

## ***The Weekly Observer***

October 11-15, 2021

*The 20<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics! This week focuses on the impending House of Representatives election, Prime Minister Kishida's Diet battles, the LDP and CDP's campaign manifestos, Kishida's other policy actions, the Cabinet's first diplomatic phone calls, TSMC's first chip plant in Japan, Nippon Steel's lawsuit against Toyota and Baoshan, and more.*

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## **I. News of the Week**

### **1. Prime Minister Kishida Dissolves the House of Representatives**

- Prime Minister Fumio Kishida on Thursday decided to dissolve the Lower House just ten days after gaining Diet approval to become the new prime minister.
- The ensuing general election's campaign period will begin October 19 with election day set for October 31.
- Lawmakers served a total of 1,454 days since 2017, the second longest in post-war history after the Miki Cabinet's 1,461 days recorded in 1976.
- At a press conference the same day, Kishida said the election will "choose the future of Japan." His immediate focus will be the COVID-19 response and forming an economic stimulus package of several trillion yen.

### **2. Kishida Faces Question and Answer Session**

- Following his policy speech to the Diet on Friday last week, Kishida faced lawmakers in both Houses for a three-day question and answer session (Lower House on Monday/Tuesday | Upper House on Tuesday/Wednesday).<sup>1</sup>
- Kishida was asked repeatedly about the government's coronavirus response, his broader economic policy, and other issues such as whether the government would be raising the consumption tax.
- The prime minister promised to reveal a comprehensive COVID-19 response plan soon, adjust Abenomics to redistribute wealth, and maintain the current consumption tax rate for the time being.
- Constitutional Democratic Party leader Yukio Edano criticized Kishida for exacerbating the worst trait of the Abe and Suga cabinets: avoiding explanations. He also pointed out that Kishida was defending parts of Abenomics to appease the wealthy people that benefited from these economic policies.

### **3. Parties Prepare for Election at the End of the Month**

- Kishida said he could not let the opposition, who are fragmented in terms of policy beliefs and ideology, win this race. He set the "victory line" at a majority. The CDP and JCP have, however, agreed to limited cooperation (JCP unrepresented in cabinet) should the CDP form a government.
- According to *Yomiuri Shimbun*, over 980 candidates are running for a seat in the Lower House. In 2017, 1,180 ran for a seat.

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<sup>1</sup> "Policy Speech by Prime Minister KISHIDA Fumio to the 205th Session of the Diet," Prime Minister of Japan and His Cabinet, October 8, 2021, [https://japan.kantei.go.jp/100\\_kishida/statement/202110/\\_00005.html](https://japan.kantei.go.jp/100_kishida/statement/202110/_00005.html)

- In the single-member district portion, 850 candidates are running for 289 seats; in the proportional section, over 760 candidates (including those running for SMDs) are running for 176 seats.
- The LDP will field 277 candidates for the 289 seats up for grabs, while the main opposition CDP will field 214. The opposition, which initially faced trouble cooperating, agreed to unite behind a single candidate in all but some 80 seats.
- Right-leaning paper *Yūkan Fuji* published an article on Thursday that predicted the LDP and Komeito coalition would hold on to 273 seats (down 31 seats) and maintain a majority in the Lower House. The same paper predicted in the last days of the Suga Cabinet that the LDP would lose 72-73 seats.

#### 4. LDP and CDP Publish Campaign Policies

- The LDP published its campaign policy brochure on Tuesday.<sup>2</sup> It included many of the policies Kishida advocated for on the campaign trail, including reorganizing the middle class through “new capitalism” and crafting an economic security law.
- Some were quick to point out that, among other things, the full “Reiwa Income Doubling Plan,” a financial income tax hike, and establishing a health crisis management agency were left out.
- While these were left out, some conservative policies, such as promoting nuclear fusion research and bolstering deterrence, including potentially through enemy base strike capabilities, were included.
- The CDP announced its policies the next day.<sup>3</sup> Edano said the focus was on redistribution, but unlike Kishida, believed it must come first before growth. Kishida said that there was a positive cycle between the two.
- Among other policies, the CDP plans to deliver ¥120,000 cash handouts to low-income households, lower the consumption tax rate to 5 percent for the time being, and reduce CO<sub>2</sub> emissions over 55 percent from 2013 levels by 2030.

#### 5. Political Developments

- The Cabinet decided Friday to set up the “New Capitalism Realization HQ” (*Atarashī shihon shugi jitsugen honbu*), which replaces the Growth Strategy Council as a forum to discuss how Japan can balance growth and distribution.
- Headed by the prime minister, the HQ is comprised of related ministers and 15 experts, including Keidanren President Masakazu Tokura. Seven women will serve as experts in the HQ. The group will hold its inaugural meeting this month.

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<sup>2</sup> “Reiwa San-nen Seisaku Panfuretto 令和3年政策パンフレット” [2021 Policy Pamphlet], Liberal Democratic Party of Japan, October 12, 2021, [https://jimin.jp-east-2.storage.api.nifcloud.com/pdf/pamphlet/20211011\\_pamphlet.pdf](https://jimin.jp-east-2.storage.api.nifcloud.com/pdf/pamphlet/20211011_pamphlet.pdf)

<sup>3</sup> “Rikken Minshutō Seiken Seisaku 2021 立憲民主党 政権政策2021” [2021 CDP Government Policies], Constitutional Democratic Party of Japan, October 13, 2021, <https://change2021.cdp-japan.jp/seisaku/>.

- Chief Cabinet Secretary Hirokazu Matsuno said Thursday that the GOJ welcomed the international agreement on a global minimum corporate tax rate of 15 percent.
- Prime Minister Kishida said on a TV program Monday that he will not move forward with plans to hike the financial income tax when the GOJ implements tax reform next year.
- Kishida campaigned on raising the financial income tax on the wealthy. He argues that the priority now is to raise wages for private sector employees. He is currently contemplating corporate tax incentives for businesses that raise wages.

#### 6. Japan Prepares for Next COVID-19 Outbreak

- Prime Minister Kishida announced Friday that the GOJ will compile a comprehensive pandemic response next month for the next outbreak.
- The government will prepare measures in anticipation that Japan will face double the case numbers confirmed during the peak in the summer this year.
- Measures include a 20 percent increase in hospital occupancy, making use of 80 percent of the beds allocated for COVID-19 (many went unused despite being designated for such use), making use of online examinations, and preparing a third vaccine dose for citizens.
- The government plans to distribute 4.12 million Pfizer vaccines nationwide for a third dose by January next year.
- As of Friday, 75 percent of citizens have been vaccinated once, while 66 percent have been vaccinated twice. Case numbers are at 531, with Osaka registering the most cases at 65.

#### 7. Kishida Cabinet Starts Diplomacy with Calls

- This week, Prime Minister Kishida spoke with President Moon Jae-in of South Korea and Prime Minister Boris Johnson of the U.K.
- Kishida urged South Korea to take appropriate actions to resolve the ongoing historical issues. He agreed with Johnson on the importance of continuing to cooperate to achieve a free and open Indo-Pacific.
- Kishida also spoke with President Xi Jinping of China and Prime Minister Narendra Modi of India last week.
- Kishida also took part in the G20 summit regarding Afghanistan on Tuesday. He committed \$200 million for humanitarian assistance this year.

- Foreign Minister Toshimitsu Motegi spoke with Australian Foreign Minister Marise Payne on Thursday. The two discussed cooperation to achieve a free and open Indo-Pacific, as well as other regional issues.

8. Kishida Convenes the NSC

- Prime Minister Kishida convened his first National Security Council meeting on Wednesday. Members discussed revising the 2013 National Security Strategy.
- The members—the prime minister, the chief cabinet secretary, foreign minister and defense ministers, as well as the finance and economic security ministers—also discussed the National Defense Program Guidelines and the Medium Term Defense Program.
- The National Defense Program Guidelines set forth the basic policy for Japan's defense over the upcoming decade. The Medium Term Defense Program is a five-year defense spending plan that outlines the major equipment procurements.

9. Defense/Security Developments

- The LDP's policy bank, released at the same time as the campaign pamphlet, included mention of increasing defense spending to at least 2 percent of GDP.
- The government plans to bolster deterrence amid North Korea's continued nuclear and missile buildup, as well as China's increased military presence in the region.
- The Quad nations held the second phase of the Malabar Exercise between October 12-14 in the Bay of Bengal. The nations look to bolster cooperation and interoperability in the face of Chinese maritime assertiveness in the region.
- LDP Secretary-General Akira Amari said in a *Nikkei Asia* interview that Japan needs a way to shield patents with national security implications from the public.<sup>4</sup> He added that this should be included in the economic security legislation set to be submitted to the Diet next year.

10. Other Noteworthy News

- **TSMC to Build First Chip Plant in Japan:** Taiwan Semiconductor Manufacturing Co., the world's biggest contract chipmaker, announced on Thursday that it will build its first-ever chip plant in Kumamoto, Japan. The plant will focus on 22- and 28-nanometer technology that can be applied to a range of chip types. The GOJ says total investment will be ¥1 trillion (\$8.8 billion). Sony and Denso, domestic buyers of TSMC's chips, took part in the project that is expected to generate around 2,000 jobs. The plant helps Japan bolster the local semiconductor supply chain amid a global shortage in key components.

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<sup>4</sup> Kaoru Osawa and Yusuke Takeuchi, "Japan needs secret patents to guard national security: LDP's Amari," *Nikkei Asia*, October 13, 2021.

- **Nippon Steel Sues Toyota and China's Baoshan Over Patent Infringement:**

Nippon Steel said Thursday that it filed a lawsuit against Toyota and Baoshan Iron and Steel over alleged infringement of patents covering non-oriented electrical steel sheet, which is used in electrical vehicle motors. The company says Baoshan supplies Toyota with products that infringe its patents, which are then used in electric cars sold in Japan. The company is seeking ¥20 billion (\$176 million) from each and also filed a petition for a preliminary injunction before the Tokyo District Court prohibiting Toyota from manufacturing and selling the electric cars. Nippon Steel filed a similar lawsuit in 2012 against a South Korean company which was later settled.

## **II. Public Opinion Polls**

- An *NHK* poll released Monday showed the Kishida Cabinet's approval rating was 49 percent, while disapproval was 24 percent.<sup>5</sup>
  - 32 percent of respondents said they disapproved due to a lack of confidence in its policies; 18 percent said they did not support the LDP; 15 percent said an alternative cabinet seems better; 12 percent said a lack of decisiveness; and 10 percent said they didn't trust Kishida as a person.
  - 52 percent of respondents said they will definitely go to vote; 31 percent said they plan to vote; 10 percent said they were unsure; and 4 percent said they weren't voting.
  - 74 percent of respondents said they were "very" or "somewhat" interested in the election, while 23 percent said they were "a little" or "not" interested.
  - 33 percent of respondents said economic/financial policy is most important when considering who to vote for; 23 percent said social welfare reform; 20 percent said the COVID-19 response; 8 percent said foreign policy/security; 6 percent said environment/energy policy; 3 percent said amending the constitution.
  - 25 percent of respondents believe the ruling coalition should win more seats; 28 percent believe the opposition should win more seats; and 41 percent are undecided.
  - 45 percent of respondents "strongly" or "somewhat" approve of Kishida's cabinet and party leadership choices, while 46 percent said they disapproved.
  - 34 percent of respondents believe Kishida should continue along the Abe and Suga cabinet's policy direction, while 57 percent believe he should not.
  - 48 percent of respondents said the government made the appropriate decision to lift the COVID-19 state of emergency at the end of last month; 33 percent said it was too early; and 9 percent said it was too late.
  - 80 percent of respondents "greatly" or "somewhat" fear a spike in cases following the decision to lift the state of emergency, while 15 percent either "slightly" felt the fear or "did not" feel it at all.

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<sup>5</sup> "Nisen-nijūichinen Jūgatsu Shūinsen Torendo Chōsa (Sanshūmae) 2021年10月 衆院選トレンド調査(3週前)" [October 2021 House of Representatives Trend Survey (3 Weeks Prior)], NHK, October 1, 2021.

- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rate (%)
Liberal Democratic Party	41.2 (+3.6)
Constitutional Democratic Party	6.1 (+0.6)
Komeito	4.1 (+0.5)
Japan Communist Party	2.7 (-0.2)
Japan Innovation Party	1.8 (+0.7)
Democratic People's Party	0.7 (+0.5)
Social Democratic Party	0.6 (±0)
Reiwa Shinsengumi	0.2 (-0.2)
Independents	36.1 (-4.1)