the prime minister reaffirmed that these donations were made out of his own pocket and were not subject to the Political Funds Control Act [TBS News Dig 2025, 14 March]. Regardless of Ishiba's reassurances, the cabinet's approval rate dropped by eight points in March to 36%, while public dissatisfaction rose by 10% to reach 45% compared to the previous month [NHK Senkyo Web n.d.].

By the end of the Diet session in July, the issue of political funding remained unresolved. Meanwhile, the Lower House Budget Committee voted in favour of a proposal to summon former Abe-faction leaders involved in the 2023 kickback scandal to testify before the committee. Between April and May, Sekō Hiroshige and Shimomura Hakubun, two prominent former Abe-faction figures, agreed to testify, but did not provide new evidence regarding the scandal. Following Shimomura's hearing, the liberal «Asahi Shimbun» criticized lawmakers for adopting sporadic initiatives to establish the truth and for failing to fulfil the mission of restoring public trust. The newspaper attributed this failure to the parties' seemingly irreconcilable differences in approach and urged the LDP and opposition parties to cooperate more effectively toward building a consensus [Asahi Shimbun 2025, 30 May].

Naturally, internal movements within the LDP to unseat Ishiba had emerged well before the summer of 2025, specifically prior to the electoral debacle of the

July Upper House election. Elements within the ruling party had openly criticized the government's foreign policy and other legislative proposals, including an amendment to the Civil Code that would allow married couples to maintain their individual family names. While the Kōmeitō and the CDP expressed support for the reform, the LDP—particularly influential figures from the party's right wing—remained deeply divided on the matter. Aware of this internal resistance, Ishiba nonetheless urged his party in late January to accelerate discussions and reach a compromise as expeditiously as possible [Kyōdō 2025, 27 January].

In early February, during a meeting of the «Sōsei Nippon» (Create Japan) parliamentary alliance—attended by prominent LDP conservatives such as future premier Takaichi, Kobayashi Takayuki, and former Abe-faction leader Hagiuda Kōichi—social unrest was identified as a major risk factor associated with permitting separate surnames for married couples. Specifically, the group's chairperson, Nakasone Hirofumi, emphasized the need for clarity regarding the practical implications of the measure and warned of potential divisions within the LDP over an issue that concerns the very «foundations of the nation» [Imanaka 2025, 5 February].

Prior to this meeting, LDP conservatives had utilized their personal social media platforms to voice their opposition to Ishiba's proposal. For instance, in the spring of 2024, Takaichi—Ishiba's primary contender in that year's presidential race—posted a video on her YouTube channel arguing that Japanese citizens could already request that public and private institutions (such as banks) issue individual documents (IDs, passports, and bank passbooks) featuring both married and maiden names without necessitating a reform of the Civil Code [Takaichi Sanae Channel 2024, 6 July]. Subsequently, in January 2025, Kobayashi used the same platform to point out that more pressing issues required the government's attention, such as economic revitalization and national security [Kyodo 2025, 25 January].

Currently, Japan remains the only country in the world where married couples are legally required to adopt a single surname—either the groom's or the bride's—which is then recorded in the family register (*koseki*). Despite recent data from the Ministry of Justice indicating that a majority of the Japanese public favoured the introduction of measures allowing individuals to maintain their own family names, and notwithstanding two ministerial-level proposals formulated between 1996 and 2010, such reforms have never successfully reached the Diet [Ministry of Justice n.d.].

As the two cases illustrated above suggest, the cabinet's perceived political inertia was partially a result of internal opposition and growing discontent with the LDP's internal organization, spanning issues from domestic policy to diplomacy [Kyōdō 2025, 11 January]. In Tobias Harris's view, these early attacks on Ishiba and his cabinet from within the party were part of a concerted attempt by the LDP

right wing to delegitimize the prime minister and lay the groundwork for an early leadership election ahead of the scheduled Upper House election [Harris 2025, 4 February]. At the same time, it is undeniable that, particularly following the Upper House election in July, Ishiba served as a scapegoat for his party's inability to reform itself, sever its ties with discredited religious movements such as the Unification Church, and initiate policies capable of reversing the country's enduring economic decline [Yamada et al. 2025, July 29].

The prospect of an early LDP presidential election and the subsequent resignation from the administration's top post even prevented Ishiba from releasing an official statement on the 80th anniversary of the end of World War II in August 2025. In his final act as prime minister on October 10, Ishiba issued a personal reflection on the event, emphasizing his desire to uphold the positions of his predecessors since the 1995 Murayama Statement. This landmark statement was the first to acknowledge the «mistaken state policies» that led to Japanese military aggression and colonial exploitation of its Asian neighbours during the 1930s and 1940s. Illustrating the systemic dysfunctions of the state in imperial Japan, Ishiba warned of the risk that history would repeat itself if politics and civil society abandon their roles as watchdogs against government overreach and trends toward remilitarization. Quoting his political mentor, Tanaka Kakuei, Ishiba emphasized the need for improved historical education for younger generations, urging the Japanese people to «confront history directly» to ensure a brighter future [Prime Minister's Office of Japan 2025, 10 October].

### *2.5 Trump and rice: Japan's 2025 «twin shocks»*

The LDP's internal difficulties were further exacerbated by two shocks: one external and one domestic.

First, in early April, during the so-called «Liberation Day», the Trump administration announced a 24% baseline tariff on exports from Japan, triggering what Ishiba publicly described as a «national crisis» [Moriyasu & Pak 2025, 3 April; Harris 2025, 7 April]. This was a shocking announcement, given the U.S. position as Japan's largest export market. The consequence of the new tariff would have imposed a considerable burden on the Japanese economy, which was already heavily suffering from the drastic yen devaluation that began in 2021. Moreover, the White House's announcement came only weeks after Prime Minister Ishiba, during his inaugural trip to Washington and meeting with U.S. President Donald Trump, had pledged to support an increase in Japanese private investment in the U.S. economy—to a total of \$1 trillion—and welcomed the beginning of a «new golden age» of U.S.-Japan relations [Tere Tō BIZ 2025, 8 February].

Prime Minister Ishiba saw the announcement as a «national crisis» leading to «battle for national interests» while Chairman of the LDP's Policy Research Council, Onodera Itsunori, described it as «very disrespectful», which made him feel «strong resentment» [Ward 2025, 27 July; Morioka 2025, 11 July].

The April «Trump shock» immediately impacted negatively on the Nikkei Stock Average, causing it to drop by 4.5% to 34,100—its lowest level since August 2024—and further reverberated across major Asian stock exchanges. Experts also warned that the newly introduced U.S. trade policy could reduce Japan's nominal and real growth by 0.6% within a relatively short period [Kim & Nagumo 2025, 3 April]. Indeed, the total value of Japanese exports in May 2025 declined by 11% compared to the previous year; specifically, the value of automobile and auto-part exports decreased by 8% [Davis 2025, 8 July].

Against this backdrop, Ishiba appointed Akazawa Ryōsei, Minister of Economic Revitalization and one of his closest allies, as the administration's lead negotiator with the U.S. Despite concerns regarding Akazawa's relative lack of diplomatic experience, after eight rounds of talks with his U.S. counterpart, Tokyo's top trade negotiator succeeded in concluding an agreement with Washington in late July, which was officially finalized in September. Under the agreement, the U.S. agreed to reduce the baseline tariff on nearly all Japanese imports from 25% to 15%. Separate sector-specific clauses established a 15% tariff on cars and car parts and eliminated previously imposed tariffs on aerospace products, excluding unmanned aircraft. Tariffs on generic pharmaceuticals and on natural resources not naturally available or produced in the United States were also removed.

In exchange, the Japanese government agreed to increase its procurement of U.S. rice to 75% of its WTO Minimum Access quota and, concomitantly, to purchase U.S. agricultural goods—including corn, soybeans, fertilizer, and bioethanol—for an annual value of \$8 billion. Critically, Tokyo agreed to increase its imports of U.S.-manufactured vehicles without requiring additional safety testing, alongside aircraft and defence equipment. As a sequel to Ishiba's February pledge, the 2025 U.S.-Japan trade agreement included fresh Japanese investments and loans in the U.S. totalling \$550 billion, primarily focusing on the pharmaceutical and semiconductor sectors [The White House 2025, 4 September].

In July, Akazawa welcomed the deal as being in the «national interest» of both parties and emphasized that this trade agreement had prevented an estimated economic loss of approximately ¥10 trillion [Nihon Keizai Shimbun 2025, 26 July]. Through his X profile, Prime Minister Ishiba expressed his gratitude to Akazawa and reiterated the narrative of a U.S.-Japan «golden age» [Ishiba 2025, 23 July]. Overall, the administration defended the agreement as a strategic success; indeed, Akazawa managed to negotiate and secure a reduction in baseline tariffs on key

export items, such as automobiles and auto parts. Additionally, the administration avoided a highly unpopular increase in rice imports from the U.S., which would have undoubtedly alienated Japanese farmers. According to several analyses, the timing of the deal—concluded just days after the July 20 Upper House election—may have helped the ruling LDP mitigate an even more severe defeat in the polls [Govella 2025, 23 July]. Nonetheless, Trump’s coercive approach, which threatened Japan’s already struggling economy, unsurprisingly infuriated many in Japan, leading to a sharp decline in the public perception of the U.S. [Kato 2025, 29 November].

Second, throughout the first half of 2025, rice prices continued to rise, further driving inflation. Historically, rice has been a staple food in Japan, and throughout the country’s premodern and modern history, fluctuations in the wholesale and retail prices of the crop have frequently led to popular unrest and political instability [see, for instance, Tzuzuki 2000]. Since the summer of 2024, retailers have faced significant rice scarcity, resulting from a 410,000-ton drop in production compared to the previous year, coupled with a concomitant surge in demand linked to an increase in international tourists visiting the country [Katō 2024, 30 July].

This imbalance spurred a sharp rise in the price of the crop, which by the end of 2024 had reached ¥3,775 per 5 kg [Nippon.com 2025, 14 February]. The situation was initially deemed manageable by the government, to the extent that the Ministry of Agriculture, Forestry and Fisheries (MAFF) ruled that releasing government rice stockpiles was unnecessary [Katō 2024, 30 July]. However, as the average retail price continued its upward trajectory through early 2025, the government ultimately announced the release of 210,000 tons of rice from stockpiles in mid-February.

By May, only a limited quantity of government-owned rice had reached retailers. Despite a transient 2% decrease in retail prices, costs continued to surge, reaching a new peak in mid-May at ¥4,310 per 5 kg—more than double the 2024 average. In response, Prime Minister Ishiba announced that his administration would implement swift measures to stabilize prices at approximately ¥3,000 per 5 kg [Nihon Keizai Shimbun 2025, 21 May]. Shortly thereafter, during a political fundraising event in Saga Prefecture, the Minister of MAFF, Etō Taku, defended the decision to release stockpiles but acknowledged the limitations of the current distribution system, pledging to facilitate direct shipments to retailers. However, Etō’s public remarks—including the controversial admission that he had «never bought rice» and possessed sufficient quantities supplied by supporters to consider resale—triggered a severe public backlash against the Ishiba administration [Asahi

Shimbun 2025, 19 May]. Consequently, the prime minister urged Etō, a member of the LDP's agriculture «policy tribe» (*zoku*),<sup>2</sup> to resign [Ninivaggi 2025, 21 May].

As his replacement, Ishiba appointed Koizumi Shinjirō, a key political ally and son of the former «maverick» Prime Minister Koizumi Jun'ichirō. Koizumi immediately pledged to halt the price surge by directly shipping to retailers [Nishimura 2025, 21 May]. As noted by Tobias Harris, Koizumi—who had previously chaired the LDP agricultural policy committee and possessed a reputation as a skilled communicator—was quickly perceived as the «rice minister» and a central figure in Ishiba's attempted political recovery ahead of the July Upper House election. At a deeper level, the decision to appoint Koizumi was also motivated by the looming threat of a no-confidence vote that could have unseated the minority government before the end of the Diet session [Harris 2025, 22 May].

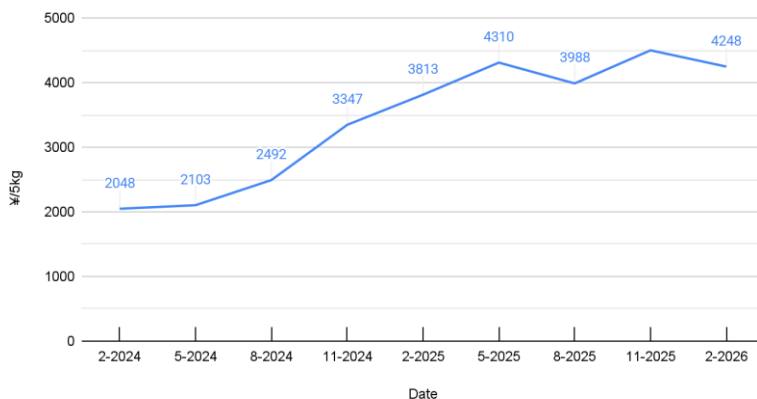
Predictably, in June, Koizumi announced the release of an additional 200,000 tons of stockpiled rice, following a prior release of 100,000 tons in May, which had failed to decisively impact retail prices [Kyōdō 2025, 10 June]. On this occasion, the government bypassed the traditional wholesale auction system, opting for direct contracts with retailers. This move effectively circumvented the Japan Agricultural Cooperatives (JA) Group, which maintains a near-monopoly on the distribution of staple foods. As illustrated by Park [2025, 24 April], the 2024–2025 rice crisis underscored the systemic vulnerability of Japan's food supply chain. Since the 1970s, the Japanese government has implemented measures to protect small-scale farmers by reducing rice acreage (*gentan*)—thereby maintaining high price levels—and subsidizing crop diversification.

Officially, the *gentan* system was abolished in 2018; however, its operational practices have reportedly survived [Nihon Keizai Shimbun 2022, 2 July]. These governmental initiatives resulted in a temporary reduction in retail prices for the staple food, bringing them below ¥4,000 per 5 kg, though they never fell below the declared ¥3,000 base. In early July, the government approved a further release of stockpiled rice intended for processed food and distilled spirits [Jiji 2025, 5 July]. This measure, once again, had a limited impact on the crop's retail price, which, as illustrated in Fig. 1, continued to trend upward until late 2025 before beginning to edge down in early 2026.

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<sup>2</sup> The term *zoku* refers to groups of middle-ranking lawmakers who have historically dominated specific policy areas (agriculture, construction and industry) by accumulating knowledge and expertise and forging alliances with the ministerial bureaucracy. They have acted as «basic units» of policymaking in their respective domains within ministries and the Diet. For a more detailed explanation of the role of policy tribes in Japanese policymaking, see Yoshimatsu [2025].

**Figure 1 - Average retail price of rice 2024–25**



Source: MDingON n.d.. Elaborated by the authors.

In general terms, the 2025 rice price crisis contributed to pushing inflation up to 3% [NHK World 2026, 22 January], affecting populations in urban and rural areas alike. In June, the *Mainichi Shimbun* newspaper reported that several local governments, from Hokkaidō in the North to Gifu prefecture in Western Japan, were offering vouchers for the purchase of rice and other food items in order to support families with children and other vulnerable categories, such as single mothers, to help them bear the rising cost-of-living [Mainichi Shimbun 2025, 12 June].

Amidst soaring rice prices and a rising demand, private companies increased their imports of cheaper rice from abroad, particularly from the U.S. These totalled nearly 97,000 tons, representing 104 times the quantity imported in 2024. Despite a €1.85/kg tariff, imported rice remained cheaper than locally produced rice [Nikkei Asia 2025, 26 December].<sup>3</sup>

At the beginning of July, ahead of the Upper House election, Prime Minister Ishiba instructed his cabinet to take steps to increase production, effectively overturning the aforementioned long-standing acreage-reduction policy [NHK 2025, 1 July]. Ishiba's measures were yet again reversed in late 2025 after the appointment of the new Minister of Agriculture, Forestry and Fisheries, Suzuki

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<sup>3</sup> The quota of privately imported rice added up to a 770,000-ton quota of tariff-free rice (100,000 of which was earmarked as staple rice) which Japan imports yearly under the provisions of the World Trade Organization.

Norikazu. As opposed to its predecessor, the Takaichi administration swiftly moved to abandon the vestiges of Kishida's «new capitalism» [Pugliese & Zappa 2024] and «forcefully advance a growth strategy to fundamentally strengthen Japan's supply structure and build a strong economy», promoting public-private partnerships across multiple sectors [ANN News 2025, 24 October; Ishikawa 2025, 5 November]. Regarding agriculture, the new government announced that it would discard the previous administration's plans and decisively pursue a market-oriented approach to the management of demand and supply for the staple food [Mainichi Shimbun 2025, 3 November].

## *2.6 The 2025 House of Councillors vote: whither the LDP's hegemony?*

Amidst internal tensions and widespread dissatisfaction with the government, the LDP and the other major political parties moved to organize their political platforms ahead of the July Upper House election. Elections for the upper house of the National Diet are held every three years to renew half of the 248 seats, meaning that 124 seats were up for grabs, with a majority of them contested in single-member and multi-member districts at the prefectural level and a portion allocated to winners in the proportional vote at the national level.

Against this backdrop, for nearly three weeks, parties battled particularly over economic matters, such as rising prices amid Trump's looming tariffs, fiscal policy, such as the reduction of the consumption tax on food items and energy, and the rise in after-tax incomes. Besides, immigration emerged as a decisive topic. Parties were called to offer solutions for managing a perceived boom in foreign residents benefiting from tax incentives or purportedly preferential access to national welfare [Itō 2025, pp. 19–21].

In view of this, the LDP put forward a political program articulated in three grand visions: a strong Japanese economy, able to withstand domestic and external shocks through growth promotion in strategic sectors such as AI and data science; affluent livelihoods, that is promoting wage increase and other measures aimed at helping the Japanese to withstand rising living costs; and a «firm» Japan, able to hold off external threat through fresh investments in the defence sector and in disaster-resilience [Jimintō n.d.]. In June, the governing coalition tried to gain a competitive edge over the opposition parties by announcing that the government would bestow cash handouts worth ¥20,000 (nearly €110) to all individuals regardless of their income level, and offer other cash benefits to children and lower-income families to tackle the effects of inflation and of the «Trump shock» over Japanese households. According to one survey, however, the government's decision was deemed less effective than measures to reduce taxes [Mainichi Shimbun 2025, 13 April].

Nonetheless, the provision of fiscal support and subsidies to families with children and to the so-called employment ice age generation (i.e., young graduates between 1994 and 2004) remained central to the LDP program, along with the vow to increase wages and cap healthcare costs. Besides these items, the LDP's program featured measures to improve agricultural productivity and achieve decarbonization by 2050. The LDP also pledged to strengthen internal controls on campaign funding in response to public distrust following the 2023 kickback scandal [Nihon Keizai Shimbun 2025a, 3 July].

Instead, the CDP proposed a temporary halt to the consumption tax on food items, policies to increase agricultural productivity through subsidies to farmers, and the decarbonization and denuclearization of the Japanese economy. Regarding campaign funding, the CDP stressed the need to ban funding from companies and various groups, aiming for enhanced transparency on the matter [Nihon Keizai Shimbun 2025b, 3 July]. Similarly, the JIP advocated for a reduction of the tax burden, including a two-year moratorium on the consumption tax on food items, and public welfare premium payments on the part of the country's active population, combined with public support for farmers and an increase in defence spending to 2% of the GDP [Nihon Keizai Shimbun 2025c, 3 July]. Unlike previous stances, the DPFP stressed the need to raise the income and residential tax-exemption thresholds to 1.78 million. Significantly, the DPFP proposed adopting an anti-spy law and creating a surveillance system for real estate investments by foreign individuals. Moreover, Tamaki Yūichirō's party proposed the digitalization of the report system for political funding and the advancement of online voting [Nihon Keizai Shimbun 2025d, 3 July].

On more radical stances was the populist right-wing party Sanseitō, which, just five years after its establishment, emerged triumphant at the 2025 House of Councillors elections. Besides their pledges to prioritize and protect Japanese citizens—which revealed ideological ties to the U.S. alternative right—Sanseitō laid out a vision centred on increased public spending and tax cuts, ruralism, and a return to fossil fuels, appealing to voters from the lower-middle strata of Japanese society. Sanseitō tailored its strategy to those at the «very centre» (*mannaka*) of Japanese society: atypical workers and small and medium entrepreneurs who have felt left behind by the state amid the «structural reforms» of the early 2000s and the incremental neoliberalization of the Japanese economy and society. This rhetoric is reflected in the attacks on foreigners who have allegedly been allowed *en masse* into Japan and are now profiting from their position at the expense of impoverished Japanese nationals [Itō 2025, pp. 23–25].

While the LDP-Kōmeitō coalition fared well below expectations, obtaining nearly 18 million votes and 47 seats, the opposition secured 78 seats, leading the LDP-Kōmeitō to lose its majority in the upper house of the Japanese Diet. Under

these circumstances, after having already lost the majority in the 2024 Lower House election, the LDP-Kōmeitō coalition lost control of the Upper House as well. For the first time in the country's postwar history, the ruling party had lost control of both houses of the Diet. By contrast, emerging parties such as the DPFP and Sanseitō achieved significant political success. In particular, Sanseitō—which may well have benefited from a spike in turnout led by «unaffiliated floating voters» [Lipsy 2025, 27 July]—emerged as veritable political contender, obtaining 7.4 million votes, behind only the DPFP and LDP. Kamiya's group thus secured 12 seats, enough to submit draft legislation to the Diet [Senkyo dotto komu n.d.].

On top of the rise of fringe populist parties, the election results accelerated the early leadership change (*sōsaisen maedaoshi*) process within the LDP. Young lawmakers, a portion of whom had supported Takaichi in the 2024 LDP Presidential election, met in the aftermath of the Upper House election and expressed their lack of confidence in the administration, citing the two major defeats at the 2024 general election and, less than one year later, at the Upper House election. In this regard, young lawmakers lamented the LDP's immobility at its highest levels [Asahi Shimbun 2025, 25 July].

In response, Ishiba expressed his resolve to remain as prime minister amid a slightly rising support rate [Mitsuda 2025, 28 July]. Ishiba's announcement amplified existing resistance against him, given his purported closeness to opposition parties on issues such as inflation and campaign funding regulations [Ozawa 2025, 8 August]. In mid-August, internal consultative procedures to call an early presidential election were underway. Several polls of LDP lawmakers showed that a majority of respondents did not express a clear preference. Among respondents, however, those in favour were overwhelmingly more numerous than those who opposed an early election [Yomiuri Shimbun 2025, 31 August; Jiji Tsūshin 2025, 3 September; TBS News Dig 2025, 6 September]. Such reticence is illustrative of the uncertainty caused by internal strife within the LDP over the formation of a new parliamentary majority to carry out inflation reduction policies and political reforms [Tōkyō Shimbun 2025, 28 August].

A significant turning point was reached in early September, after Moriyama Hiroshi, the LDP Secretary-General, announced his intention to step down, assuming responsibility for the party's recent political debacle. Following Moriyama's lead, Onodera Itsunori—chairperson of the LDP political council and a key Ishiba ally—along with Suzuki Shun'ichi, chairperson of the LDP General Council and a close ally of LDP party heavyweight Asō Tarō, and Kihara Seiji, president of the LDP Election Strategy Committee and a former close aide to Prime Minister Kishida, all tendered their resignations to Ishiba. Concomitantly, the influential Asō declared that he was considering asking the party to organize an early presidential vote [Ninivaggi & Semans 2025, 4 September].

Against this backdrop of mounting pressure, on September 7, Ishiba finally announced that he was stepping down, describing his decision as «excruciating» but necessary to avert the risk of inexorably splitting the party [NHK 2025, 7 September]. Nonetheless, the public perception of Ishiba's resignation was that of a machination against the prime minister organized by the very politicians—particularly those formerly affiliated with Abe's Seiwakai—that had contributed to the LDP's progressive loss of legitimacy [Yamaguchi 2025].

### 2.7 *The LDP after Ishiba: The Takaichi restoration*

Soon after Ishiba's announcement, Motegi Toshimitsu—former Minister of Foreign Affairs and LDP Secretary-General under the Kishida presidency—officially formalized his candidacy. He was followed by Kobayashi Takayuki and Hayashi Yoshimasa, the Chief Cabinet Secretary in the Ishiba administration. On September 19 and 20, respectively, the two expected frontrunners for the presidency, Takaichi Sanae and Koizumi Shinjirō, announced their candidacies.

Takaichi, a former Minister of Internal Affairs and Communications within the second Abe administration (2012–2017 and 2019–2020) and Minister of Economic Security under Prime Minister Kishida, had emerged in the 2024 LDP presidential election as a serious contender to Ishiba for the party leadership, although she was ultimately defeated. Fashioning herself as the only *de facto* political heir to former Prime Minister Abe [Uchida & Tanaka 2025, 23 October], she ran again in 2025, pledging to push «Japan to the top of the world again» [Harris 2025, 20 September]. Her main contender, Koizumi, had placed third in the 2024 LDP presidential election and later backed Ishiba's bid in the runoff; he had finally risen to prominence as the minister in charge of tackling the 2025 rice price crisis. As opposed to Takaichi, in the 2025 LDP Presidential election, Koizumi represented the less ideologically conservative fraction of the party, embodying the pragmatic and inclusive approach characterized by Harris as Japanese-style «one nation conservatism», a current with which former Prime Ministers Ishiba and Suga Yoshihide may be associated [Harris 2025, 21 September].

However, having secured 183 votes in the first round and 185 in the runoff election against Koizumi on October 4, Takaichi emerged as the winner and the first woman ever to serve as LDP President. A few days later, on October 21, after being appointed by the Diet with 237 votes—four more than the required majority

of 233 [Tere Tō BIZ 2025, 21 October]—she doubled down as the first woman to serve as the prime minister of Japan in the country’s modern history.<sup>4</sup>

As she stressed in her first press conference, the new prime minister would «work tirelessly and resolutely without being afraid of change for the sake of the Japanese nation and the people» to build a «stronger» Japan and protect the «national interest». To do this, quoting her mentor Abe, Takaichi would «take Japanese diplomacy back to its heyday at the very centre of the world» (*Sekai no mannaka de sakahokoru Nippon gaikō o torimodosu*). Hence, given the domestic and external crises Japan faced, the newly appointed prime minister promised to «move at top speed» from the very first day in office [TBS News DIG 2025, 21 October]. According to Ono Yoshikuni, the appointment of a woman as the party and government leader put Japan on a par with other Asian democracies, such as the Republic of Korea and Taiwan (where female politicians such as Park Geun-hye and Tsai Ing-wen had served as Presidents), but at the same time exposed Takaichi to the risk of being replaced more easily by a male leader should she not deliver on rebuilding the voters’ trust in the LDP. Therefore, to stay in power, she would need to win and maintain a strong popular mandate [Ono 2025, 17 December].

In this sense, it is worth stressing that between October and December 2025, cabinet support rates had consistently been above 60%, in stark contrast with her predecessor Ishiba and on a par with the administrations led by Hatoyama Yukio (2009), Suga Yoshihide (2020), Hosokawa Morihiro (1993) and Abe Shinzō (2013) [Yomiuri Shimbun 2026, 19 February]. The new prime minister’s popularity, as opposed to a widespread dislike of the LDP, gave Takaichi the upper hand to strengthen her grip on the LDP and pursue her personal political agenda.

As briefly mentioned above, Takaichi hails from a conservative faction of the LDP, which became hegemonic within the party under former Prime Minister Abe between 2012 and 2020. This political current is rooted in a form of ideological conservatism attached to national history and traditions, which should act as a social glue within the party and in the nation at large [Harris 2025, 20 September].

As clearly illustrated by Nakano Kōichi in his seminal work on Japan’s «shift to the right» [Nakano 2015], these core principles constitute a new brand of «sincere conservatism» (*Shinhoshu*) [Nakano 2015] whose political attractiveness was being revived by Takaichi.<sup>5</sup> At the policy level, Japanese «sincere

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<sup>4</sup> CDP leader Noda Yoshihiko placed second with 149 votes, and DPFP leader Tamaki Yūichirō came in third with 28 votes.

<sup>5</sup> This political tradition emerged in Japan starting in the mid-1980s, gradually emerging as a political force after the formation of the non-LDP cabinets in 1992 and 1993. Its leaders have consistently defended the need to abandon the so-called postwar regime by promoting reforms aimed at normalizing and strengthening state institutions, including the military, highlighting their

conservatives», despite their ideological similarities with the international «New Right» of Thatcher and Reagan in the 1980s, promote new forms of nationalism and even statism in their defence of neoliberalism and structural reforms to institutional and social arrangements—for instance, in strategic sectors of the economy or to enhance social control and surveillance.

After the LDP's demise in 2009, building a «strong(er) state» became a priority, particularly for political leaders such as Abe Shinzō, who led the LDP to a political comeback in 2012. This resolution translated into legislative initiatives on Japan's domestic and external security. Under the banner of «Take back Japan», the Abe administration moved to strengthen the domestic security environment through a series of legislative initiatives, including the enactment of a state secrecy law (*tokutei himitsu hogo hō*) in 2013 and of an anti-conspiracy law (*kyōbōzai-hō*) designed to implement the UN Convention against Transnational Crime in 2017.

Furthermore, and concomitantly, under Abe, the Japanese government took steps to «normalize» the country's defence sector, gradually relinquishing its postwar pacifist image. First, the Prime Minister's Office's control of national security and defence policies was expanded with the institution of the National Security Council (NSC). Second, the cabinet reinterpreted Article 9 of the postwar constitution by cabinet decision, allowing the exercise of collective self-defence. Third, Tokyo removed a self-imposed five-decade-old ban on arms exports. Finally, the 2015 Peace and Security legislation was adopted, which critically contributed to expanding the JSDF's engagement and material capacities in both UN-led international missions and military activities with—particularly, but not limited to—U.S. Forces [Pugliese 2015; 2016].

A common denominator of these initiatives was the leadership of the Prime Minister's Office and, particularly, of the prime minister's key advisors, such as former bureaucrats Hasegawa Eiichi, Izumi Hiroto, and Imai Takaya, who under Abe were able to exert unprecedented influence over policymaking [Pugliese & Wallace 2021; Nakakita 2022]. Between 2012 and 2020, limited internal consultation, swift deliberation, and the top-down enactment of several key initiatives—in the security domain and beyond—were perceived as instrumental in responding to a rapidly changing international environment [Makihara 2013]. This arrangement was also made possible by the agency of former Chief Cabinet Secretary Suga Yoshihide and administrative Deputy Chief Cabinet Secretary

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attachment to purported Japanese cultural and social traditions. *Shinhoshu* leaders have nonetheless resorted to a reform-oriented rhetoric with regard to the economic domain, arguing for deregulation and a reduced state role in the economy. Most relevantly in Abe's case, they have emerged as populist leaders themselves. Former PM Nakasone is considered to be the initiator of this tradition within the LDP, although figures as Hiranuma Takeo, Nakagawa Shōichi, Asō Tarō and Abe Shinzō rose in influence in the 2000s and 2010s [see Nakano 2015; Sakaiya 2023].

Sugita Kazuhiro who were tasked with strictly overseeing personnel appointments within the ministerial bureaucracy [Pugliese & Wallace 2021, p. 112].

Undoubtedly, the Abe decade offers a powerful precedent for Japanese conservative leaders willing to streamline policy and decision-making processes. However, the preconditions for a new political stability under Takaichi, at least by the end of 2025, seemed more fragile and vulnerable, as the new prime minister had not yet consolidated her power within the party or over the nation. Before moving on to discussing the formation of the Takaichi cabinet, let us now turn to Takaichi's political program.

### 2.7.1. *Takaichi's main tenets: a stronger state supported by «responsible» expansionary fiscal policy*

Several major items in her political agenda have been collected in her 2024 edited book «Research on National Power» (*Kokuryoku kenkyū*, Sankei 2024). The book is a collection of essays on diplomacy, security, defence, and economics written by Takaichi herself and her closest policy advisors, including former Ambassador to Australia Yamagami Shingo, Oue Sadamasa, a former Air SDF general, economist Kato Koko, and former Abe advisor on security issues Kanehara Nobukatsu. The book revolves around the concept of «strength», articulated in terms of diplomatic, informational, defence, economic, and technological strength. Particularly, Japanese authorities are urged to (a) adopt a more robust and uncompromising approach to China; (b) create the institutional and material conditions for a better management of classified information; (c) enhance the role of the JSDF and continue developing counterstrike capabilities; (d) return to a high-pressure economy through monetary easing and expansionary fiscal policy aimed at creating surplus demand; (e) encourage the birth and development of new strategic industries; and (f) foster human resource development for the new era.

In the introductory chapter, Takaichi frames the need to adopt policies aimed at strengthening Japan's «national power» (*kokuryoku*) against the backdrop of a growing sense of strategic encirclement by the Chinese, Russian, and North Korean militaries. Regarding regional tensions, Takaichi stresses the need to strengthen strategic cooperation as the best option to deter China from attacking Taiwan and to keep a prudent approach [Takaichi 2024, p. 12]. The path that Japan would need to follow is to be found in the 2013 National Defence Strategy and in its 2022 expansion, which more decisively stresses the importance of protecting the citizens' livelihood through economic and technological means. Significantly, in Takaichi's view, defending Japan against the threat of nuclear powers would naturally entail the revision of the three anti-nuclear principles, for example in

allowing the temporary use of the Japanese airspace to U.S. nuclear bombers [Takaichi 2024, p. 22].

However, focusing solely on the traditional dimension of security would not strengthen Japan. This, according to Takaichi, can only be reached through a proactive engagement with both traditional and non-traditional dimensions of security, including food, energy, and, more broadly, economic security. Besides following up on the strengthening of the national security apparatus and on the expansion of the JSDF military capabilities through an increase of military spending, in fact, it is on this element that Takaichi laid a renewed emphasis. Particularly, she saw reducing Tokyo's dependence on value chains centred on China as indispensable. Concomitantly, she aimed to foster the country's food and energy self-sufficiency through investment in advanced research in critical sectors, including biotechnologies, new materials, energy conservation, and nuclear fusion.

Furthermore, she argued for renewed public-private activism in key sectors of the global economy, such as AI and semiconductors, to revive Japan's economy. Being resource- and energy-intensive, the expansion of these activities would require an overhaul of the country's power supply. To increase energy input, Takaichi envisioned using Small Modular Reactors (SMRs) and, by 2030, nuclear fusion. Here emerges the interconnectedness between military and civilian domains in Takaichi's plan for a «stronger» Japan. In fact, increased public and private investments in the defence sector would contribute significantly to the country's future growth, insofar as profitable civilian spinouts emerge [Takaichi 2024, pp. 18–22].

In economic terms, Takaichi appears to be influenced by Modern Monetary Theory (MMT), a post-Keynesian approach to macroeconomics, which prescribes that countries like Japan, which enjoy monetary sovereignty, cannot default on their debt as long as they uphold the right to issue currency. Based on this rationale, states with a sovereign currency can promote public spending and are virtually unconstrained by tax revenues. In *Research on National Power*, one of Takaichi's economic policy advisors, Wakatabe Masazumi, a Waseda University professor of Economics and deputy governor of the Bank of Japan (BoJ) between 2018 and 2023, argued for the need to establish a new national economic strategy based on a high-pressure economy (HPE, *kōatsu keizai*) and its integrated management (*iōgō un'ei*) by the government and the central bank. To summarize, HPE is based on increased public spending and low central interest rates. Under these circumstances, the economy would, in turn, overheat, leading to inflation, along with more and better-paid jobs that would help individuals withstand rising living costs. To maintain said condition, coordinated action on the economy by the government and the central bank, acting as a single entity, is fundamental to avoid a return to deflationary tendencies [Wakatabe 2024, p. 236]. While defending a

generally dovish approach to fiscal policy, Wakatabe also stressed the importance of a «responsible» expansionary fiscal policy (*sekinin aru sekkyoku zaisei*) and a balance between economic growth and national security, all items which were reflected in Takaichi's speeches since she announced her intention to run for the LDP presidency in September 2025 [Harris 2025, 20 September].

Whatever the interpretation of the term «responsible», Wakatabe's words were echoed by Takaichi. The new administration pledged to upend fiscal consolidation and resort to reflationary measures, causing the relationship between the government and the BoJ to become strained. As previously illustrated in this journal, Japan's central bank's policy has gradually shifted away from unconventional monetary policy, raising interest rates [Yamamoto & Zappa 2025], a policy direction which starkly contrasts with Takaichi's reflationary plans based on low or negative interest rates. In fact, in the aftermath of the inauguration of the Takaichi administration, financial markets reacted negatively due to a perceived increase in fiscal risk associated with Tokyo's purported economic policies, with Japanese bond yields rising in December and the yen continuing its downward trend [Nagumo & Kim 2025, 21 November].

Considering the above, Takaichi's election at the helm of the LDP and, later, of the Japanese government, had repercussions on political arrangements within and without the LDP. On the one hand, it shifted the LDP's internal balance of power back to the «right». Three out of five top party executives – Arimura Haruko, Asō Tarō and Suzuki Shunichi – hailed from the Asō faction. The former prime minister, minister of Finance and longtime Abe associate was reappointed LDP vice president after two years serving as senior advisor under Ishiba. Suzuki, himself a former Minister of Finance and Asō's brother-in-law, was appointed secretary-general while Arimura was assigned to the General Council. The two other top posts – chair of the Policy Research Council and chair of the Election Strategy Committee – went to Kobayashi Takayuki, two-time LDP presidential candidate and former minister of Economic Security, and Furuya Keiji, a party veteran who had worked with Abe and backed Takaichi's 2025 LDP presidential bid, respectively. By contrast, cabinet appointments seemed more inclusive: moderate reformists such as Koizumi Shinjirō and Hayashi Yoshimasa retained key posts as Minister of Defence and Minister for Internal Affairs and Communications, respectively. Even more striking was the confirmation of Akazawa, one of Ishiba's closest allies and top negotiator with the U.S., as Minister of Economy, Trade and Industry [The Asahi Shimbun 2025, 7 October]. Despite the historic significance of Takaichi's election in terms of gender equality in Japan, the number of women appointed to cabinet positions was limited to two (though at least one in a key position): Katayama Satsuki—a former Ministry of Finance bureaucrat and one of

the so-called «Koizumi’s children» who ascended party ranks in the mid-2000s<sup>6</sup>—as minister of Finance; and Onoda Kimi—a young lawmaker of Japanese-American descent, graduate of the LDP School of Government and Management and Takaichi’s protégé—as minister of Economic Security and minister in charge of a Society of Well-Ordered and Harmonious Coexistence with Foreign Nationals. This latter role was created in response to growing public concern about immigration—a key political leverage for openly xenophobic parties such as Sanseitō [Inoue 2025, 23 October].

In particular, with regard to newly emerged political arrangements, the 26-year-old LDP-Kōmeitō alliance was scrapped due to reported «policy differences» over political fundraising reforms. Frictions between the two parties emerged in the aftermath of Takaichi’s election as LDP president. On top of choosing Asō Tarō, who, in 2023, infamously labelled the Kōmeitō leadership a «cancer» slowing down the adoption of counterstrike capabilities, as LDP vice president [Tōkyō Shimbun 2023, 29 September], Takaichi appointed former Abe faction co-leader Hagiuda Kōichi acting secretary-general of the party, reinstating him at the highest levels of the party leadership after a one-year suspension due to his role in the kickback scandal of 2023. Hence, concealed behind the Kōmeitō justification for exiting the alliance was, more concretely, Kōmeitō leader Saitō Tetsuo’s concern for the organization’s own political image as a «clean party» and, thus, its own survival in the context of a persisting political decline tied to the ageing membership of its parent religious organization, Sōka Gakkai [Crabtree et al. 2025; Pugliese & Zappa 2024, pp. 78–79].

## 2.8 Exit Kōmeitō, enter the Japan Innovation Party

In light of the above, the Kōmeitō announced that it was withdrawing its support for the LDP’s candidate in the October 21 vote to elect a new prime minister, pushing the LDP to decisively seek an alliance with the JIP. One day ahead of the vote, Takaichi and JIP leader Yoshimura Hirofumi signed a 12-point agreement formalizing the alliance between the two parties, thus setting up a common policy agenda based on the idea of a «comeback» of Japan (*Nippon saiki*), mixing nationalism and managerial efficiency.

Among the items listed in the LDP-JIP 12-point agreement were: (a) a review of the tax system, the renewal of energy subsidies, and the creation of a government agency tasked with eliminating public spending inefficiencies and boost the effectiveness of government policies, modelled after the U.S. Department of

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<sup>6</sup> This expression refers to the 83 new members of the National Diet elected in the LDP landslide victory at the 2005 general election, under Koizumi Jun’ichirō’s leadership.

Government Efficiency (DOGE); (b) a review of the national health insurance system to reduce healthcare-related costs for citizens of working age, and a rethinking of the definition of «senior» to allow more people to stay in their job after retirement; (c) a reform of the imperial household law allowing for the adoption of individuals into the imperial line to maintain the male lineage; a sweeping constitutional revision that would amend Art. 9 to enhance the Japan Self Defense Forces (JSDF) legitimacy and introduce a «state of emergency clause» (*kinkyū jitai jōkō*) that would give emergency powers to the government in case of natural disasters, pandemics, military aggression or terror attacks; (d) the strengthening of Japan's defence and intelligence capabilities; (e) the restart of nuclear reactors to enhance the country's energy security and self-sufficiency; (f) the promotion of initiatives aimed at countering the demographic decline and strengthening immigration control, introducing sanctions for foreigners who commit crimes or abuses and a tightening of the government controls on foreign investments, particularly in the real estate sector; (g) educational reforms at all levels, including the reduction of the number and scale of universities according to the current population levels and increased investments in basic research in science and technology; (h) a reform of local governance and of the electoral system which would eliminate the single-seat and proportional hybrid voting system with a consequent reduction of the number of Diet members [Nihon Keizai Shimbun 2025, 20 October].

Under the agreement, Takaichi secured the JIP's support, which held a total of 54 seats in both houses of the Diet, toward the nomination [Asahi Shimbun 2025, 21 October]. At the same time, JIP maintained a cautious approach to any of its lawmakers' direct participation in the government and pledged «external support» in a so-called «confidence and supply» arrangement [Crabtree & Golder 2025].

In turn, this political alignment was instrumental in pushing an ¥18.3 trillion (nearly €100 billion) extra budget for fiscal year 2025 through the Diet in November. The measures included in the stimulus package signalled a first apparent contradiction in the new cabinet's approach to economic and fiscal policy. In fact, soon after the launch of her administration in October, Takaichi announced that she would reverse her predecessor's policy to distribute cash handouts to Japanese families and instead would swiftly move to abolish a provisional fuel tax and increase the threshold on taxable income to tackle rising living costs, as urged by the JIP and opposition parties such as the DPFP. However, in the Diet-approved stimulus package, in addition to a fresh injection of public finances into crisis management and growth investment, energy and subsidies, and incentives for child-rearing families were continued, sparking further concern about the stability of Japanese public finances [Shinkai 2025, 16 December]. In late December, the government approved a draft budget for fiscal 2026 amounting to a record ¥122.3

trillion (€667 billion). The bill included an increase in defence spending to 2% of the GDP, combined with rising costs for both social security and debt servicing [Nippon.com 2026, 9 January]. The proposed hike in defence spending allowed the Takaichi administration to reach a target established by the Kishida administration in 2022 two years earlier than originally planned (see section 3.3).

### 3. *International Affairs*

Japan's foreign policy in 2025 was influenced by two key events: the return of Donald Trump as the 47th President of the United States in January and the LDP election of Takaichi Sanae as prime minister, a former protégé and ideological ally of Abe Shinzō, who succeeded Ishiba Shigeru in October.

These developments, while significant, have not altered the trajectory Abe successfully embedded at the core of Japan's strategic thinking: the «normalization» of its foreign and security policy to address the increasing geopolitical tensions in the region. The normalization process entails a gradual abandonment of Japan's postwar anti-militarist stance and the adoption of *Realpolitik* as the country's primary guiding principle in international affairs [Pugliese & Patalano 2020]. Also in 2025, nothing indicated that Japan is deviating from following «Abe Shinzō's footsteps» [Pugliese & Zappa 2024].

What has changed is the underlying motivation to adopt a more robust security policy. While it was previously driven mainly by China's rise, it has increasingly centred on concerns about the U.S. commitment to defend Japan, which was once regarded as the unquestionable bedrock of the country's security structure. Consequently, two distinct approaches emerged, represented by Ishiba and Takaichi, reflecting their differing views on the U.S.'s role in the country's strategic outlook. Ishiba believed that Japan should not rely fully on the U.S. in its foreign and security policy and needed to hedge, whereas Takaichi saw the alliance as indispensable and believed that everything must be done to maintain it. This section, which analyzes Japan's foreign policy in 2025, is mainly structured around Prime Minister Ishiba's approach, which is then contrasted with the approach of Takaichi, who took office in October 2025.

#### 3.1 *Trump's return and his «America First» approach*

Unlike in 2016, when Trump won the U.S. election for the first time, Japanese policymakers were not particularly surprised by his 2024 re-election and his return. However, the foreign policy establishment in Japan significantly underestimated the speed and global impact of the policies he pursued upon returning to office. In the authors' discussions with Japanese policy experts in late 2024, shortly before

the U.S. election, there was a prevailing view that Trump, in his second term, would primarily focus on domestic issues, given the various lawsuits he had faced during his first term (personal communication).

This perspective was quickly proven wrong following Trump's assumption of power in January 2025. The speed and gravity of his decisions regarding U.S. foreign and security policy were unprecedented, as he circumvented Congress by exercising authority primarily through executive orders. Trump's return to power posed three challenges to Japan: the threat of imposing high tariffs, demands to increase the military burden, and withdrawal from multilateral agreements, including those on free trade, nuclear non-proliferation, and environmental issues [Gaens 2025, 14 January].

While Trump had forged a strong friendship with the late Prime Minister Abe, many decision-makers came to believe that he harboured resentment toward Japan, based on remarks he had made about Japan since the 1980s. Trump accused Japan of «ripping off» the U.S. by «dumping» products into its market without offering equivalent access, despite the military protection the U.S. provides. Based on this view, he has been insisting that Japan «must pay its fair share» [Tawfik 2025, 8 February]. Trump's announcement of tariffs, which were widely regarded as economic coercion, came as a shock. In a rare occurrence, lawmaker Oguma Shinji of the CDP openly and harshly criticized the U.S. president following the announcement of tariffs, characterizing the president as a «delinquent kid extorting somebody» and urging Japanese Foreign Minister Iwaya Takeshi to resist Trump's demands [Aitken 2025, 8 April].

The tone of the Trump Administration towards Japan was not exclusively negative. Trump stated the U.S.'s «unwavering commitment to the defense of Japan» in the Joint Leaders' Statement [The White House 2025, 7 February]. Secretary of War Pete Hegseth described Japan as an «indispensable partner» and reaffirmed that the U.S.-Japan alliance is a key part of security in the Indo-Pacific aimed at deterring Chinese aggression [U.S. Department of War 2025b, 30 March]. Nevertheless, Japan's perception of partnership with the U.S. fundamentally changed, shifting from one based on shared values and trust to a more transactional one. The new approach of Trump became very clear during the February 2025 visit of Ukrainian President Volodymyr Zelensky, who was humiliated by him and Vice President J.D. Vance before the press. «Make a deal, or we're out» was a remark that certainly stuck in the minds of the Japanese officials who were shocked by this episode [International Crisis Group 2025, 12 December]. Although Trump's second term significantly impacted public trust in the alliance, it was not the sole factor. President Joe Biden's decision to veto Nippon Steel's acquisition of U.S. Steel, citing national security concerns, also contributed to this perception [Sherman 2025, 4 January].

### 3.2 *Ishiba's hedging approach*

Ideologically, Ishiba is not a dove. As a self-proclaimed *gunji otaku* (military enthusiast), he has consistently advocated strengthening the role of the JSDF, thereby challenging the country's postwar antimilitarist stance. In his capacity as the Director-General of the Defense Agency from 2002 to 2004 under the Koizumi administration, he was central in dispatching 500 SDF troops to Iraq following the 9/11 attacks in the U.S. Later, he also served as Minister of Defense from 2007 to 2008 in the cabinet of Prime Minister Fukuda Yasuo. Given the numerous defence-related posts, he was convinced that the Japanese constitution required revision to clarify the legality of the SDF and its participation in collective self-defence [Aurstad 2025, 17 December; Jiji Press 2025, 3 May].

In a speech at the Hudson Institute, delivered shortly before becoming prime minister, Ishiba restated the importance of the SDF and security cooperation, which he argued has become even more crucial since Russia's war of aggression against. Like his predecessor, Kishida Fumio, he repeatedly warned that «Ukraine today is Asia tomorrow». To tackle Japan's security challenges, he has proposed establishing a NATO-like organization in Asia and revising the Status of Forces Agreement (SOFA) [Ishiba 2024, 25 September].

When he took office, his ideas were quickly disregarded as being unrealistic. Southeast Asian countries, as members of ASEAN, which pursue neutrality, would not be willing to join a military alliance, and the U.S. would not relinquish its privileged position in Japan. The possibility of developing any alternative was certainly constrained by his ruling coalition's loss of the parliamentary majority, which made policy changes difficult. Moreover, he was occupied addressing the adverse effects of Trump's policies targeting Japan, leaving little time to develop his own initiatives. Therefore, Ishiba was more reactive and continued to pursue Abe's signature Free and Open Indo-Pacific vision, as did Kishida and other predecessors [Koga 2025, p. 17].

The three key security documents provided by the Kishida administration at the end of 2022, namely the National Security Strategy (NSS), the National Defense Strategy (NDS), and the Defense Buildup Program, continued to provide the key policy framework for Ishiba [MoD 2025, p. 19]. At their core, they identify China, North Korea, and Russia as the greatest security threats, requiring increased defence spending to 2% of GDP by 2027. Introducing deterrence through the adoption of counterstrike capabilities is seen as necessary to maintain Japan's national security. Internationally, Japan continues to build partnerships to protect the rules-based international order.

Similar to Kishida's approach, the Ishiba administration focused on: (a) strengthening Japan's own autonomy and defence posture; (b) keeping U.S. engagement in the region; (c) deepening and extending security partnerships in the region; and (d) improving relations with China [Yamamoto & Zappa 2025, pp. 104–05].

### 3.2.1 *Strengthening Japan's own autonomy and defence posture*

As regards Japan's defence autonomy, Ishiba's term was primarily characterized by the implementation of policies that were adopted by his predecessor, Kishida. Those policies were the result of Trump's first term, which placed significant pressure on Japan to increase its defence autonomy. However, it is undeniable that the implementation of those policies was also driven by the increasing concern about the reliability of the U.S.-Japan alliance.

Ishiba continued Kishida's ambition, as prominently featured in the NSS, to increase defence spending to 2% of GDP by FY 2027. The Japanese defence budget for FY 2025 was ¥8.6 trillion (approximately €46 billion), a 9.5% increase and a record high. The increased budget serves the acquisition of counterstrike capabilities, munitions stockpiles, integrated air and missile defence, and drones, particularly to enhance coastal defences [Semans 2025, 27 December; Johnson 2025, 29 August].

Another important idea of the NSS, brought to life under Ishiba, was the JSDF Joint Operations Command (JJOC) within the Ministry of Defence (MOD) and the JSDF on 24 March to break the siloed command structure. Issues of command structure became evident following the 2011 Great East Japan Earthquake, which required coordination between JSDF and the U.S. military. The new Command, with a staff of approximately 240 under the inaugural Air Force General Nagumo Kenichirō, is tasked with commanding and controlling major units of the Ground, Maritime, and Air Self-Defence Forces. The goal is to facilitate seamless cross-domain operations, including units operating in the space and cyber domains. This structural integration is particularly important for the country's build-up of counterstrike capabilities. In addition, the JJOC enhances interoperability through real-time coordination and information sharing with other forces, particularly the U.S. Indo-Pacific Command and U.S. Forces Japan, to address crises and disasters jointly [The Sankei Shimbun 2025, 25 March]. Defence Secretary Pete Hegseth reiterated the importance of the JJOC, stating that it would enhance «[the] readiness to respond to [any] contingency or crisis, support U.S. operations and help Japan and U.S. forces defend [Japan's] territory» [U.S. Department of War 2025a, 30 March].

Ishiba did not only address problems within the military command structure. He also aimed to enhance the integration of civil and military personnel, challenging Japan's previous strict «civilian control» in favour of more informed security decision-making. In a speech, Ishiba stated that «it is both the right and duty as SDF officers to offer expert views to politicians regarding legal frameworks, equipment and unit operations for our national defense» [Prime Minister's Office of Japan 2025, 30 June].

Ishiba also continued to address the SDF staff shortage, which is partly attributable to Japan's ageing society [Oros 2017]. In 2024, the SDF aimed to recruit 15,000 new members, but fewer than 10,000 positions were filled. More than 10% of the total 247,000 positions could not be filled, marking the lowest rate in the last 25 years. His initiatives to address the shortage aimed to make the SDF a more attractive employer by, among other things, increasing salaries, expanding support for re-employment after retirement, and raising allowances to supplement wages at new jobs. The question that remains unaddressed is how to attract highly specialized personnel required for cyber defence, a central aspect of Japan's NSS [The Mainichi 2025, 18 July].

The last important aspect contributing to increasing defence autonomy, which Ishiba also addressed, was the expansion of Japan's domestic arms industry to reduce costs and strengthen its autonomous defence posture. This is envisaged to be achieved, in part, through joint weapons development with allies and like-minded partners [Kyodo News 2025, 9 April; Gale 2025, 22 May].

### *3.2.2 Maintaining a good relationship with the U.S. and securing the alliance*

Addressing the adverse effects of Trump's new international approach on Japan while maintaining good relations with the U.S. to secure the alliance has arguably been Ishiba's greatest challenge. Disapproving of Trump's foreign policy, he had great concerns about his first meeting with him. To prevent any conflict, he held multiple «study sessions» with people who know Trump well, including staff, Kishida, and Abe Akie, the widow of Prime Minister Abe. He concluded the meeting with a positive Joint Leaders' Statement by keeping matters simple, avoiding sensitive issues, and focusing primarily on Japanese investments in the U.S. [Khalil 2025, 9 February]. Clearly, this was not a meeting between partners to deepen trust and coordinate policies but to limit potential damage.

As illustrated above, the first major shock for Ishiba came in April, when Trump announced plans to impose a special 25% tariff on Japanese imports, citing a large trade imbalance. More importantly for this section, the «Trump shock» had natural implications for Japan's security. As in his first term, Trump also criticized Japan's low defence spending [Harold 2017, 3 March]. He accused the alliance

structure of being an «unfair deal» because Japan would not protect the U.S. and was making a «fortune» from it [The Asahi Shimbun 2025, 7 March]. There was no acknowledgement that, since the release of the NSS, Japan had been making significant efforts to double the defence budget to 2% of GDP by 2027, despite Japan's struggling economy. Disregarding the economic reality of Japan, Elbridge Colby, the Deputy Assistant Secretary of Defence, went even further, calling the efforts made «manifestly inadequate» and demanding an increase in its defence spending to 3% of GDP. Some reports suggest he even pushed for 3.5% in private meetings [Chan 2025, 6 March]. The prospect of negotiating a new Host Nation Support agreement being made in March 2027 had already raised significant concerns [The Japan Times 2025, 7 September].

Unlike Abe's stance during Trump's first term, Ishiba showed less patience and tolerance for Trump's behaviour, even as Japan continued to rely heavily on the U.S. In an unusual fashion for a Japanese Prime Minister, Ishiba openly expressed his dissatisfaction with the U.S., stating that Japan «determines its own defence spending, not at the direction of any other country» [Kyodo News 2025, 5 March]. Ishiba's dissatisfaction was not only expressed in words but also in action. Following Colby's remarks, Ishiba cancelled the high-level «two-plus-two» meeting with the U.S [Johnson 2025, 21 June]. Not only that, but Ishiba also abruptly cancelled his trip to a NATO leaders' summit/Indo-Pacific Four (Japan, South Korea, Australia, and New Zealand) in June at The Hague following «Operation Midnight Hammer», in which the U.S. unilaterally decided to conduct military strikes on Iranian nuclear sites [Tang 2025, 23 January]. His discontent with Trump's decision was evident following the attack on Iran, at which he urged a rapid de-escalation at a press conference [Prime Minister's Office of Japan 2025, 22 January].

### *3.2.3. Strengthening ties with the EU and regional partners*

Compared with the U.S., the relationship with the EU remains secondary from economic and security perspectives. However, the two regions became increasingly ideologically aligned as the U.S. weakened its support for a multilateral, rule-based order. In January, the EU-Japan Strategic Partnership Agreement (SPA) entered into force, expanding cooperation across political, economic, security, and energy issues. This has led both countries to reaffirm their ambition to protect the rules-based economic order and multilateralism in their EU-Japan joint statement. In addition, they have agreed to increase defence industry collaboration, strengthen supply-chain monitoring (rare earths, batteries), and cooperate on energy security (e.g., LNG) [Yomiuri Shimbun 2025, 16 July].

In addition to strengthening the partnership with the EU, Ishiba continued to reinforce ties with like-minded Indo-Pacific partners. His first trip as a prime minister was to Malaysia and Indonesia, where he reaffirmed the centrality of Free and Open Indo-Pacific (FOIP) and alignment with the ASEAN Outlook on the Indo-Pacific (AOIP). Here, Ishiba aimed to strengthen security cooperation through strategic dialogues, naval exercises, and collaboration on maritime safety and cybersecurity. Further cooperation aimed to strengthen supply-chain resilience and rare-earth development [The Government of Japan 2025, 28 February]. The shifting regional security environment has contributed positively to the relationship between Japan and ASEAN. There is no question that the insecurity caused by the Trump Administration in the region further contributed to this development [Untalan 2025].

The partnership with Korea was also further strengthened. Ishiba held his first summit with South Korean President Lee Jae-myung during the G7 Summit. Further meetings followed, during which they discussed the complete denuclearization of the Korean Peninsula and strategic security cooperation amid growing regional tensions involving North Korea and Russia. The Tokyo summit, at which both countries issued their first joint statement in 17 years, was seen as a breakthrough in a relationship that had long been strained [Sang-ki et al. 2025, 24 August].

New partnerships throughout the Indo-Pacific were built, and security relations were demonstrated through the provision of Official Security Assistance (OSA) to Tonga, Malaysia, Sri Lanka, and Papua New Guinea.

#### *3.2.4. Improving relations with China*

Already in his inaugural speech in the Diet, Ishiba made clear that he was aiming to «promote a mutually beneficial relationship based on common strategic interests and build up a track record of close communication at all possible levels» with China, following Kishida's approach [Yamamoto & Zappa 2025, p. 105]. This approach, which lowers tensions with China, became even more important for Ishiba amid the unpredictability of the Trump administration.

Early in his tenure, Ishiba met Xi Jinping in Peru in November 2024 on the sidelines of the 31st APEC Economic Leaders' Meeting, where both leaders agreed to promote a «mutually beneficial relationship based on common strategic interests» and to build «constructive and stable Japan-China relations» [The Government of Japan 2025, 17 February]. The leaders discussed resuming seafood imports, which were already agreed under Kishida. Following Japan's release of treated contaminated water from the Fukushima No. 1 nuclear power plant in

August 2023, China imposed a ban on all seafood imports from Japan [Pugliese & Zappa 2024; The Asahi Shimbun 2024, 16 November].

LDP Secretary-General Moriyama Hiroshi was particularly active in pushing the dialogue between China and Japan [Kawashima 2025, 31 August]. In March 2025, a high-level economic dialogue, chaired by the two foreign ministers, resumed in Tokyo after meetings between the two countries had been put on hold since 2019 due to political disagreements. A trilateral meeting with South Korea was held that same month to discuss a free trade agreement and to improve strained economic and diplomatic cooperation among the three countries [Fukuta & Sakaki 2025, pp. 1-2]. As a sign of improving Sino-Japanese relations, Vice Premier He Lifeng visited the Expo in Osaka and met with Japanese officials [Xinhua 2025, 7 November].

### 3.3 *Takaichi Sanae's contrasting approach*

As related in previous sections, Takaichi advanced to the top of the LDP and became prime minister in October 2025. In that short period, her approach towards foreign and security policy became clear, leaving no doubt that the U.S. stands at the centre of Japan's security policy. She made clear that she would put extraordinary effort into following Abe's approach to «making the alliance even greater» during crises [O'Shea & Maslow 2020].

Amid an ongoing economic crisis, one of her first promises upon taking office was to double defence spending by the end of FY 2025, two years ahead of schedule to meet Trump's demands, by adding 1.7 trillion yen from the supplementary budget. Being in a minority government, making such decisions was difficult, as it required negotiations and concessions from other parties. The extraordinary supplementary budget amounting to 18.3 trillion yen raised questions about long-term fiscal sustainability. Takaichi's announced plans to revise key security documents, including the National Security Strategy (NSS), suggested that she was even envisioning an even higher defence spending [Johnson 2025, 23 October].

Her efforts to do everything to please Trump and secure his support were also notable during his state visit, which she hosted at the magnificent Akasaka Palace in Tokyo on 28 October, where abundant golden decorations complemented his taste. For his visit, she placed an enormous American Ford F-150 truck next to U.S.-made Japanese automobiles in front of the palace, indicating Japan's intention to import more U.S. cars to address the trade deficit. The message displayed clearly differed from that of Ishiba, who, in April, before the Parliament, accused U.S. manufacturing of being solely responsible for the lack of market share due to a

«lack of understanding for road conditions and housing situations, as well as energy conservation» [Yamaguchi 2025, 28 October].

Takaichi did not hold back to please the U.S. A full military guard of honour and band welcomed the president. She presented Trump with a golf bag signed by the Japanese golfer Hideki Matsuyama, along with a gold-leaf golf ball and a putter that belonged to Abe. To demonstrate support for U.S. agriculture, American rice and American beef were served with Japanese vegetables, a gesture that should not be underestimated in a country so proud of its rice. During the meeting, Takaichi not only promised to increase imports of U.S.-made cars but also expressed her intention to nominate Trump for the Nobel Peace Prize [Takahashi 2025, 19 December]. Trump was visibly pleased with his treatment, as evidenced by his smile captured in a selfie with Takaichi and by his comment that «we became very close friends all of a sudden» [Ota 2025, 29 October].

On the other hand, Takaichi did not continue her predecessors' efforts to proactively reduce tensions with China. The improving relationship suddenly worsened again when Takaichi stated that a Chinese attack on democratically ruled Taiwan posed an existential threat and could trigger a military response from Tokyo [Ninivaggi 2025, 10 November]. While this position is not new, other prime ministers refrained from stating it to avoid tensions with China. Although this comment was not intended and emerged unintentionally during a heated debate, Takaichi did not retract it, leading to a strong diplomatic, economic and military response from China.

In addition to official protest remarks from Beijing, Xue Jian, China's consul-general in Osaka, called Prime Minister Sanae Takaichi a «stupid politician» whose head needed to be «chopped off» [The Japan Times 2025, 12 November]. China also targeted Japan with export restrictions on dual-use technologies, including rare earth elements, permanent magnets, and other critical minerals required to produce defence technologies [Baskaran & Schwartz 2026, 13 January]. It also warned its citizens not to visit Japan during the Chinese New Year, citing a surge in crimes targeting Chinese citizens, which led to a 45% decrease in tourism. Next to those measures, China increased its military presence in the East China Sea, deploying more than 100 naval and coast guard vessels, an unusually high number, across East Asian waters. In addition, a Chinese J-15 fighter locked its radar on an Air Self Defence Force F-15 fighter that had scrambled in response to a potential airspace violation [The Asahi Shimbun 2025, 5 December; The Asahi Shimbun 2025, 8 December]. While China clearly aimed to harm Takaichi's reputation, the measure had the opposite effect, leading to widespread public support for the opposition to the Chinese measure.

#### 4. *Conclusion*

Domestically and internationally, the year in review was marked by unprecedented turbulence, driven by political instability in Japan and rapidly shifting geopolitical developments. These factors, combined, led to a redefinition of the political power balance domestically and, consequently to a partial readjustment of Japan's diplomatic strategy, oscillating between the need to cultivate strong relations with the U.S., locking Washington in the Asia-Pacific, and the urge to maintain a peaceful coexistence with China, while reducing its dependency. This paper has highlighted both the continuities and the elements of disjuncture which have characterized Japan in 2025.

Domestically, the turbulence was characterized by the LDP and Kōmeitō losing their majority in both Houses of the National Diet. Japan's decade-long political stability was in shambles with xenophobic populism on the rise.

On the one hand, the leadership of Prime Minister Ishiba was severely limited by internal political strife. The result of this infighting, however, was a return to power for the more conservative factions of the LDP, centred on veteran Asō Tarō's charisma and embodied by Japan's first female LDP leader and first female Prime Minister, Takaichi Sanae, who emerged as the strongest supporter of the late Abe Shinzō's political legacy. Coincidentally, Takaichi's rise caused a radical rearrangement of historically consolidated political alignments, first and foremost that of the LDP-Kōmeitō coalition. Acting from the minority camp during 2025, the LDP—under both Ishiba and Takaichi—had to seek cooperation from opposition parties, given the CDP's control of key committees within the Diet. Consequently, the government had to regularly manage the risk of a no-confidence vote by making concessions (both rhetorical and practical) to the opposition.

Notably, the LDP could count on the JIP as an emerging new coalition partner, capable of supporting the LDP with its 54 Diet members in attempts to push legislation through the Diet. This cooperation, as demonstrated above, was instrumental in passing the 2025 budget in March and in electing Takaichi as Prime Minister later in October, following her ascent to the LDP leadership. Naturally, particularly after signing the 12-point agreement, the LDP had to integrate core principles and policy items put forward by the JIP into its political agenda.

On the other hand, following the 2025 collapse of the LDP's political hegemony, the political balance of power tilted toward fringe populist parties, such as Sanseitō and the DPFP. Capitalizing on a large portion of the public opinion which felt left behind by Kishida (and Ishiba)'s policies aimed at forging a new form of capitalism, overwhelmed by price hikes and taxes, and, finally, threatened by scores of foreign residents, immigrants and disrespectful tourists, these parties have benefited from the LDP's tainted image and political indecisiveness.

Takaichi's ascension to the Party presidency and premiership contributed to partially reverse such course. Upon her election in October 2025, she was able to attract a conspicuous approval rate, setting her apart from her predecessors Ishiba and Kishida. Although the LDP's position was still precarious by late December 2025, a rebound in popularity, not much for the LDP than for Takaichi herself, can be expected. In much the same manner as Abe did more than a decade ago, Takaichi seemed to be on course to reshape the LDP and the cabinet in a more personalist way. The turbulent state of affairs both at home and abroad may provide her the right leverage to accelerate the concomitant processes of realigning the ruling bloc on a more conservative-neoliberal agenda in domestic affairs and gear it more decisively than under Kishida and Ishiba toward a reformist approach to defence and national security.

In this sense, turning to Japan's international posture throughout 2025, we identified Donald Trump's return to the White House as a major factor of disjuncture and turbulence in the year in review. As illustrated above, the second Trump administration introduced a sharper «America First» posture, forcing Tokyo to navigate an increasingly zero-sum dynamic between sustaining U.S. support and avoiding escalation with Beijing. In 2025, it became clear that Ishiba and Takaichi had been working actively to strengthen Japan's defence capabilities amid geopolitical challenges. The differences have mainly concerned adjustments to pressure from the U.S., which was strongly felt with the return of President Trump. While Ishiba reacted by hedging, which has included strengthening existing partnerships and de-escalating tensions with China, Takaichi has continued the approach of her mentor Abe, giving in to U.S. pressure not to jeopardize the alliance. These divergent strategies underscore the tension between strategic hedging and strategic clarity that now defines Japan's foreign policy in an era of great-power competition.

Ishiba's approach prioritized diplomacy and de-escalation with China, leveraging high-level exchanges and economic cooperation to stabilize ties amid U.S. unpredictability. In contrast, Takaichi demonstrated unwavering commitment to the U.S.-Japan alliance, accelerating defence spending targets and signalling readiness to engage in collective self-defence under Japan's security legislation, even in scenarios involving Taiwan.

Across different approaches, both have noted that they have been very active in adapting to the U.S.'s new global role. The defining question that remains unanswered is whether future leaders will continue to hedge or strategically reverse their dependence on the U.S. With Takaichi expected to win the next general election in 2026 at the time of this writing, we can expect that further efforts by Japan to strengthen the U.S.-Japan alliance, despite unpredictability and potential humiliation from the Trump Administration, will be the preferred strategy for the

time being. Under Takaichi, the relations with China were negatively affected, and things are unlikely to improve [Maslow 2025, 12 December].

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