

## ***The Weekly Observer***

February 14-18, 2022

*The 24<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics! This week focuses on the GOJ's decision to extend pre-emergency measures in 17 prefectures, the GOJ's vaccine distribution plan, the decision to raise the daily cap on entry to Japan, the latest on Japan's response to the situation in Ukraine, the Japan-U.S.-ROK trilateral foreign ministers' meeting, the G7 Foreign Ministers' Meeting over the weekend, Japan and "enemy base strike capabilities", the FY 2022 budget vote, economic statistics, the yen's weakening external purchasing power, rising oil prices, METI's human rights guidelines, and more.*

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

### **1. Government Extends Pre-Emergency Measures in 17 Prefectures Until March 6**

- The government [extended](#) pre-emergency measures (*man-en bōshi-tō jūten sochi*) in 17 prefectures until March 6.<sup>1</sup> Meanwhile, measures in Yamaguchi, Shimane, Yamagata, Oita and Okinawa will be lifted on Feb. 20.
- Health ministry advisory panel chair Wakita Takaji [analyzes](#) that the peak passed in early February. The [7-day average](#) for the week leading up to Feb. 15 was down 10 percent from the previous week, but the number of deaths continue to rise.
- Chief Cabinet Secretary Matsuno Hirokazu [said](#) Friday that the measures were in place to monitor whether the spread of the virus has slowed down, and whether the burden on medical institutions would fall in the next two weeks.
- Meanwhile, GOJ expert panel chair Omi Shigeru [revealed](#) Friday that while all experts agreed to lift measures in the 5 prefectures, two experts opposed extending measures in the 17 prefectures.
- According to a Jiji poll [released](#) on Friday, 62 percent of respondents do not believe the pre-emergency measures are effective.

### **2. Government Completes Distribution Schedule for 100 Million Jabs**

- Minister in Charge of Promoting Vaccinations Horiuchi Noriko [announced](#) Tuesday that the GOJ informed prefectures of its vaccination distribution plan for May-August. A total of 22 million shots will be distributed.
- The vaccines will be distributed beginning the week of March 21 and completed by the week of May 16. A total of 100 million booster shots are now scheduled to be delivered.
- Prime Minister Kishida Fumio [said](#) that on Tuesday, vaccinations across the country topped the goal of 1 million shots a day and reached 1.1 million.
- The health ministry [announced](#) Monday that it had agreed with Pfizer to purchase vaccines for 10 million people. When added to the existing contract, the GOJ will receive about 4.6 million doses by the end of March.

### **3. Government Raises Daily Cap on Foreign Entry to 5,000**

- On Friday, the GOJ [confirmed](#) that it will raise the cap on entry from foreign countries from 3,500 to 5,000 beginning March. Tourists will still be banned.

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<sup>1</sup> 17 prefectures include: Hokkaido, Aomori, Fukushima, Ibaraki, Tochigi, Ishikawa, Nagano, Shizuoka, Kyoto, Osaka, Hyogo, Okayama, Hiroshima, Fukuoka, Saga, Kagoshima and Wakayama.

- The quarantine period will be [removed](#) for travelers who have been vaccinated three times and are arriving from countries where the virus is not spreading rapidly.<sup>2</sup> Others will be required to isolate for 7 days, but can end quarantine on the third day if they test negative.
- The GOJ will also no longer require action plans *prior to entry* from companies that accept business travelers. Submission itself will be required.
- The policy change comes after intense pressure from businesses, academia and politicians. As of [Jan. 4](#), roughly 400,000 foreign nationals have been unable to enter despite receiving prior approval.
- Business organizations from the [Japan Association of Corporate Executives](#) (*Keizai Dōyukai*) to the [U.S. Chamber of Commerce in Japan](#), as well as the [ruling coalition](#), had been requesting a loosening of entry restrictions.

#### 4. A Series of Meetings Regarding the Situation in Ukraine

- On Tuesday, Prime Minister Kishida [spoke](#) on the phone with Ukrainian President Volodymyr Zelensky. The two agreed to make diplomatic efforts to ease tensions. Kishida [informed](#) Zelensky that Japan was prepared to provide at least \$100 million worth in yen loans to Ukraine.
- After the meeting, Kishida [said](#) Japan supports Ukraine's sovereignty and territorial integrity, and added that Japan will take "appropriate" action in coordination with the G7 in dealing with the situation.
- On Thursday, Kishida [spoke](#) with Russian President Vladimir Putin and urged him to pursue a diplomatic solution rather than change the status quo forcefully.
- Kishida also [spoke](#) with British Prime Minister Boris Johnson on Wednesday, confirming the two sides would cooperate to help ease tensions diplomatically.
- Foreign Minister Hayashi Yoshimasa [spoke](#) with Russian Minister of Economic Development Maxim Reshetnikov on Tuesday. Aside from Hayashi urging a diplomatic solution to the situation in Ukraine, the two discussed economic cooperation and continuing negotiations over a peace treaty.
- Secretary General Akiba Takeo of the National Security Secretariat [spoke](#) with National Security Advisor Jake Sullivan on Thursday, in which they confirmed the two countries would continue to share information and cooperate on the issue.
- On Monday, the G7's finance ministers issued a [joint statement](#) expressing grave concern about the situation in Ukraine and support for a diplomatic solution. The

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<sup>2</sup> As of Feb. 10, 82 countries and regions, including the U.S., U.K. and South Korea, are subject to stricter entry requirements because of high Omicron case tallies.

statement added that the countries are prepared to collectively impose “economic and financial sanctions” on Russia if it proceeds with further military aggression.

#### 5. Japan's Response to the Situation in Ukraine

- Prime Minister Kishida [reiterated](#) at a Diet session on Friday that Japan desires a peaceful, diplomatic resolution to the situation in Ukraine.
- At his faction’s meeting on Thursday, Kishida [said](#) that tolerating the use of force to change the status quo will have an impact on Asia, seemingly [hinting](#) that China may feel emboldened to ramp up pressure on Taiwan.
- In an [interview](#) with the *Wall Street Journal* published on Tuesday, Foreign Minister Hayashi said the consequences of not responding strongly to an invasion of Ukraine could be that other countries start doing the same.
- On Monday, the GOJ [convened](#) the NSC and discussed [evacuating](#) the 150 or so Japanese citizens in Ukraine, as well as the possibility of imposing sanctions. Kishida has [talked](#) about coordination on sanctions with the U.S. and Europe.
- Meanwhile, LDP Foreign Affairs Division Director Sato Masahisa on Wednesday [criticized](#) MOFA’s decision to not organize a meeting between Foreign Minister Hayashi and Europe’s foreign ministers. Sato added that it was odd for Japan’s foreign minister to be discussing economic cooperation with Russia now.
- On Thursday, LDP Policy Research Council Chair Takaichi Sanae [said](#) the Hayashi-Reshetnikov meeting contradicted Japan and the G7’s critical position on Russia, and would only benefit Russia by breaking G7 solidarity.

#### 6. Japan-U.S.-ROK Trilateral Foreign Ministers' Meeting

- The foreign ministers of Japan, U.S. and South Korea [met](#) in Hawaii on Saturday for a trilateral meeting. The discussion focused on trilateral security cooperation amid the recent increase in North Korean missile tests.
- In the [joint statement](#), the secretary and foreign ministers agreed to expand cooperation and collaboration across a range of security and economic priorities.
- The statement included an emphasis on a shared view of a free and open Indo-Pacific which is inclusive and respects a rules-based international order. It also emphasized the importance of peace and stability in the Taiwan Strait.
- The statement also condemned the DPRK’s recent ballistic missile launches which violate UN Security Council resolutions. The secretary and foreign ministers committed to close trilateral cooperation to achieve complete denuclearization and lasting peace on the Korean Peninsula.

- The statement also mentioned unwavering support for Ukraine's sovereignty and territorial integrity and committed to work closely to deter further escalation.
- Hayashi [met](#) with Foreign Minister Chung Eui-yong on the sidelines of the meeting, but talks failed to result in new developments. He reiterated that Japan was willing to discuss the UNESCO listing of the Sado mine, which South Korea protests on the grounds that Koreans were forced into labor there.

## 7. Foreign Policy Developments

- The latest reports [state](#) that Germany will host a virtual conference of the G7 leaders next Thursday. Ukraine will be a key issue discussed at the meeting.
- Foreign Minister Hayashi [left](#) for Munich on Friday to attend the G7 Foreign Ministers' Meeting to be held on Saturday (German time). He will also join a panel discussion at the Munich Security Conference (2/18-20).
- TPP members [agreed](#) on Friday that it will enter negotiations with the UK over its accession to the trade agreement in the spring. Meanwhile, Prime Minister Kishida [said](#) at a Diet session the same day that it would be desirable to see the U.S. rejoin the TPP.
- On Thursday, CCS Matsuno [requested](#) that China release a Japanese man in his fifties who had been arrested in Beijing due to suspicions of being a spy.
- Matsuno also revealed that a man in his seventies, who had been arrested in June 2015, died in a hospital. [Since](#) the new anti-espionage law came into effect in 2014, at least 15 Japanese citizens have been arrested in China.
- On Tuesday, Foreign Minister Hayashi [participated](#) in a foreign ministers' meeting on the coronavirus hosted by Secretary of State Antony Blinken. Hayashi said Japan is prepared to lead in one of the six pillars (Get Shots in Arms) of the Global Action Plan for Enhanced Engagement.

## 8. Defense/Security Developments

- On Friday, Prime Minister Kishida [said](#) the GOJ is considering renaming "enemy base strike capabilities" to avoid the impression that Japan will be launching a preemptive strike against other countries.
- This comes after [reports](#) that the GOJ plans to include acquisition of capabilities in its National Security Strategy, set to be revised at the end of the year. Junior coalition partner Komeito is against the expression "enemy base" and "strike".
- Defense Minister Kishi Nobuo [said](#) Wednesday that while Japan will not acquire offensive capabilities that can destroy enemies, he does not rule out the possibility of sending fighter jets into opposition airspace to carry out strikes on enemy bases.

- The defense ministry is increasingly concerned about Russian activities near Japanese waters. On Wednesday, nine Russian vessels were [spotted](#) navigating the Soya Strait toward the Sea of Japan. The SDF has [spotted](#) a total of 24 Russian vessels since the start of the month.
- Defense Minister Kishi [spoke](#) with Australian Defense Minister Peter Dutton on Thursday. The two agreed that the situation in Ukraine will have a global impact and is an important issue for the maintenance and strengthening of a FOIP.
- [Kishida](#) and [Kishi](#) met separately with Lieutenant General Hun Manet, Cambodia's future leader and Prime Minister Hun Sen's eldest son. Both discussed furthering cooperation with Cambodia especially on the defense front.
- The ASDF [said](#) Monday that it had found the bodies of the two pilots who were aboard the F-15 fighter that crashed into the Sea of Japan late last month. The first was discovered last Friday and the other on Sunday in waters near the crash site.
- *Sankei* [reported](#) Saturday that the defense ministry plans to create a new position for Global Strategic Intelligence Officer at the Defense Intelligence Division, Bureau of Defense Policy, to analyze open source intelligence and disinformation on social media in FY 2022. The motive behind it seems to be Russia's disinformation campaign in 2014 when it annexed Crimea.

#### 9. Diet Proceedings

- Lower House Budget Committee Chair Nemoto Takumi [invoked](#) his power as chairman on Friday to schedule a vote on the FY 2022 budget on Feb. 21. The budget is [expected](#) to pass both Houses on Feb. 22.
- The opposition had initially rejected the ruling coalition's proposal to hold a vote on Feb. 21, [arguing](#) that more time should be spent deliberating issues such as the GOJ's COVID-19 response and the economic security bill chief's scandal.
- The Lower House Commission on the Constitution [convened](#) a meeting on Thursday. While the LDP wants to focus on amending the COJ to add emergency powers, the CDP and Komeito hopes to focus the discussion on reinterpreting the COJ to allow for online Diet deliberations.
- CDP Diet Affairs Chair Mabuchi Sumio [said](#) Tuesday that the party will not regularize the Diet Affairs chairs' meeting with the Japan Innovation Party, the DPP, and unaffiliated ex-DPJ lawmakers.
- The plan to regularize the meeting was [withdrawn](#) a day after it was announced due to opposition from the JCP, which [expressed](#) its discomfort of being left out.

#### 10. Economic Statistics

- According to data [released](#) by the internal affairs ministry, the consumer price index for January rose for the fifth consecutive month, at 100.1, 0.2 percent higher than the same month last year.
- The CPI was impacted greatly by high crude oil prices, which resulted in higher “energy” prices from gasoline to kerosene to electricity bills. “Energy” rose by 17.9 percent, a record-high last seen during the second oil shock in 1981.
- In the GOJ’s [Monthly Economic Report](#) released on Thursday, economic conditions were [downgraded](#) for the first time in five months to: showing movements of picking up, although some weaknesses are seen as the severe pandemic situation continues.
- This [assessment](#) mainly comes from a slowdown in individual consumption especially in restaurants, accommodations and other service industries.
- According to data [released](#) by the finance ministry on Thursday, Japan [ran](#) its biggest trade deficit in a single month in eight years in January as high energy costs swelled imports and manufacturers struggled with supply constraints, causing a decline in car shipments.
- Imports soared 39.6 percent year-on-year to hit a record high of ¥8.52 trillion (\$73.81 billion), above the median market forecast of a 37.1 percent increase. Exports rose by only 9.6 percent, leading to a trade deficit of ¥2.19 trillion.
- According to data [released](#) by the Cabinet Office on Tuesday, Japan’s GDP [rebounded](#) 1.3 percent in October-December to an annualized rate of 5.4 percent. In 2021, Japan’s economy grew 1.7 percent, the first increase in three years.

#### 11. State of the Economy

- [According](#) to the finance ministry, the national burden rate (ratio of taxes and social security contributions to income) rose 0.1 points from 2020 to 48 percent. This is a record-high, while the potential burden rate, which includes public debt, was down 2.1 points at 60.7 percent.
- Projections suggest that the national burden rate for FY 2022 will drop 1.5 points to 46.5 percent, while the potential rate will also drop 3.8 points to 56.9 points due to an increase in citizens’ income.
- [According](#) to the Bank of International Settlements, the yen’s effective exchange rate in January was 67.55, [dropping](#) to a low for the first time since 1972 (BOJ calculations). It was a record-low under BIS calculations too (1994-).
- The weakening external purchasing power of the yen means higher import costs, which is a problem for a country that relies heavily on imported energy resources. For reference, the yen was most powerful in 1995, reaching the 150s.



- An article on *Nikkei* [published](#) on Wednesday suggests that the inflation rate is likely to reach the latter half of 1 percent in the spring due to high energy prices and a weak yen.
- [According](#) to the ministry of health, labor and welfare, the number of industrial accidents resulting in injury or death last year increased 6 percent to 117,000, most likely due to an increase in work for employees who were forced to work more under COVID-19 conditions that restricted employee numbers at work.

## 12. Government Policies Fail to Contain Oil Prices

- This week's gas prices as of Monday [rose](#) another ¥0.2 from last week, reaching ¥171.4 on average across the nation. Prices have continued to rise for six weeks now, and projections suggest that it will continue to rise next week.
- Gas prices [rose](#) in 32 prefectures and fell in 10. Kagoshima saw the highest price at 179.70 per liter. METI [analyzes](#) that its ¥5 per liter subsidy for all oil producers has lowered prices by ¥3.8.
- The government's policy consists of subsidizing rising costs for all 29 Japanese producers and oil importers. However, the ¥5 subsidy has failed to contain a creeping rise in crude oil prices resulting from the situation in Ukraine. Producers informed gas stations that prices would be raised by ¥1 per liter starting Feb. 17.
- The GOJ [began](#) a second auction for a portion of its national stockpile of oil on Wednesday. The Biden administration requested the GOJ in November to release a few days worth of oil from its stockpile. A total of 360,000 kl will be released.
- The LDP on Friday [submitted](#) an emergency proposal to the GOJ recommending that it raise its subsidy limit from ¥5 to over ¥25 per liter in an effort to contain prices. This would have a greater effect than the ¥25 reduction in the excise gas tax made possible if the Diet unfreezes the "trigger clause".<sup>3</sup>

## 13. Other Developments

- On Thursday, lawmakers from the CDP and DPP [endorsed](#) by the Japanese Trade Union Confederation (*Rengo*) established a new council to bolster coordination. This comes after poor coordination between the two parties in the last election.
- *Rengo*, for its part, [announced](#) that it would decide on endorsements for the House of Councillors election not by party but by individual candidates. The policy also includes a provision that *Rengo* will not support candidates coordinating with parties that have large ideological differences with the organization (JCP).

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<sup>3</sup> The "trigger clause" comes into play when average gasoline prices rise above ¥160 for 3 consecutive months. It cuts the ¥25/liter excise tax and reduces tax burden. The clause was "frozen" by the Diet in 2011 when the DPJ found it necessary to collect tax revenue for reconstruction post-3.11.

- The LDP and Komeito's divisions working on the economic security bill [approved](#) the draft on Wednesday. The GOJ is expected to approve it next week. Upon [backlash](#) from businesses, the bill no longer includes certain penalties aimed at non-compliant firms acquiring critical supplies for the country.
- The LDP is [expected](#) to revise its party rules on term limits for executive positions to three consecutive one-year terms at its party convention on March 13. Executives include nine positions including the party president.
- Former State Minister of Finance and Komeito lawmaker Tōyama Kiyohiko [pleaded guilty](#) to violating the Money Lending Business Act at his first trial on Monday. Tōyama was charged for receiving around ¥1 million in cash to introduce a company official to Japan Finance Corp., a government funded institution. The illegal loan brokering happened between March-June 2020.
- TSMC [announced](#) Tuesday that it will increase investment into the project to construct its first semiconductor plant in Japan by ¥180 billion to around ¥1 trillion. Denso [joins](#) Sony in the joint venture, which is majority owned by TSMC.

#### 14. Other Noteworthy News

- **METI to Create Human Rights Guidelines for Japan Inc.:** Minister of Economy, Trade and Industry Hagiuda Koichi [announced](#) Tuesday that METI plans to create a set of human rights guidelines for firms by the summer. Hagiuda explained that the guidelines will help emphasize that the GOJ and Japanese companies will compete fairly and meet international standards. The announcement comes after several Japanese companies came under scrutiny over using cotton produced by forced labor in the Xinjiang Uyghur Autonomous Region. A *Nikkei* survey [conducted](#) last year also showed half of Japan's publicly traded companies do not do due diligence on human rights. Human rights has become an increasingly important issue and failure to do due diligence has led to problems for companies. [Just this week](#), Kirin chose to exit its Myanmar operations after it concluded there was no hope of resolving a dispute with its junta-backed partner. The guidelines will instruct companies on developing procedures for unannounced inspections to check for instances of forced or child labor in their supply chains. METI has also [created](#) an investigative commission tasked with drafting the guidelines. The commission will be made up of 10-20 members mainly from business, legal practice, human rights organizations, international institutions and other stakeholders. Their first meeting will be held at the end of the month or early March.

## II. Public Opinion Polls

- An NHK [poll](#) released Monday showed the Kishida Cabinet's approval rating was 54 percent, down 3 percent from January, while disapproval was 27 percent, up 7 percent.

- 44 percent of respondents said they supported the government because there are no other options, while 18 percent said it was because they trusted the prime minister or supported the LDP/Komeito.
- 38 percent of respondents said they did not support the government because the government did not follow through on policies, while 35 percent said it was because they have low expectations for the government's policies.
- 60 percent of respondents said they approve of the government's coronavirus response so far, while 37 percent said they do not approve.
- 49 percent of respondents said the decision to extend pre-emergency measures in 13 prefectures including Tokyo was appropriate; 26 percent said the government should have declared a state of emergency; and 15 percent said it should have been lifted.
- 55 percent of respondents said they do not feel concerned about mixing and matching vaccines, while 33 percent said they do feel concerned.
- 57 percent of respondents said the government should continue banning foreign travelers' entry into Japan, while 32 percent said it should be relaxed.
- 48 percent of respondents said they believe the law reapportioning 10 SMD seats in the Lower House in accordance with population size should be reconsidered, while 27 percent said it should go ahead as planned.
- 62 percent of respondents said they approve of the government's decision to divert LNG supply to Europe amid heightening tensions in Ukraine, while 15 percent said they disapproved.
- 67 percent of respondents said their ideal living environment is in the rural areas, while 23 percent said it is in the city.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	42 (+1)
Constitutional Democratic Party	7 (+2)
Japan Innovation Party	5 (-1)
Komeito	4 (+1)
Democratic People's Party	1 (±0)
Japan Communist Party	2 (-1)
Reiwa Shinsengumi	1 (+1)
Independent	31 (-3)