

JAPAN

Digest

June 2026

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PM Takaichi's attendance at G7 Summit

Japanese Prime Minister Sanae Takaichi [embarked](#) on visits to the United Kingdom and Italy en route to France between 13 and 18 June 2026. She conducted bilateral meetings with her British and Italian counterparts before attending the G7 Summit at Evian, France.

In London, Takaichi and her UK counterpart Sir Keir Starmer [held](#) a summit meeting and working lunch for approximately three hours. Key outcomes of the summit included a Leaders' Joint Declaration on Economic Security Cooperation and a Frontier Technology Partnership, with attendant Memoranda of Understanding (MoUs) signed by private players in the two fields. Under the former, the two sides agreed to take forward existing dialogue mechanisms in strategic trade and investment through public-private partnerships. The latter document 'concurred on advancing initiatives between Japan and the UK' in the fields of innovation, science and technology research, AI, semiconductors, and cybersecurity.

In Italy, Takaichi [engaged](#) her Italian counterpart Giorgia Meloni in a three-hour summit meeting and working lunch where both sides issued a Joint Statement on Space Cooperation, expected to 'further deepen the cooperation between Japan and Italy in this important domain'. Several MoUs were signed by private space exploration firms from both countries. Takaichi also conveyed the importance of continuous progress in the joint Global Combat Air Programme (GCAP) to both her British and Italian interlocutors, with Starmer [promising](#) to invest more than 8 billion British pounds later in June.

At Evian, Takaichi participated in several sessions, including those linked to [rebuilding](#) Ukraine, [addressing](#) crises in West Asia, [forging](#) international solidarity, [reviving](#) economic growth and [promoting](#) safe and efficient AI adoption. She held bilateral meetings with President Ursula von der Leyen of the European Commission, President Emmanuel Macron of France and President Lula Inacio de Silva of Brazil. She also had brief exchanges with Indian Prime Minister Narendra Modi and US President Donald Trump.

Former Lower House Speaker Yohei Kono passes away

Former Speaker of Japan's House of Representatives and Deputy Prime Minister of Japan Yohei Kono [passed away](#) on 10 June, occasioning messages of condolences from neighbours China and the Republic of Korea. Kono, who had served in public office almost continuously from his first election as a lawmaker in 1967, was the son of legendary postwar politician Ichiro Kono. A graduate of Waseda University in Tokyo, Kono served as the Deputy PM for a year (1994-95) and Speaker for six years (2003-09). However, it was during his tenure as Chief Cabinet Secretary under Prime Minister Kiichi Miyazawa that he issued the now-famous 'Kono Statement' in 1993, where he acknowledged and apologised for the Imperial Japanese Army's role in establishing 'comfort stations' and coercing women into offering sexual services to soldiers as 'comfort women'. Kono is survived by his son Taro Kono, who has himself served in various capacities under the administrations of Shinzo Abe and his successors.

After news of his death was made public, Prime Minister Sanae Takaichi issued a message of condolence on X (formerly Twitter) where she offered ‘heartfelt condolences with deep sorrow’ before acknowledging his political service to the nation. Meanwhile, China, which is currently in the midst of the worst downturn in relations with Japan, broke with its official rhetoric to [convey](#) its condolences directly to the Kono family and declare that it mourned his passing. The Republic of Korea, whose stance on the comfort women issue was vindicated by the Statement, also [issued](#) a release mourning his passing, with Prime Minister Kim Min-seok calling him ‘a rare Japanese politician who presented the principle of ‘acknowledging history and moving to the future’.

BOJ raises interest rates to pre-recession highs

The Bank of Japan on 16 June [raised](#) its key interest rates to one percent, a hike that brought it to the same level as that in effect in September 1995, immediately after Japan’s property bubble caused the recession known as its ‘lost decades’. The policy rate, which had been hiked by successive meetings of the central bank since 2024, serves as the primary benchmark for borrowing, spending and inflation in the economy, as it determines lending and deposit rates for commercial banks.

In the meeting of the apex policy board that decided the hike, fears of inflation caused by the situation in West Asia played a central role. All but one of the members of the board agreed that Japan’s economy remained resilient enough to absorb the higher policy rate, lowering the

risk of a significant freeze on economic activity. The BOJ also announced that it would go forward with its plan to taper off the purchase of government bonds at a rate of 200 billion yen per three months, which could release more bonds for market trading but create reliance on foreign bondholders. Moreover, the higher rate is certain to crimp the fiscal priorities of Prime Minister Takaichi’s administration, which intends to rely on significant government spending to achieve its goals of raising defence spending while exempting households from the impact of food and fuel inflation.

Japan population faces unprecedented decline

Data released by the Ministry of Health, Labour and Welfare on 3 June [revealed](#) that the number of children born to Japanese nationals fell to a record low of 671,236, well below projected numbers released in 2023. The country’s total fertility rate (TFR, number of children borne by a woman during her reproductive lifetime) also crashed to a new low of 1.14, the tenth straight year of decline. Though a marginal increase in marriages as well as a fall in the age at marriage were observed, it remains to be seen whether these will translate to gains in childbirth. Deaths on the other hand were recorded at 1,589,489, a surplus of 918,253 over the number of births and well beyond any hope of maintaining population replacement. As a result, preliminary figures from the national census conducted last year [exposed](#) that Japan had officially lost approximately 3 million individuals since the previous census in 2020, the largest continuous decline in history and the third straight record-breaking decline across five-yearly census periods.