

I. News of the Week

1. Tokyo Tops One Thousand Cases a Week Into Fourth State of Emergency

- Tokyo confirmed 1,271 new cases on Friday, exceeding 1,000 cases for a third consecutive day. The greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama) accounts for two-thirds of total case numbers nationwide.
- The Tokyo Metropolitan Government's expert panel confirmed Thursday that the seven-day average as of Wednesday was 817 cases, 1.31 times higher than the average the previous week.
- It estimates that if case numbers increase at this rate, the seven-day average in two weeks would be 1,402 cases, 1.72 times higher than the current rate; the average in four weeks would be 2,406 cases, 2.94 times higher than the current rate.
- Data shows that 44 percent of total cases in the greater Tokyo area are the "delta" variant, with this number expected to reach 80 percent early next month and close to 100 percent at the end of next month.
- While the elderly, presumably due to vaccines, comprise less of the total, those in their twenties and thirties account for close to half of the total. There has been more than a ten percent jump since March from around 31 percent to 42 percent.

2. Government Expects to Continue Pushing Vaccination Program

- As of Thursday, 32 percent of the population has been vaccinated once, while 20 percent has been vaccinated twice. Total vaccinations reached 66.7 million. Daily vaccinations reached 729,502 shots.
- Internal affairs minister Ryota Takeda told reporters Tuesday that the government expects to inoculate all elderly individuals over the age of 65 who want to get vaccinated by the end of the month.
- Vaccine czar Taro Kono announced Tuesday the vaccine distribution schedule for the first half of August. Of the 11.7 million Pfizer vaccine doses to be distributed over two weeks starting August 2, around 9.01 million doses (77%) will be allocated to prefectures as part of the "basic plan portion" by population size.
- The remaining 2.69 million doses (23%) will be the "adjustment portion," of which 2.23 million doses (19%) is distributed by local governments based on vaccination speed and 460,000 doses (4%) is set aside for municipally-operated mass vaccination sites.
- Nikkei reported Monday that pharmaceutical company Daiichi Sankyo plans to begin Phase 3 (last phase) clinical trials for its domestic vaccine this autumn with the aim to make it publicly available during 2022.

3. Japan Publishes its 2021 Defense White Paper

- The Ministry of Defense published Tuesday its annual defense white paper, which outlines the broad strategic policy framework for defense planning.¹
- This year's white paper featured for the first time a section dedicated to the U.S.-China competition. Unlike other years, where there is objective analysis of the regional situation, this year focuses on how the competition impacts Japan.
- It notes that "changes in the military power balance between the United States and China may possibly affect the peace and stability of the Indo-Pacific region."
- It also notes for the first time that "stabilizing the situation surrounding Taiwan is important for Japan's security and the stability of the international community."
- It notes that Japan's defense spending as a percentage of GDP is lowest among G7 countries, Australia and South Korea. The paper explains that the difference in spending with South Korea will increase to about 1.5 times in 2025.

4. Foreign and Defense Policy Developments

- The foreign ministry announced Friday that a deputy minister-level meeting will be held with the U.S. and South Korea next Wednesday in Tokyo. The three countries are expected to discuss responses to North Korea and China. Japan and South Korea will hold a separate bilateral session.
- Foreign Minister Toshimitsu Motegi said Tuesday that the government plans to send around 11 million shots of the AstraZeneca vaccine to fifteen countries including Iran, Bangladesh, Nepal and the Pacific Island countries through the COVAX facility.
- Motegi also revealed that Japan is sending Indonesia, Vietnam and Taiwan around one million additional vaccine doses each on Thursday.
- The U.S. and Australia were joined by Japan, the U.K., Canada, South Korea and New Zealand for their biennial Exercise Talisman Saber (July 14-July 31). The drill comes amid increasing Chinese military activities near the Taiwan Strait.
- India, Indonesia, Germany and France are participating as observers. Japan is sending a GSDF unit specializing in remote island defense and tasked with the initial response to a contingency in the southwestern islands.

5. Domestic Political Developments

¹ "Reiwa Sannen-ban Bōei Hakusho Nippon no Bōei 令和3年版 防衛白書 日本の防衛" [Defense of Japan 2021], Ministry of Defense of Japan, July 13, 2021, <https://www.mod.go.jp/j/publication/wp/wp2021/pdf/index.html>

- The CDP, JCP, DPP and SDP submitted Friday a written request to the speaker of the Lower House asking for an extraordinary Diet session to be held for a period of around two months starting before the Olympic Games.
- The opposition parties believe the Diet must be prepared to deal with extraordinary situations such as an exponential rise in COVID-19 cases, especially during the Olympic Games.
- Akira Amari, chair of the LDP research commission on the tax system, said on Tuesday that the government should aim to form and pass the FY 2021 supplementary budget after the Lower House election in the fall.
- Chief Cabinet Secretary Kato said Sunday that municipal governments across the country will begin accepting applications for paper vaccine passports (certificates) on July 26.
- The government is currently negotiating with other countries to ease restrictions on Japanese travelers holding this passport. Nikkei reported Tuesday that Japan is lobbying a dozen countries including Italy and Greece to waive the quarantine period and other restrictions.

6. State of the Economy

- The Bank of Japan decided Friday at its monetary policy meeting that it will maintain large-scale monetary easing measures in response to the pandemic.
- It also decided to provide yen loans to financial institutions engaged in environmentally friendly investments/loans at zero percent interest.
- It also released its economic growth outlook for FY 2021, down slightly from 4 percent in April to 3.8 percent largely due to the fourth state of emergency.
- The labor ministry's subcommittee of the Central Minimum Wages Council decided Wednesday that it will propose raising average wages a record high ¥28 from ¥902 to ¥930, in line with the government's goal of achieving a ¥1,000 national average
- The Ministry of Economy, Trade and Industry announced Monday the estimated power generation costs in 2030 by energy sources such as nuclear power and renewables. Solar, not nuclear, was the cheapest energy source this time around.

7. Olympic Games to Start Next Week

- IOC President Thomas Bach requested on Wednesday that Prime Minister Suga consider letting in spectators should the coronavirus situation improve in Japan.
- Bach also met with Governor Yuriko Koike the next day, emphasizing that the risk of the games to residents of the Olympic Village and the Japanese people is zero.

- The organizing committee decided Thursday that athletes judged to have been in close contact with an infected person can participate in competitions if they test negative within six hours of competing. This is a special measure considering the government usually requires a fourteen-day quarantine period.
- Reports on Wednesday say arrangements are being made for the Emperor to attend the opening ceremony on July 23 and announce the opening of the Olympic Games. The Emperor will also meet IOC officials on the 22nd and state leaders on the 23rd at the Imperial Palace.
- The White House announced Tuesday that First Lady Jill Biden will be attending the opening ceremony.

8. Parties Prepare for Consequential Lower House Election

- The Japanese Trade Union Confederation (Rengō) signed Thursday separate policy agreements with the CDP and DPP. The sides agreed to work together to overcome the pandemic and achieve tax and finance reform.
- Though the policies are the same in both agreements, the CDP and DPP still disagree about forming a coalition government with the JCP should the opposition win a majority in the fall.
- CDP leader Yukio Edano made a courtesy visit on Sunday to the home of former prime minister and Social Democratic Party leader Tomiichi Murayama. Edano expressed his determination to form a liberal government.
- A *Nikkei* report from last month indicated that the CDP and three other parties had split about 200 districts among themselves to avoid competing with one another. This is about two times more than the last election.
- On the other hand, the LDP is rushing to fill in candidates for seats where a lawmaker is retiring or has left the party.

9. Other Noteworthy News

- **Government Reverses Course on Restricting Alcohol Sales:** The government decided Tuesday to retract its earlier policy requesting liquor vendors to refrain from providing alcohol to eateries that do not comply with the order to stop selling alcohol during the state of emergency. This came after the government also retracted another policy requesting financial institutions to encourage eateries it has business with to comply with the coronavirus countermeasures. Both policies were equally unpopular among eateries and liquor distributors, who argued that it would be difficult to stop transactions without adequate compensation. The problem with the latter policy was made worse when reports surfaced that several ministries and agencies had been involved in the preparation of these policies. The government's official position until then had been that it was a misstep on the part of Yasutoshi Nishimura, the minister in

charge of economic revitalization. Nishimura apologized on Tuesday, stating that his explanations were lacking and caused confusion. He has denied opposition demands to resign. Finance Minister Aso said the same day that the policy was never intended to pressure eateries into complying with the government's request by threatening to cut off loans. Amidst these developments, Aso also claimed that he told his secretary at the finance ministry to ignore the document regarding the policy, saying the policy itself was absurd. Meanwhile, AERA reported Wednesday that another document was circulated among ministries over the weekend, calling on prefectures to stop giving financial aid to liquor distributors who continue transactions with noncompliant eateries. Since these reports surfaced, the government has announced new financial aid for liquor distributors with a significant reduction in profit. Minister Nishimura also said Wednesday that the government is considering some sort of request to advertisement companies that run ads of businesses that are not complying with the government's rules. Both the LDP and Komeito remain worried that this debacle could impact the upcoming election in the fall.

II. Public Opinion Polls

- An NHK poll released Monday showed a 33 percent approval rating for the Suga cabinet, down 1 percent from June, and a disapproval rating of 46 percent, up 1 percent.²
 - 41 percent of respondents said they disapproved of the cabinet due to a lack of leadership; 34 percent said due to low expectations for its policies; and 11 percent said due to their lack of trust in the prime minister.
 - 80 percent of respondents are “somewhat” or “very” worried that they or someone in their family could contract the coronavirus, while 18 percent are “not so worried” or “not worried at all.”
 - 40 percent respondents “strongly” or “somewhat” approve of the government's coronavirus response, up 2 percent from June, while 57 percent “somewhat” or “strongly” disapprove, down 1 percent.
 - 39 percent of respondents said they believe the 4th COVID-19 state of emergency declared in Tokyo will have a “great” or “moderate” effect on mitigating the spread of the virus, while 57 percent believe it will have “little” to “no” effect.
 - 39 percent of respondents believe the decision to hold all Olympic competitions in the greater Tokyo area without spectators is appropriate; 30 percent believe the games should still be cancelled; 22 percent believe a limited number of spectators should be allowed in; and 4 percent believe there should be no restrictions on spectators.
 - 31 percent of respondents are “very” or “somewhat” satisfied with the government and organizing committee's explanations regarding the reason for

² “*Nisen-nijūichinen Shichigatsu Seiji Ishiki Getsurei Denwa Chōsa* 2021年7月 政治意識月例電話調査” [Political Awareness Monthly Phone Survey July 2021], NHK, July 12, 2021, <https://www.nhk.or.jp/senkyo/shijiritsu/pdf/aggregate/2021/y202107.pdf>

holding the games and COVID-19 countermeasures, while 65 percent are “not very” or “not at all” convinced.

- 38 percent of respondents “greatly” or “somewhat” approve of the government’s border measures for athletes and other Olympics-related people coming from abroad, while 57 percent “don’t really” or “don’t” approve.
 - 46 percent of respondents said they have already been vaccinated; 32 percent said they would like to get vaccinated; 13 percent are pondering whether to get vaccinated; and 5 percent do not want to get vaccinated.
- The survey also collected data on the latest approval ratings of political parties.

Party Name	Approval Rate (%)
Liberal Democratic Party (LDP)	35 (-1)
Komeito (coalition partner of the LDP)	3 (-1)
Constitutional Democratic Party (CDP)	6 (±0)
Nippon Ishin no Kai (Japan Innovation Party)	2 (±0)
Democratic Party for the People (DPP)	1 (±0)
Japanese Communist Party (JCP)	3 (±0)
Social Democratic Party (SDP)	0 (±0)
Reiwa Shinsengumi	0 (±0)
Independents	42 (+1)

- A *Yomiuri Shimbun* survey asked which LDP lawmaker should be the next prime minister of Japan:³
 - 20 percent of respondents said Taro Kono; 18 percent said Shigeru Ishiba; 15 percent said Shinjiro Koizumi; 14 percent said nobody; 11 percent said Shinzo Abe; 4 percent each said Fumio Kishida and Yoshihide Suga; 2 percent each said Seiko Noda and Toshimitsu Motegi; and 1 percent each said Katsunobu Kato and Yasutoshi Nishimura.
- A *Jiji* poll released Friday showed a 29 percent approval rating for the Suga cabinet, down 4 percent from June and the lowest since it was formed in September 2020.⁴ Disapproval was up 6 percent to 50 percent.

³ “*Nisen-nijūichinen Shichigatsu Denwa Zenkoku Yoron Chōsa Shitsumon to Kaitō* 2021年7月 電話全国世論調査 質問と回答” [National Phone Survey Questions and Responses July 2021], *Yomiuri Shimbun*, July 13, 2021, <https://www.yomiuri.co.jp/election/yoron-chosa/20210712-OYTIT50194/>

⁴ “*Suga Naikaku Shiji 29.3%, Hossoku-go Saitei Hatsu no Sanwari Ware — Jiji Yoron Chōsa* 菅内閣支持29.3%、発足後最低 初の3割割れ—時事世論調査” [Suga Cabinet Approval at 29.3%, Lowest Since Cabinet Formed First Time Below 30% — Jiji Opinion Poll], *Jiji*, July 16, 2021, <https://www.jiji.com/jc/article?k=2021071600774&g=pol>