

## ***The Weekly Observer***

July 18-22, 2022

*The 38<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the latest news about former Prime Minister Abe's assassination, the G20 finance ministers and central bank governors meeting, the South Korean foreign minister's visit to Japan, the 2022 Defense White Paper, Russian and Chinese military activities around Japan, former PM Abe's state funeral, the shortened quarantine period for "close contact" individuals, record COVID-19 numbers, the NRA's decision to approve the water release plan at Fukushima Daiichi, the BOJ's decision to maintain loose monetary policy, the GOJ's economic security policy, the GOJ's plan to avoid a winter power shortage, Japan's tough economic situation, and more.*

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

### **1. Abe Assassination: New Developments**

- National Public Safety Commission Chair Ninoyu Satoshi [indicated](#) Thursday that the GOJ will seriously reconsider current security practices ahead of the state funeral and G7 summit, which will be attended by foreign dignitaries.
- The National Police Agency has already established an investigative team to examine the security measures in place during Abe's assassination. The team will complete a report sometime next month.
- Four opposition parties on Tuesday [issued](#) statements urging for an investigation into connections between politicians and the Unification Church. [Individuals](#) across the aisle have been [identified](#) as having past connections with the Church.
- On Monday, four head investigators in the NPA's investigative team [visited](#) the site where Abe was assassinated.
- The team will conduct interviews with the security personnel present during the incident, as well as examine any errors in the plan, equipment and/or personnel placement during the incident.

### **2. G20 Finance Ministers and Central Bank Governors Meeting**

- The G20 finance ministers and central bank governors meeting was [held](#) on July 15-16 in Bali, Indonesia. The meeting closed without a joint statement due to divisions over Russia's invasion of Ukraine.
- The finance chiefs did [pledge](#) to address global food insecurity and rising debt. Indonesian Finance Minister Sri Mulyani Indrawati said most topics were agreed by all members except statements about the war in Ukraine.
- The chair's summary [reflects](#) the lack of consensus on Ukraine, as it states "many members agreed that the recovery of the global economy has slowed and is facing a major setback as a result of Russia's war against Ukraine," not all.
- They also discussed a range of issues from an international tax package to infrastructure investment to climate change and environmental protection.
- Finance Minister Suzuki Shunichi [said](#) at a press conference on Saturday that the G20 reconfirmed its exchange rate commitments. He reiterated that the GOJ is closely monitoring the volatile movement of the yen.

### **3. ROK Foreign Minister Visits Japan**

- On Monday, Foreign Minister Hayashi Yoshimasa had a [working dinner](#) with South Korean Foreign Minister Park Jin. This is Park's first visit to Japan since his appointment as foreign minister.
  - The ministers agreed on the growing importance of bilateral and trilateral cooperation with the U.S. in the current strategic environment.
  - The ministers agreed to resolve historical issues as soon as possible. Park in particular said the ROK would strive for the desired solution before the liquidation of assets seized from Japanese companies over the wartime labor issue.
  - The following day, Prime Minister Kishida Fumio [received](#) a courtesy call from Park. The official reason was to offer condolences for Abe's death but reports [suggest](#) the two also discussed the wartime labor issue.
  - According to reports, Park [told](#) Nukaga Fukushima, president of the Japan-Korea Parliamentary Union, that the ROK would appreciate a sincere reaction from Japan to resolve the historical issues. On Thursday, LDP Foreign Affairs Division Director Sato Masahisa [said](#) that the GOJ should not compromise on this issue.
4. 2022 Defense White Paper Includes New Section on Russian Invasion
- On Friday, Defense Minister Kishi Nobuo [informed](#) the Cabinet about the [2022 defense white paper](#) (Defense of Japan).
  - The white paper includes a new section on the Russian invasion of Ukraine. It states that unilateral attempts to change the status quo threaten the foundation of world order not only in Europe but also Asia. It also states that killing civilians is a grave violation of international humanitarian law and cannot be tolerated.
  - It mentions that China-Russia cooperation has deepened. It states that the GOJ will closely monitor future deepening of ties with concern.
  - On Russia, language was strengthened to "closely monitor with concern". China is viewed with strong security concern for both the region and the international community. North Korea is viewed as a serious and imminent threat.
  - Kishi mentions Taiwan for the first time in the prologue, stating that tensions in the regions are rising. The white paper doubled mention of Taiwan. It states Japan will work with allies and partners to closely monitor the situation in Taiwan.
  - The white paper also [differentiates](#) "counterattack capability" from "first strike capability," including the official GOJ position that attacking enemy bases as a last resort option to prevent an imminent attack on Japan is possible.
  - The white paper explains that Japan's per population defense spending is significantly lower than other G7 countries. It also introduces the prime minister's announcement that Japan intends to fundamentally bolster defense.

## 5. Foreign Policy Developments

- The Ministry of Foreign Affairs [confirmed](#) Thursday that Indonesian President Joko Widodo and the First Lady will pay an official visit to Japan on July 27. They will make a state call on the Emperor and Empress. The president will also meet Prime Minister Kishida for a working lunch.
- On Wednesday, Kishida [met](#) with Taoiseach Micheál Martin of Ireland. The two agreed to coordinate on sanctions against Russia, support for Ukraine, and support for countries facing hardship amid soaring food and energy prices. The two also agreed to strengthen bilateral ties and coordination to realize a FOIP.
- On Tuesday, both Kishida and Hayashi met with Saudi Foreign Minister Faisal bin Farhan Al-Saud. They [expressed](#) their [gratitude](#) for the stable supply of crude oil from Saudi Arabia and requested for continued cooperation in stabilizing the international market. Hayashi also discussed UN reform with Minister Faisal.
- On Tuesday, Hayashi [co-hosted](#) the COVID-19 Global Action Plan Foreign Ministerial Meeting with U.S. Secretary of State Antony Blinken. Hayashi presented Japan's contributions and announced Japan's decision to contribute seed funding of \$10 million to the FIF at the World Bank. He also shared his intention to actively contribute to strengthening the global health architecture.
- *Reuters* [reported](#) Saturday that the GOJ finalized plans to support companies investing in Sakhalin-2. Mitsui and Mitsubishi must comply with new rules to maintain a stake after Putin decided to transfer rights to a new Russian company.

## 6. Defense/Security Developments

- The GOJ [drafted](#) a basic guideline for the operation of the act which restricts acquisition and use of land near facilities of importance to national security. The act will go into effect in September.
- It lists specific cases in which restrictions will (7 cases) and will not be implemented (5 cases), such as launching jamming radio waves and living in homes that can oversee the facility of importance to national security.
- The defense ministry [announced](#) Thursday that a PLAN survey vessel entered Japanese waters south of Yakushima, Kagoshima, on Wednesday. This is the [sixth time this year](#) that a PLAN vessel has entered Japanese waters.
- An expert panel examining the GOJ's maritime policy [submitted](#) a proposal on Wednesday recommending that the JCG and JSDF strengthen coordination to respond to increasing maritime threats, such as increased activity from China.

- The [proposal](#) also recommends, from the standpoint of economic security, the expansion of wind power for decarbonization, the development of mineral resources, and use of digital technology to predict earthquakes and tsunamis.
- At a press conference on Tuesday, Defense Minister Kishi [stated](#) that the ministry would closely monitor what looks like China destroying a structure similar to the JSDF's AWACS in a desert region. There is a [possibility](#) that the Chinese were conducting a missile exercise setting Japan as the target.
- The U.K. government [announced](#) Monday that it plans to cooperate with Japan and Italy to develop its next generation fighter. Previous reports stated that Japan and the U.K. would merge fighter development plans to establish a new project.

#### 7. Former PM Abe's State Funeral Set for Sept. 27

- The GOJ [decided](#) Friday that former Prime Minister Abe's state funeral will be held on September 27 at Nippon Budokan. Funding will come from the GOJ. It will be [held](#) "simply and solemnly in a non-religious format."
- A civilian group [filed](#) a petition on Thursday with the Tokyo District Court for a provisional disposition to prevent the use of state funds to hold the funeral. They argue that forcing people to participate in commemorating the controversial leader violates freedom of thought and conscience.
- Chief Cabinet Secretary Matsuno Hirokazu [explained](#) Wednesday that the GOJ is not forcing citizens to praise the former prime minister's political achievements.
- On Thursday, Akie, Abe's wife, [met](#) with Kishida, LDP Vice President Aso Taro and LDP Secretary General Motegi Toshimitsu to thank them for attending her husband's funeral. Akie also attended an Abe faction meeting and informed them she has no intention of running for the seat vacated by her husband.
- The LDP [plans to arrange](#) for a eulogy during the extraordinary Diet session scheduled for August 3-5. In 2000, former Prime Minister Murayama Tomiichi delivered a eulogy for former Prime Minister Miyazawa Kiichi.
- On Friday, CDP leader Izumi Kenta opposed the funeral, [reiterating](#) that the GOJ must explain the funeral's purpose in the Diet. On Tuesday, Motegi [stated](#) that he has not heard opposition to the funeral from citizens, and that the opposition were out of touch for opposing the funeral.

#### 8. GOJ to Shorten Quarantine Period for "Close Contact"

- On Friday, the health ministry [announced](#) it will reduce the quarantine period for those who come into close contact with individuals with COVID-19 from seven to five days. They hope this maintains socioeconomic activity amid surging cases.

- The GOJ also [plans](#) to allow individuals to leave quarantine on the third day should they test negative on the second and third days of quarantine.
- To address personnel shortages at medical institutions, the GOJ will also distribute free antigen test kits to hospitals to encourage self-testing at home. The GOJ will also extend the period for financial support to medical institutions.
- The GOJ also decided it will [extend](#) the operation of SDF mass-testing venues from the end of July to the end of September in order to encourage vaccination amid surging case numbers.
- On Friday, Kishida [met](#) with President Matsumoto of the Japan Medical Association, requesting that medical institutions increase patient intake over the weekend. He also explained the GOJ's antigen test kit distribution plan.
- On Wednesday, CCS Matsuno [said](#) there are no plans to implement new movement restrictions. On Sunday, Health Minister Goto Shigeyuki [said](#) on a TV program that restrictions may be implemented if case numbers continued to rise.

#### 9. Nation Hits Record Daily COVID-19 Case Tally

- On Thursday, [case totals](#) nationwide and in Tokyo reached record highs, at 186,246 and 31,878, respectively. BA.5 accounts for 96 percent of cases.
- On Friday, Tokyo [topped](#) this, reaching 34,995 cases. Seventeen prefectures hit record numbers, indicating the virus is rapidly spreading across the country.
- A group of University of Tokyo researchers [released](#) an article indicating that three domestically approved antiviral drugs were effective in preventing the spread of the virus in the body.
- The health ministry's advisory panel on Friday [approved](#) the GOJ's decision to expand the pool of eligibility for a fourth vaccination to medical staff and staff working at nursing homes. This adds about 8 million people to the pool, increasing the total to 46 million people.
- At a press conference on Friday, Health Minister Goto [indicated](#) that the ministry would redetermine approval of Shionogi Inc.'s antiviral drug "Zokova" should the company submit additional clinical trial results. The ministry [postponed](#) approval on Wednesday after it determined there was insufficient data to support approval.

#### 10. Other Political Developments

- The internal affairs ministry on Friday [announced](#) it would allocate early ¥1.3 billion from September's ordinary allocation amount on August 25 to Miyagi Prefecture's Osaki City and Matsushima Town to help its response to possible damages from the record rainfall hitting wide areas of Japan.

- The Nuclear Regulation Authority [approved](#) Friday the facility plan to release treated water accumulated during the Fukushima Daiichi accident into the ocean. TEPCO aims to release the water in accordance with GOJ plans in spring 2023. It must first receive prior approval from the local municipality.
- The LDP and CDP's Diet affairs chairperson's [met](#) on Wednesday to discuss the schedule of the extraordinary Diet session. While the LDP wants the session to be between August 3-5, the CDP wants the Diet to remain open for the entire month.
- The Abe faction [held](#) a board meeting on Tuesday and approved plans to maintain the current leadership structure without naming a new president. The faction plans to revisit the leadership issue in the fall after the cabinet reshuffle.
- The Legislative Council of the Ministry of Justice [tabled](#) an interim draft on Tuesday proposing the introduction of "joint custody," which grants both parents custody after divorce, alongside the existing "single custody" system.

#### 11. BOJ to Maintain Loose Monetary Policy

- At a press conference on Thursday, BOJ Governor Kuroda Haruhiko [stated](#) that the central bank would be maintaining its loose monetary policy despite meeting its 2 percent inflation target.
- The BOJ revised the CPI outlook for 2022 upward from 1.9 percent in April to 2.3 percent (compared to last year) in its [Outlook Report](#) released Thursday.
- Kuroda explained that the projection was revised upward mostly due to rising import prices. He emphasized that loose monetary policy must continue to realize the target in a stable and sustainable manner.
- This is the first time since 2003 (aside from 2014, when the consumption tax went up) that CPI outlook is above 2 percent. The BOJ is [concerned](#) about the fact that wages have not caught up with rising consumer prices.
- Kuroda also [said](#) that the Bank would not be raising the interest rate. He added that raising the rate would not help to control the exchange rate.

#### 12. GOJ Identifies 20 Critical Technologies for Economic Security

- *Yomiuri* [reported](#) Monday that the GOJ finalized its draft basic guidelines for economic security. It identifies 20 critical technologies for targeted investment.
- The draft defines designated critical technologies as those items that could cause a situation that impairs the security of the nation and the people if used improperly due to theft by an external organization or if it cannot be used securely due to monopolization by another country.



- The R&D and use of these critical technologies are “essential elements for Japan to continue to secure a solid position in the international community in the medium- to long-term.”
- The twenty areas include hypersonics and AI; biotechnology; medical and public health technologies including genomics; advanced computing technology; robotics; advanced monitoring, positioning and sensor technology, among others.
- The GOJ’s Economic Security Council will select priority areas in the fall. The basic guidelines will be approved by the Cabinet in September.
- The GOJ [explained](#) to the LDP on Tuesday that there are four conditions to select critical technologies: 1) essentiality to citizens’ livelihood; 2) supply bias toward specific countries and on foreign countries; 3) possibility of supply interruptions due to export bans and other reasons; 4) recognized as particularly necessary, for reasons such as having a track record of supply disruptions.

### 13. Key Developments

- The Ministry of Economy, Trade and Industry [confirmed](#) Wednesday that it plans to ask utilities to restart six thermal plants and that it will secure 1.7 million kW in eastern Japan and 1.9 million kW in western Japan. METI believes this and nine nuclear plants will bump power above the 3 percent minimum threshold.
- METI Minister Hagiuda Koichi [said](#) Tuesday that the GOJ plans to support Japanese companies maintain their rights in Sakhalin-2.
- Friday is the deadline the Ministry of Justice [set](#) for 31 foreign companies that have not yet registered their headquarters in Japan to complete registration.
- The Companies Act mandates that both foreign HQs and Japanese branches register in Japan. Thirty-one of the 48 companies requested to register in March have yet to register. Google, Meta, Twitter and others are leaning toward registering their HQs.
- Data released by the internal affairs ministry [showed](#) last year’s local tax revenue reached a record high of approximately ¥43.3 trillion due to an increase in local corporate tax paid to local governments against the backdrop of strong profits.

### 14. State of the Economy

- *Nikkei* [reported](#) Friday that the GOJ plans to set its 2022 real growth rate forecast at about 2 percent, down from the January forecast of 3.2 percent. This is likely due to COVID-19 and the slow recovery of personal consumption.
- According to MIC’s data [released](#) on Friday, the CPI for June was 101.7, a 2.2 percent increase from the same month of the previous year. The index [rose](#) for the

tenth consecutive month and exceeded 2 percent for the third straight month. Energy-related increases continued due to high resource prices.

- According to the finance ministry's data [released](#) Thursday, the trade balance for Jan.-June 2022 was a ¥7.92 trillion deficit. This is the [worst deficit](#) for half-year increments since 1979. Exports are suffering due to a growth slowdown in China.
- According to the same statistics, crude oil imports from Russia in June [fell](#) to zero for the first time since July 2006. Up until May, Japan imported tens of billions of yen worth of oil. However, LNG and coal imports have increased.
- According to the Japan National Tourism Organization, while the number of visitors to Japan in June [increased](#) thirteen times from the same month last year to 120,400, the number of tourists remained low at 252. The effect of slightly loosening travel restrictions for tourists was limited.

## **II. Public Opinion Polls**

- An NHK [poll](#) released Tuesday showed the Kishida Cabinet's approval rating was 59 percent, the same as [June](#), while disapproval was 21 percent, down 2 percent.
  - 40 percent of respondents said they support the Kishida Cabinet because it seems better than other choices; 22 percent said because they support the LDP or Komeito; and 16 percent said because they trust the prime minister.
  - 44 percent of respondents said they don't support the Kishida Cabinet because they have low expectations for its policies; 20 percent said because it lacks executive ability; and 18 percent said because it is a government formed around parties they don't support.
  - 42 percent of respondents said they wanted the opposition to gain more seats in the Upper House; 38 percent said the results were satisfactory; and 9 percent said the ruling coalition should have gained more seats.
  - 38 percent of respondents said they want the Kishida Cabinet to prioritize economic policies; 16 percent said social welfare; and 14 percent said foreign policy and security.
  - 58 percent of respondents said Abe's death had no impact on their decision to vote or who they voted for; 25 percent said they voted before the incident; and 12 percent said it had an impact.
  - 49 percent of respondents support the GOJ's decision to hold a state funeral for former Prime Minister Abe, while 38 percent don't.
  - 45 percent of respondents said the Diet should proceed with discussions to amend the Constitution; 33 percent said neither; and 13 percent said there is no need to proceed with discussions.
  - 58 percent of respondents said the number of female candidates who won in the Upper House election did not matter; 23 percent said it was insufficient; 9 percent said it was just right; and 2 percent said there were too many.

- 43 percent of respondents said they “don’t really” evaluate the GOJ’s inflation response; 29 percent said “somewhat”; 15 percent said “not at all”; and 4 percent said “strongly”.
- 35 percent of respondents said that, if anything, there should be restrictions on movement to prevent the spread of the virus; 24 percent said that, if anything, there should not be restrictions; 22 percent said there should be restrictions; and 13 percent said there should not be any restrictions.
- 59 percent of respondents said they support Prime Minister Kishida’s decision to restart up to nine nuclear reactors to resolve the potential electricity shortage in the winter, while 23 percent said they oppose the decision.
- The survey also collected data on the latest approval ratings of political parties.

<b>Political Party</b>	<b>Approval Rating (%)</b>
Liberal Democratic Party	38 (-2)
Constitutional Democratic Party	5 (-1)
Japan Innovation Party	7 (+3)
Komeito	4 (+1)
Democratic People’s Party	2 (+1)
Japan Communist Party	3 ( $\pm 0$ )
Reiwa Shinsengumi	1 ( $\pm 0$ )
Social Democratic Party	1 ( $\pm 0$ )
NHK	1 (+1)
Suffrage Party (Sanseitō)	1 (-)
Independent	30 (-3)