

## Japan: Komeito Decides to Leave Ruling Coalition

**BOTTOM LINE:** Komeito, which has been in a coalition government with the Liberal Democratic Party (LDP) for 25 years, has decided to leave the coalition. We believe that in the upcoming process to appoint the new prime minister of Japan, newly elected LDP President Sanae Takaichi is likely to be nominated, based on the number of seats in the Diet held by the LDP. However, the LDP will now become a single-party minority government, and its administration will become even more dependent on cooperation from opposition parties. Assuming the continuation of a minority government led by LDP, we have been forecasting a low probability of large-scale fiscal expansion in the near term, namely the near-term economic package. We maintain this scenario, as Komeito has stated that, considering the continuity of policies, it will continue to cooperate with LDP on a case-by-case basis, although uncertainties over the medium-longer term has increased.

### MAIN POINTS:

Komeito, the LDP's partner in the ruling coalition for 25 years, has decided to leave the coalition.

The LDP and Komeito have a practice of confirming the content of their coalition agreement and exchanging documents each time their party leaders change. This time, following the change in the LDP president, Komeito had demanded that the LDP resolve certain issues around politics and funds as a condition for maintaining the coalition. The LDP reportedly could not provide an acceptable response, leading Komeito to leave the coalition.

The **prime minister will be appointed in the Diet** (according to various media reports, the appointment, which the government and LDP had initially scheduled for October 15, is now expected to be delayed until October 20 or later; Yomiuri Shimbun, October 9). The prime minister is appointed in both the House of Representatives and the House of Councillors, where Diet members write the name of the lawmaker they wish to nominate as prime minister and cast their vote. If no one obtains a majority in the first round of voting, a run-off vote is held between the top two candidates, and the one who receives the most votes is nominated. If the House of Representatives and the House of Councillors vote for different nominations, a joint committee of both houses is convened. If an agreement is not reached there, or if the House of Councillors does not make a nomination within 10 days, the decision of the House of Representatives becomes the decision of the Diet (from Prime Minister's Office [website](#)).

In the **first round of voting**, it is common for members to vote for their own party leaders. As Komeito is leaving the coalition, it has stated its members will write the

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name of the Komeito leader as prime minister, and there has been no progress in terms of cooperation among opposition parties on the nomination. Therefore, in the first round, each party will likely vote for its own leader. Since no one would obtain a majority in that case, it looks highly likely that LDP President Takaichi and Constitutional Democratic Party (CDP) leader, Yoshihiko Noda will advance to the run-off in both the House of Representatives and the House of Councillors, based on the number of seats each party holds ([Exhibit 1](#)).

In the **run-off**, the key will be which parties vote for either the LDP or CDP leader. However, there has been no progress in terms of cooperation among opposition parties, and it appears unlikely that both the Democratic Party for the People (DPP) and the Japan Innovation Party will vote for the CDP leader. Even if the CDP were to ally with either the DPP or the Japan Innovation Party, their combined seats in both houses would not reach the LDP's total. Therefore, unless cooperation among opposition parties advances, LDP President Takaichi looks set to be nominated in both houses in the run-off based on the number of Diet seats held by the LDP. However, with more than 10 days until the prime ministerial appointment, the situation remains fluid.

**Exhibit 1: Current composition of the Diet**

	Lower House term ends Oct 2028	Total	Upper House	
			of which term ends	
			Jul 2031	Jul 2028
<b>Liberal Democratic Party</b>	<b>196</b>	<b>100</b>	<b>39</b>	<b>61</b>
<b>Komeito</b>	<b>24</b>	<b>21</b>	<b>8</b>	<b>13</b>
Constitutional Democratic Party	148	42	24	18
Democratic Party for the People	27	25	18	7
Japan Innovation Party	35	19	7	12
Japanese Communist Party	8	7	3	4
Reiwa Shinsengumi	9	6	3	3
Sanseito	3	15	14	1
Others	15	13	8	5
Vacancies	0	0	0	0
<b>Total</b>	<b>465</b>	<b>248</b>	<b>124</b>	<b>124</b>
<b>Majority Line</b>	<b>233</b>	<b>124</b>		

Source: House of Representatives (Shugiin), House of Councillors (Sangiin)

With Komeito no longer in a ruling coalition, a Takaichi-led administration will take on the more distinct tone of a minority government, and will require the cooperation of the CDP, or if not, at least two other opposition parties to pass bills, including the main and supplementary budgets. In this regard, although Komeito has decided to leave the coalition, it has stated that, considering the continuity of policies, it will continue to cooperate with LDP on a case-by-case basis. The DPP leader Yuichiro Tamaki has indicated a negative stance on joining a coalition at the start of the extraordinary Diet session, stating that the implementation of the three-party (LDP-Komeito-DPP) agreement, such as the abolition of the provisional gasoline tax rate, is a major prerequisite for joining a coalition government (October 9; Jiji Press). Therefore, while the actual administration of government may not change significantly from the time of the LDP-Komeito coalition, the process of incorporating the opinions of opposition parties on each issue will become increasingly important, destabilizing the LDP's administrative base. For the main policies of Ms. Takaichi and the major opposition parties, please see [here](#).

During their 25-year coalition, the LDP and Komeito have maintained a strong relationship of electoral cooperation, coordinating so that their candidates do not compete in the same constituencies. According to Nikkei estimates (October 10), if the dissolution of the coalition were to end this electoral cooperation, the LDP and Komeito would compete directly in the same constituencies, splitting the vote and potentially causing the LDP to lose 20% of its single-seat constituency seats in the House of Representatives. While it is possible that cooperation will continue in individual constituencies even after the coalition's dissolution, we believe it is unlikely that new Prime Minister Takaichi would call an early snap general election, given the LDP's fragile internal structure and election strategy.

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