



Prime Minister Resignation

2nd of September 2008

Japan needs a new Prime Minister

Yesterday saw the surprise resignation by Mr Yasuo Fukuda, Prime Minister and Liberal Democratic Party (LDP) President. He is the 2nd PM to resign within 12 months. For the first time since WW2, the Democratic Party of Japan (DPJ, the opposition) now rules the upper house and are blocking various bills put forward by the LDP. Even the Komei Party (the junior coalition member) has been pushing for policies which are not consistent with Mr Fukuda's views.

Mr Fukuda quits just days after his new economic package was announced and with a popularity rating of below 30%.

Most likely candidates:

Mr Taro Aso, LDP Secretary General

He lost to Mr Fukuda last year following Mr Abe's resignation. He is quite popular (26% voted him as top possible new PM in last week's poles), and he is for stronger measures and more flexible policies. He is also keen on income tax cuts and preferential tax treatment for securities.

Mrs Yuriko Koike, LDP former Defence Minister

She is known to be very charismatic, has solid foreign policies, is for market led reforms and speaks fluent English and Arabic. She comes from the pro Koizumi camp (Mr Reformist...).

Whoever wins the seat will need to defend it in a general election by September 2009.

Mr Fukuda's sudden resignation reflects our view on the current political situation in Japan, which we discussed during our road-shows this year

We will keep you updated on any new and definite political changes

Yours faithfully,

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