



Summary of Japanese political outlook following Ishiba's reappointment as Prime Minister

15 November 2024

Ishiba Cabinet faces uncertainty amid minority government status, future of Japan-US ties

Shigeru Ishiba was reappointed prime minister during a special session of the Diet convened 11 November 2024. However, Ishiba must lead a minority government after the ruling **Liberal Democratic Party (LDP)** and coalition partner **Komeito** lost their House of Representatives majority in the general election on 27 October. Without support from opposition parties, the government will not be able to pass laws and the national budget, portending a period of elevated political uncertainty. Lack of clarity over the direction of Japan-US relations ahead of **Donald Trump's** inauguration in January could further destabilize Ishiba's administration.

Though the ruling coalition has lost its majority, there are no overt movements within the LDP to unseat Ishiba. Should the opposition submit a no-confidence motion, however, there is a high possibility it would pass, leading to dissolution of the Diet or the resignation of the entire Cabinet. The government could face an untenable situation if negotiations over the FY 2025 budget deadlock.

Diet operations to see significant change as opposition gains influence over policymaking

No single candidate received majority support in the first round of voting to appoint a prime minister during the special Diet session. As a result, Ishiba and **Constitutional Democratic Party of Japan (CDP)** leader **Yoshihiko Noda** advanced to a runoff, the first such vote since 1994. Although Ishiba won the runoff, his vote count did not exceed the combined 221 seats held by the LDP



and Komeito. As **Nippon Ishin no Kai** and the **Democratic Party for the People (DPFP)**, respectively the second- and third-largest opposition parties, are unlikely to join an LDP-led coalition, Ishiba will need to negotiate with opposition parties on a case-by-case basis to secure majority support for the budget and other legislation.

Diet proceedings will undergo substantial change following the transition to a minority government. While the LDP and Komeito previously held the chair positions of 15 of the 17 House of Representatives standing committees, opposition parties will now control eight chairmanships, including that of the powerful Budget Committee. As committees conduct more detailed deliberations than plenary Diet sessions, they play a significant role in dictating the legislative agenda and allotting speaking time during hearings. The LDP and Komeito must now coordinate with opposition parties on economic measures and tax reform, marking a major shift from the previous LDP-dominated policymaking process. While different from previous arrangements, the division of chairmanships presents new opportunities to feed into policymaking and work with a broader range of advocates on specific policy issues.

Passage of the FY 2025 budget will be a top priority when the regular Diet session convenes in January 2025. Delayed approval could adversely affect both central and local government initiatives starting in April; budget talks in February and March will therefore be critical to the Ishiba Cabinet's future.

Policy direction of the Ishiba Cabinet and importance of collaboration with the DPFP

The inauguration of the Second Ishiba Cabinet saw the replacement of ministers who lost reelection, with **Keisuke Suzuki** taking over as Justice Minister and **Taku Eto** as Minister of Agriculture, Forestry and Fisheries. Komeito lawmaker **Hiromasa Nakano** also succeeded **Tetsuo Saito** as Minister of Land, Infrastructure, Transport and Tourism after the latter was appointed Komeito leader following predecessor **Keiichi Ishii's** surprise election loss.

All other ministers retained their positions. Ishiba, long considered an outsider within his party, relies on support from close allies such as Economic Revitalization Minister **Ryosei Akazawa** and lawmakers involved in defense policy. However, he has yet to develop a refined set of economic and regional revitalization policies.



The DPFP has emerged as critical to policymaking, as its collaboration is essential to achieving majority support for legislation. The party has called for raising the income tax exemption threshold from ¥1.03 million to ¥1.78 million. Such action is seen as critical to addressing the “¥1.03 million barrier”, whereby some workers are thought to limit their earnings to ¥1.03 million to avoid paying income tax. However, the Ministry of Finance (MOF) strongly opposes such a change due to a projected loss of ¥7-8 trillion in revenue. MOF saw a resurgence in influence under former Prime Minister Fumio Kishida after losing power under the governments of Shinzo Abe and Yoshihide Suga. This dynamic could potentially complicate Ishiba’s handling of the issue amid opposition from a powerful bureaucratic stakeholder.

Ishiba has also advocated for the establishment of an “Asian NATO” and revision of the US-Japan Status of Forces Agreement. However, these priorities may be sidelined following Trump’s victory, as the incoming president has adopted hardline stances on trade and defense issues. While the Japan-US alliance continues to underpin Japanese foreign and security policy, concerns persist over whether Ishiba can cultivate a close relationship with Trump, as former Prime Minister Abe did. Ishiba’s cautious, methodical approach has prompted questions over his ability to build trust with Trump, who is expected to favor a more freewheeling, personality-driven approach to diplomacy.

Internal tensions within LDP after bruising defeat

The LDP’s election defeat is often attributed to the party’s chaotic posture toward endorsing lawmakers linked to the political funds scandal and criticism over its ¥20-million contribution to party branches of non-endorsed candidates. Discontent is simmering within the LDP regarding Ishiba and LDP Secretary-General Hiroshi Moriyama’s handling of these issues. If the Cabinet’s approval rating continues to decline, it may become challenging to present Ishiba as the face of the LDP in next summer’s House of Councillors election, potentially leading to increased calls within the party for his resignation.



Upcoming Political Schedule

15 November	Asia-Pacific Economic Cooperation (APEC) Summit (Peru)
18 November	G20 Summit (Brazil)
28 November (possible date)	Possible extraordinary Diet Session, consideration of FY 2024 supplementary budget proposal
Late December	Fiscal 2025 budget proposal and tax reforms finalized
January 2025	Ordinary Diet Session begins
Summer 2025	Tokyo Metropolitan Assembly, House of Councillors elections