

The Weekly Observer

April 18-22, 2022

The 33rd edition of the weekly newsletter aggregating news on Japanese politics! This week focuses on the GOJ's decision to balance concerns for the "XE" strain with economic activity, GOJ plans for fourth vaccinations, the G20 finance ministers and central bank governors' meeting, an array of Japan-U.S. engagements, the 2022 Diplomatic Bluebook, the MOFA public opinion poll on Japan's diplomacy, the ROK delegation coming to Japan next week, planned visits to and from Japan by key ministers, the Japan-New Zealand summit, the LDP's proposal for revising the three defense/security documents, ad regulations during a national referendum to amend the Constitution, the BOJ's decision to buy government bonds, the trade deficit in 2021, House of Councillors election updates, METI's plans to support the battery and material industries, the Ishikawa by-election, Wakayama's IR bid, and more.

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I. News of the Week

1. Government Balancing Concern for New Strain with Economic Activity

- The recent emergence of the new variant “XE” is a new cause of concern for Japan. It is [reportedly](#) 12.6 percent more transmissible than Omicron BA.2.
- The health ministry’s expert panel [indicated](#) on Wednesday that BA.2 accounts for around 80 percent of total cases nationwide. There is concern that this could increase further during the long holiday in May.
- The panel also [noted](#) that while case numbers are decreasing in major cities, some prefectures, including Akita, Fukushima, Niigata, Nagano, Ehime, Miyazaki and Kagoshima are experiencing higher case tallies than the “sixth wave.”
- Deputy Chief Cabinet Secretary Isozaki Yoshihiko [said](#) Wednesday that while Japan is in no situation to be restricting movement across prefectures over the long holiday, the GOJ will urge cooperation with its promotion of booster shots.
- Tokyo and Osaka have [decided](#) they will be extending measures limiting the number of people that can enter an eatery together. Tokyo will loosen restrictions from four a group to eight a group until April 24. Osaka will request current measures (four people a group/table; 2 hour meals) continue.

2. Government Plans Fourth Vaccination

- *Nikkei* [reported](#) Tuesday that the GOJ is finalizing plans to mainly target the elderly and people with underlying conditions for a fourth vaccination.
- Analysis abroad suggests that a fourth vaccination has little effect on younger generations. The GOJ aims to vaccinate those at higher risk of infection beginning some time in May.
- As of [Monday](#), 48.2 percent of the population has been vaccinated three times. Over 70-80 percent of those above 60 have been vaccinated, while less than 30 percent of those in their twenties and thirties have been vaccinated.
- KM Biologics [announced](#) Wednesday that it will begin final phase clinical trial for its vaccine at the end of the month. It aims to file for approval in September, and have it in use in FY 2022.
- The health ministry [announced](#) Tuesday that it approved Novavax’s vaccine, making it the fourth vaccine approved in Japan. The Novavax vaccine [delivers](#) the spike protein itself, unlike other vaccines which deliver genetic material that directs a recipient’s cells to make spike, a surface protein from the virus.
- *Nikkei* [reported](#) Sunday that Shionogi Pharmaceuticals’ vaccine is facing difficulty getting early approval due to inconclusive clinical trial results. There is a chance it

will be approved under the “emergency approval” system to be implemented in May, which [approves](#) pharmaceuticals for a limited time during emergencies.

3. G20 Finance Ministers & Central Bank Governors’ Meeting

- The G20 finance ministers and central bank governors [met](#) on Wednesday in Washington D.C. The G7 held the same meeting after the G20 meeting.
- The G20 could not issue a joint statement as the U.S., Canadian and European delegations walked out protesting Russia’s participation in the meeting.
- Minister of Finance Suzuki Shunichi [revealed](#) after the meeting that he did not walk out with the others, instead “condemning Russia with the strongest words possible.”
- The G7 [announced](#) an additional \$24 billion in support of Ukraine. The joint statement condemned Russia and urged it to immediately withdraw from Ukraine.
- They state that international organizations and multilateral fora should no longer conduct activities with Russia in a business-as-usual manner. They also commit to not conducting government-to-government financial transactions with Russia.

4. Japan-U.S. Developments

- Minister of Finance Suzuki [met](#) with Secretary of the Treasury Janet Yellen on Friday. The two discussed recent developments in the foreign exchange market and confirmed that monetary authorities would work closely together.
- Minister of Defense Kishi Nobuo will [reportedly](#) travel to the U.S. early next month to meet with Secretary of Defense Lloyd Austin. The two are expected to discuss Ukraine, China and North Korean affairs.
- On Monday, NSC Indo-Pacific Coordinator Kurt Campbell and U.S. Indo-Pacific Command Commander Adm. John Aquilino [met](#) with senior officials from Australia, Japan and New Zealand to discuss developments in the Pacific Islands. They shared concerns about a proposed security framework between China and the Solomon Islands.
- The Ministry of Defense [announced](#) on Tuesday that all services of the SDF participated in a joint exercise with a U.S. carrier strike group led by USS Abraham Lincoln between April 8-17 in the Sea of Japan and East China Sea.
- Prime Minister Kishida Fumio [held](#) a breakfast meeting on Saturday with Senators Lindsey Graham, Robert Menendez, Richard Burr, Rob Portman, Ben Sasse and Ronny Jackson. Kishida said further closer bilateral relations will be important to realize a free and open Indo-Pacific.

5. Diplomatic Bluebook Revealed

- Minister for Foreign Affairs Hayashi Yoshimasa [reported](#) on the 2022 Diplomatic Bluebook at a Cabinet meeting on Friday.
- *Ukraine*: a reckless act that shakes the foundation of international order and cannot be forgiven; a big turning point in history that threatens the post-Cold War world order
- *Northern Territories*: territory inherent to Japan (first time since 2011) that is under Russia's illegal occupation (first time since 2003); in no situation to be discussing the future of peace treaty negotiations
- A Russian presidential spokesperson [said](#) Friday that the four islands are all inseparable territories of Russia.
- *China*: military expansion is a strong concern for the region including Japan and the international community
- *North Korea*: ballistic missile launches and other actions threaten the peace and safety of the international community and cannot be forgiven
- The South Korean foreign ministry [issued](#) a press secretary statement on Friday protesting mention of Takeshima (Dokdo) as territory inherent to Japan. The ministry called it an "unjust claim to territory."
- *World situation*: entering a new era of state competition, U.S.-China competition, from an era of stability and prosperity in the international community largely led by the U.S.

6. MOFA Releases Domestic Public Opinion Poll on Japan's Diplomacy

- On Wednesday, MOFA [released](#) a [domestic public opinion survey](#) on Japan's diplomacy.
- 79 percent of respondents positively evaluate Japan's efforts to realize a FOIP.
- 88 percent of respondents think the security environment surrounding the East Asia region is becoming increasingly severe in recent years.
- 79 percent of respondents positively evaluate the policies and initiatives of the GOJ to promote free trade.
- 70 percent of respondents think the Japan and U.S. should strengthen security cooperation, including counterterrorism, disarmament and non-proliferation.
- 62 percent of respondents think Japan should focus on taking a strong stance on intrusions into Japan's territorial sea in diplomacy vis-a-vis China.

7. South Korea to Send Policy Consultation Delegation Next Week

- Minister for Foreign Affairs Hayashi [said](#) at a press conference on Friday that a healthy relationship between Japan and South Korea is indispensable for realizing a FOIP and ensuring peace, stability and prosperity in the region and the world.
- Hayashi also said that the GOJ intends to seize the opportunity of the policy delegation visit next week to communicate clearly with the new government.
- *Yomiuri* [reported](#) Thursday that Hayashi is scheduled to meet with the new Yoon government's policy council delegation for dinner on April 25.
- The Yoon government is sending a seven-person delegation led by Deputy Speaker of the National Assembly Chung Jin-suk to Japan between April 24-28 to build the foundations toward repairing the bilateral relationship.
- President-elect Yoon's side [hopes](#) this delegation will lead to cooperation on North Korea and other issues between the two countries that need to be resolved. Kishida [said](#) on Thursday that he also hopes the meetings held next week will help repair relations between the two countries.
- Nominee for Foreign Minister Park Jin [said](#) Wednesday that the 2015 agreement on the comfort women issue is an "official agreement," and that both sides must make efforts to restore the honor and dignity of victims. Hayashi [said](#) Friday that adhering to the international agreement is the basics of state-to-state relations.
- Meanwhile, there are voices opposing the proposed visit by the prime minister to South Korea next month to attend the president-elect's inauguration. LDP Foreign Affairs Division Director Sato Masahisa [said](#) Wednesday that a visit is "impossible" given nothing has been resolved between the two countries.

8. Foreign Policy Developments

- *Nikkei* [reported](#) Friday that the GOJ is considering hosting next year's G7 summit in Hiroshima after giving consideration to accommodation facilities, transportation, security and "nuclear abolition" advocated by the prime minister.
- Fukuoka and Nagoya are also being considered. Chief Cabinet Secretary Matsuno Hirokazu [said](#) Monday that the GOJ will make a decision by the end of June.
- The GOJ [announced](#) Friday that German Chancellor Olaf Scholz will visit Japan between April 28-29 to meet with Prime Minister Kishida. The two will discuss the situation in Ukraine and Germany's Asia policy.
- Prime Minister Kishida met with Prime Minister Jacinda Ardern of New Zealand on Thursday. The two [decided](#) to commence negotiations on an agreement to provide a legal framework for the reciprocal protection of classified information and to enable more seamless sharing of classified information.

- On Thursday, the Quad [donated](#) 200,000 doses of vaccines manufactured in India to Thailand as an initiative of the Quad Vaccine Partnership.

9. LDP OKs Defense/Security Document Proposals

- On Thursday, the LDP Research Commission on National Security [approved](#) the party's proposal to the GOJ on revising the three defense/security documents. The party [plans](#) to submit the proposal to the prime minister this month.
- "Enemy base strike capabilities" will be [renamed](#) "counter-strike capabilities." Targets will include command and control functions as missile launch areas are not always going to be on "enemy bases" due to mobility.
- The proposal also requests that the GOJ aim to realize defense spending greater than 2 percent of GDP within five years.
- The language on China and Russia will be raised to "serious threat" and "realistic threat," respectively.
- A finance ministry subcommittee [pointed out](#) on Wednesday that increasing defense spending through the issuance of government bonds will destabilize the economy and finances, "increasing vulnerability in the event of a contingency."
- Komeito leader Yamaguchi Natsuo [said](#) Wednesday that "it's impossible" to raise defense spending to 2 percent, as this means cutting spending elsewhere. CDP Policy Research Council Chair Ogawa Junya [said](#) Thursday that the proposal will provoke neighboring countries and put citizens in danger.

10. Defense/Security Developments

- LDP Policy Research Council Chair Takaichi Sanae [revealed](#) Thursday that India denied entry of SDF aircraft scheduled to pick up supplies to be delivered to Ukrainian evacuees. Deliveries were set to begin over the weekend.
- Takaichi said the GOJ did not communicate sufficiently with the Indian government. A spokesperson of the Ministry of External Affairs [said](#) Friday that the Indian government only approved delivery of supplies by commercial aircraft.
- MOD's Joint Staff Office [announced](#) Wednesday that six Russian vessels passed through the Tsushima Strait on Tuesday. A Navy destroyer and a pipe laying ship associated with Gazprom were spotted. A Chinese information gathering vessel was also spotted passing waters near Amami Islands on Wednesday.
- On Tuesday, MOD [indicated](#) its environmental assessment to the Nishinoomote City mayor regarding the construction plan for an SDF base. MOD concluded standards were met and plan to begin the 4-year construction plan this year.

- CCS Matsuno [said](#) Monday that the GOJ will continue coordinating with the U.S. and others, and do its utmost to monitor, collect and analyze necessary information and make every possible effort to ensure the peace and security of Japan. North Korea allegedly [launched](#) a new tactical guided weapon on Saturday.

11. LDP Compromises on Emergency Stimulus Package

- The GOJ [indicated](#) on Friday its emergency response to rising costs of living. The ruling parties approved the plan. The GOJ plans for a Cabinet decision on the 26th.
- The GOJ will raise subsidies for crude oil suppliers to ¥35/liter from ¥25/liter. Funds for May will come from reserve funds while a supplementary budget will be formed for funds past May. The target price will be [lowered](#) from ¥172 to ¥168.
- The LDP was [forced to compromise](#) on forming a supplementary budget this Diet session, something Komeito strongly requested. Komeito believes forming a budget ahead of the election will be a massive boost for candidates.
- The GOJ will also [provide](#) a ¥50,000 cash handout per child to low-income families raising children. The Regional Revitalization Extraordinary Grant will be expanded so local municipalities have more flexibility to support local citizens.
- The GOJ will extend interest-free and unsecured loans through government-affiliated financial institutions from the end of June to the end of September.
- The LDP and Komeito [agreed](#) on Thursday to extend policies to lower gas prices beyond the current end date. The GOJ has already spent ¥430 billion from FY 2021 funds. The parties believe an additional ¥1.3 trillion (40 percent more than METI's FY 2022 general account budget) will be necessary to fund further financial support to relieve upward pressure on gas prices.
- The LDP, Komeito and DPP's secretary generals on Tuesday agreed to postpone unfreezing the trigger clause on the gas tax. They agreed that subsidies will be more flexible in the short-run. DPP leader Tamaki Yuichiro had [said](#) on Sunday that the party would leave consultations if the trigger clause was not unfrozen.

12. Diet Proceedings

- The Cabinet [approved](#) on Friday amendments to legislation promoting energy conservation among homes. From 2025, all new buildings will be required to meet energy-saving standards such as heat insulation ability.
- On Thursday, the Lower House Commission on the Constitution [discussed](#) media advertisement regulations when citizens vote to amend the Constitution.

- The LDP is focusing on self-regulation by parties and media companies, while the CDP calls for restrictions on ad funding. The National Association of Commercial Broadcasters opposed commercial ad regulations and online ad restrictions.
- The Japan Innovation Party on Thursday [submitted](#) legislation to abolish the ¥25/liter added tax to the gas tax. The party argues abolishing it would eliminate uncertainty over unfreezing the trigger clause (which is cutting this added tax).
- The Diet [passed](#) legislation on Wednesday revoking Russia's "most-favored nation" status and raising tariff rates on fishery products and wood to regular rates until the end of March 2023.

13. BOJ Offers to Buy Bonds Again

- The Bank of Japan [said](#) on Wednesday that it has decided to offer to buy an unlimited amount of 10-year government bonds at 0.25 percent between April 21-26, in its third move to defend its yield target since February.
- The [last offer](#) was between March 29-31, when the BOJ purchased a total of about ¥600 billion of 10-year bonds in four days.
- The BOJ is [defending](#) its loose monetary policy, a departure from other central banks around the world that are raising their interest rates. The BOJ has set 0.25 percent as a ceiling for the yield rate—higher than that and the BOJ buys bonds.
- The rise in yields comes as the yen weakens to two-decade lows against the dollar. On Wednesday, the yen [fell](#) to a 20-year low of ¥129/dollar as investors sold yen/bought dollars in anticipation of a larger gap between yield rates.
- At a Diet session on Monday, BOJ Governor Kuroda Haruhiko [said](#) that the yen has been fluctuating fairly rapidly. Kuroda added that excessive fluctuations have a negative impact on the economy due to increased uncertainty, but that the Bank was not changing its evaluation that a weak yen benefits the Japanese economy.

14. State of the Economy

- A METI advisory panel on Friday [released](#) recommendations for businesses to develop and secure necessary human resources amid rapid progress in digitization and decarbonization.
- It calls for reforms to a highly flexible education system, promoting side jobs and year-round recruitment, as well as converting the Japanese-style employment system characterized by lifetime employment and new graduate recruitment.
- According to internal ministry data [released](#) Friday, March's CPI excluding fresh food was 100.9, [up](#) 0.8 percent from the same month last year. Energy led the way with a 21 percent increase. Energy-related prices raised the index 1.46 points.

- The Bank of Japan [plans](#) to raise its inflation outlook for FY 2022 from 1.1 percent to the latter half of 1 percent at its monetary policy meeting between April 27-28. CPI is expected to reach the 2 percent inflation goal after April.
- According to finance ministry data [released](#) Wednesday, Japan's FY 2021 trade balance was ¥5.37 trillion in the red, the [first deficit](#) in two years. Exports grew 24 percent while imports grew 33 percent. Exports to China reached a record high at ¥18.27 trillion (15 percent increase). [Exports](#) to the U.S. (6%) and EU (2%) fell.
- According to the IMF's [World Economic Outlook](#) for April, Japan's economic growth projections for 2022 was downgraded 0.9 points to 2.4 percent. World output fell 0.8 points largely [due](#) to rising resource prices accelerating inflation.

15. House of Councillors Election Update

- Endo Toshiaki, head of the LDP Election Strategy Headquarters, [said](#) Sunday that the LDP aims to win 19-21 of the PR section seats in the summer House of Councillors election.
- On Monday, the Japanese Trade Union Confederation President Yoshino Tomoko [participated](#) in an LDP meeting held by the Strategy HQ for Living the 100-Year Life. It is rare for a Rengo president to take part in an LDP meeting as it supports the CDP and DPP. Reports suggest that Rengo is looking to make an impact on policy now given the opposition are unlikely to win a majority anytime soon.
- Yoshino [stressed](#) Tuesday that despite taking part in an LDP meeting the day prior, Rengo will not change its policy of coordinating with the CDP and DPP in the upcoming election.
- Japan Innovation Party co-leader Baba Nobuyuki [said](#) Monday that the party aims to win the government alone without forming a coalition with the LDP.
- *Officially recognized candidates this week:* Komeito [endorses](#) 4 LDP candidates in Ibaraki, Mie, Shiga and Wakayama; the Japan Innovation Party and DPP [agree](#) to reciprocally endorse candidates in Kyoto (Ishin) and Shizuoka (DPP)

16. Other Political Developments

- The GOJ on Friday [finalized](#) its new strategy for quantum technology and AI. On quantum technology, the GOJ plans to produce the first domestic quantum computer this year and increase users to 10 million in 2030.
- AI will be used to predict damage and status of restoration to core infrastructure such as electricity and water in the event of a large-scale disaster.

- *Nikkei* [reported](#) Friday that only 6.5 percent of the ¥12 trillion reported to the Diet for COVID-19 spending was tracked down. It is especially difficult to track down reserve fund spending as it often gets mixed in with general/supplementary funds.
- METI will [finalize](#) plans in the summer to increase financial support for battery producers to construct new factories and secure resources. It aims to raise global production capabilities of domestic companies ten times to 600 GWh in 2030. Japan's share in the industry fell to 15 percent (2020) from 40 percent (2015).
- METI [put together](#) an estimate that the materials industry, such as steel and chemicals, will need to shoulder more than ¥20 trillion in order to achieve net zero GHG emissions by 2050. It plans to expand the ¥2 trillion fund to encourage decarbonization in the industry.
- The industry accounted for 80 percent of total emissions by the industrial sector in 2020 (250 mil. tons). Steel accounted for 40 percent and chemicals for 20 percent. The plan will be reflected in the Clean Energy Strategy to be finalized in June.

17. Other Noteworthy News

- **Ishikawa By-Election on Sunday to be Preliminary Battle Ahead of Summer Election:** Prime Minister Kishida and CDP leader Izumi Kenta [both traveled](#) to Ishikawa prefecture on Sunday ahead of the April 24 by-election for the vacated Ishikawa district seat in the House of Councillors. The seat was [vacated](#) in March when the incumbent LDP lawmaker Yamada Shuji decided to run for governor of the prefecture. Yamada ultimately lost the race to former Minister of Education Hase Hiroshi in a three-way conservative battle splitting the LDP vote. Ishikawa is an LDP stronghold and [Miyamoto Shuji](#) is the favorite to win the by-election over Oyamada Tsuneko, the CDP candidate, and Nishimura Hiroshi, the JCP candidate. The LDP was also able to unite behind Miyamoto, unlike in the governor's race when the vote was split. Both the ruling and opposition parties [view](#) this as a preliminary battle ahead of the main event in July. The LDP hopes voters approve of the government's job so far, while the opposition hopes voters are fed up with the GOJ.
- **Wakayama Drops Out of IR Race:** On Wednesday, the Wakayama prefectural assembly [voted down](#) a resolution that would have pushed forth a plan to bring an integrated resort and casino to the prefecture. The prefectural government can no longer submit a bid to the GOJ by the April 28 deadline, meaning it has dropped out of the race to bring the IR to the prefecture. It became the second city to drop out, as Yokohama City [withdrew](#) its bid last September when a new mayor came into power. Wakayama was [proceeding](#) with plans to construct the IR on an artificial island called "Wakayama Marina City," but the assembly decided its plans to procure funds was unclear. The GOJ continues to assert that the IR will benefit local municipalities and the overall economy by bringing in more tourists. Now with Wakayama out of the race, Osaka City and Nagasaki have a chance to win the bid. Nagasaki's prefectural

assembly [voted](#) 42-3 in favor of bidding for the IR project on Wednesday. The Nagasaki bid would involve bringing the resort to theme park Huis Ten Bosch.

II. Public Opinion Polls

- A FNN/*Sankei* [poll](#) released Monday showed the Kishida Cabinet's approval rating was 66 percent, the same as March, while disapproval was 27 percent, down 1 percent.
 - 38 percent of respondents said they support the Kishida Cabinet because there are no better alternatives; 21 percent said because they support the LDP; 19 percent said because they expect the Cabinet to have strong executive ability.
 - 42 percent of respondents said they don't support the Cabinet because they have low expectations for its executive ability; 32 percent said because it is centered around the LDP; and 16 percent said because its policies are bad.
 - 60 percent of respondents said they approve of the government's coronavirus response, while 33 percent said they do not approve.
 - 49 percent of respondents said they support but don't want the GOJ to rush the "Waku Waku event discount" for vaccinated and/or negative-tested individuals; 33 percent said they don't want this program; and 15 percent said they want the program to begin as soon possible.
 - 67 percent of respondents approve of the government's response to Russia's invasion of Ukraine, while 22 percent said they do not approve.
 - 53 percent of respondents said the GOJ should strengthen sanctions against Russia; 38 percent said it is appropriate as is; and 4 percent said it is too tough.
 - 62 percent of respondents said they "somewhat" approve of the GOJ's decision to accept Ukrainian evacuees; 24 percent said they "greatly" approve; 10 percent said they "don't really" approve; and 2 percent said they do not approve at all.
 - 42 percent of respondents said the GOJ should raise the defense budget "to some extent" in light of the situation in Ukraine; 33 percent said it is good as is; 15 percent said it should be raised substantially; 4 percent said it should be reduced "to some extent"; and 2 percent said it should be lowered substantially.
 - 72 percent of respondents said they support establishing an "emergency clause" in the Constitution to strengthen government authority in times of emergency, while 20 percent said they do not support amending the COJ.
 - 61 percent said they support the amended law allowing the media to disclose the names of suspects aged 18-19; 25 percent said they "somewhat" support; 7 percent said they are "somewhat" opposed; and 5 percent said they oppose.
 - 37 percent of respondents said they plan to vote for the LDP in the proportional section of the House of Councillors election in July; 31 percent said they don't know; 8 percent said the CDP; 7 percent said the Japan Innovation Party; 6 percent said they support no party; 4 percent said Komeito; 3 percent said JCP; 2 percent said DPP; and 1 percent said Reiwa.

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

Political Party	Approval Rating (%)
Liberal Democratic Party	42.4 (+5.3)
Constitutional Democratic Party	7.3 (+0.7)
Japan Innovation Party	5.6 (-1)
Komeito	2.5 (-0.8)
Democratic People's Party	1.4 (+0.7)
Japan Communist Party	2.9 (+0.7)
Reiwa Shinsengumi	1.2 (+0.7)
Social Democratic Party	0.5 (+0.2)
Independent	30.6 (-9.2)