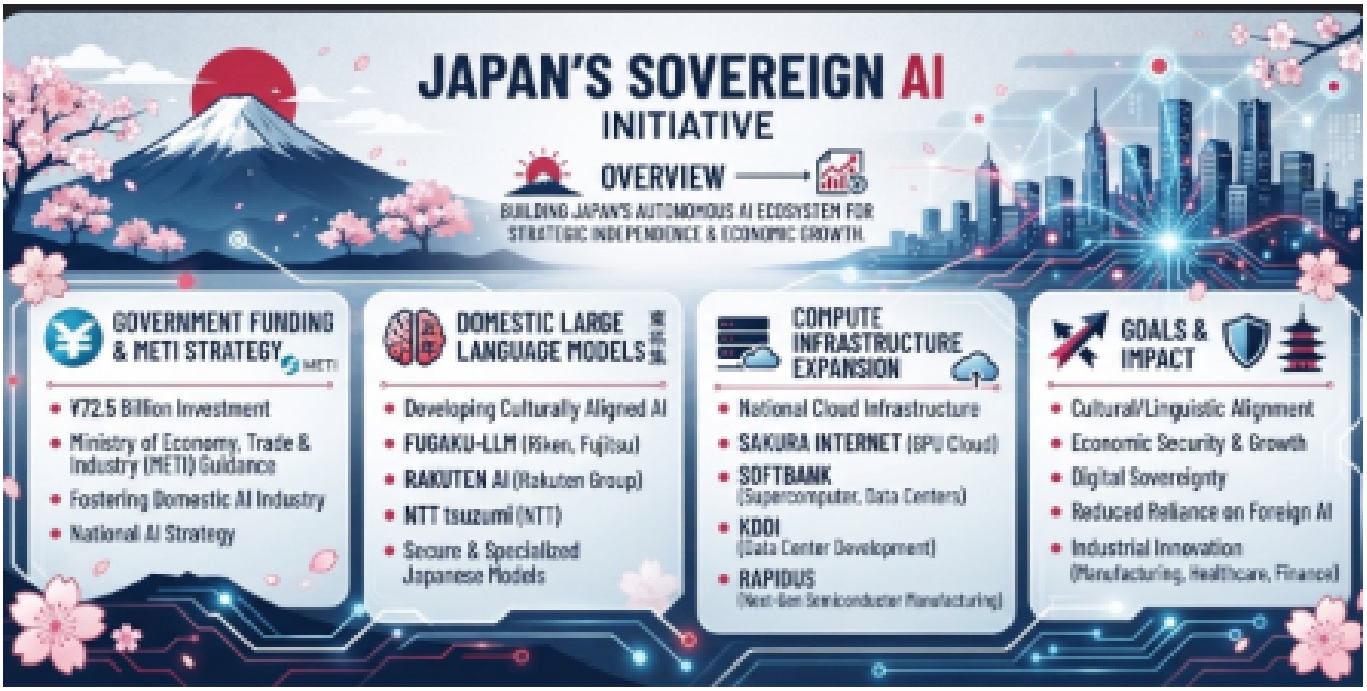
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NEWS | ARTIFICIAL INTELLIGENCE

Japan's sovereign AI bet faces a $5B cost overrun

Soaring chip prices and a weak yen push the Noetra project's bill higher, and taxpayers may cover more of it

By **Manasee Kurlekar** | November 21, 2026



Japan's flagship home-grown AI project could cost up to ¥800B more than planned. National AI ambitions are running into dollar-priced chips.

Building your own national AI is a fine ambition until the chip bill arrives in dollars. Japan's flagship sovereign AI project, Noetra, could cost up to ¥800B ($5B) more than planned, Nikkei reports.

Costs for Japan's flagship domestic artificial intelligence initiative are expected to rise by as much as 800 billion yen ($5 billion), Nikkei has learned, as soaring chip prices and the weak yen put pressure on the plan. Nikkei says the government may have to carry a bigger share of the cost.

When the project was set up, the Japanese government, through the Economy, Trade and Industry Ministry, was set to provide about 1 trillion yen over five years starting in fiscal 2026, and SoftBank planned to invest a separate 2 trillion yen in building new data centres for AI development.

Chip prices have soared and the weak yen has made every imported GPU dearer, and Tokyo may have to cover more of the gap. It's the AI boom's quiet tax on everyone outside the US: the hardware is priced in dollars, the budgets are in yen, and sovereignty costs more each time the currency slips.

The timing is awkward too, since SoftBank, Noetra's anchor partner, had its worst trading day in two years on Friday.

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