

## ***The Weekly Observer***

January 9-13, 2022

*The 57<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the Japan-U.S. meetings, the prime minister's visits to G7 nations, the Japan-U.K. RAA signing, the Japan-ROK foreign ministers telephone talk, alliance posture changes, Abe's killer charged with murder, the LDP considering revising the GOJ bond repayment timeframe, the upcoming ordinary session of the Diet, Japan-U.S. economic cooperation developments, long-term interest rates and the BOJ's record-high fixed rate bond-buying operation, the Economy Watchers Survey and trade statistics, and more.*

## **By Content**

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

#### **Foreign Policy/Security**

1. Japan-U.S. Summit
2. Japan-U.S. Security Consultative Committee Meeting
3. Japan and the U.K. Sign a Reciprocal Access Agreement
4. Foreign Policy Developments
5. Defense/Security Developments

#### **Domestic Politics**

6. Abe Killer Charged with Murder
7. LDP to Consider Revising Bond Repayment Rule
8. Other Political Developments

#### **Economics/Finance**

9. Japan Bolsters Economic Cooperation with the United States
10. Other Key Developments
11. State of the Economy

### **II. Public Opinion Polls**

1. JNN/TBS

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

### **1. Japan-U.S. Summit**

- On Friday, Prime Minister Kishida Fumio [met](#) with U.S. President Joe Biden in Washington, D.C. Biden commended Japan's bold leadership in fundamentally bolstering defense and strengthening diplomatic efforts, as illustrated through the three strategic documents.
- In the [joint statement](#), the leaders strongly oppose any unilateral attempts to change the status quo by force or coercion, anywhere in the world. Biden reiterated the U.S. commitment to the defense of Japan under A5, including the Senkaku Islands.
- The leaders also instructed their ministers to reinforce cooperation on the development and effective deployment of counterstrike capabilities. They reaffirmed commitment to the complete denuclearization of the Korean Peninsula; reiterated the importance of maintaining peace and stability across the Taiwan Strait; and stated unequivocally that any use of a nuclear weapon by Russia in Ukraine would be an act of hostility against humanity and unjustifiable in any way.
- The leaders also agreed to work on economic security, including protection and promotion of critical and emerging technologies, including semiconductors; space; and clean energy and energy security.
- The two countries also [signed](#) the Framework Agreement for Cooperation in the Exploration and Use of Outer Space, which sets forth the basic terms and conditions for Japan-U.S. space cooperation for peaceful purposes.

### **2. Japan-U.S. Security Consultative Committee Meeting**

- On Wednesday, Minister for Foreign Affairs Hayashi Yoshimasa and Minister of Defense Hamada Yasukazu [met](#) with Secretary of State Antony Blinken and Secretary of Defense Lloyd Austin in D.C.
- Japan [reiterated](#) its resolve, under its new strategies, to fundamentally reinforce its defense capabilities. The United States expressed its strong support for the updated national security policies as a significant evolution that bolsters alliance deterrence.
- The ministers concurred that China's foreign policy seeks to reshape the international order to its benefit, and shared the recognition that this behavior is a serious concern to the alliance and the international community, and represents the greatest strategic challenge in the Indo-Pacific region and beyond.

- The ministers also decided to further expand bilateral defense cooperation and to expand joint/shared use of U.S. and Japanese facilities and to increase bilateral exercises and training in areas including the Southwest Islands.
- The ministers decided to deepen bilateral cooperation toward the effective employment of counterstrike capabilities. They also consider that attacks to, from, or within space in certain circumstances could lead to the invocation of A5 of the Treaty.
- The ministers committed to bolster technology cooperation and joint investments in emerging technologies to further sharpen the competitive edge of the alliance. They also readjusted the U.S. Military realignment plan so that the 3rd Marine Division HQ and 12th Marine Regiment (Littoral Regiment by 2025) remain in Okinawa.

### 3. Japan and the U.K. Sign a Reciprocal Access Agreement

- On Wednesday, Prime Minister Kishida [met](#) with British Prime Minister Rishi Sunak in the United Kingdom.
- Kishida stated that the two strategic global partners must coordinate closely to address strategic issues facing the international community.
- The two leaders agreed that the G7 must maintain unity in imposing strong sanctions on Russia and continue to support Ukraine. The two also confirmed jointly responding to economic security issues including economic coercion.
- The two leaders also [signed](#) the Agreement concerning the facilitation of reciprocal access and cooperation between the JSDF and the Armed Forces of the United Kingdom.
- The RAA will simplify procedures when implementing cooperative activities, such as port calls of vessels and joint exercises between the two countries and further promote bilateral security and defense cooperation.

### 4. Foreign Policy Developments

- On Friday, Foreign Minister Hayashi [spoke over the phone](#) with ROK Foreign Minister Park Jin. The ministers concurred on continuing close communication between diplomatic authorities to resolve the wartime labor issue.
- On Thursday, Kishida [met](#) with Canadian Prime Minister Justin Trudeau. The two concurred to strengthen cooperation in economic areas through the CPTPP, and in areas including energy and food, development finance and economic security.

- On Thursday, Hayashi [hosted](#) a UNSC discussion on “the rule of law among states.” Citing Russia’s unacceptable invasion of Ukraine, he [explained](#) that Japan decided on this topic to emphasize the importance of the rule of law over the rule of force.
- On Tuesday, Kishida [met](#) with Italian Prime Minister Giorgia Meloni. The two leaders agreed to promote the bilateral relationship to a “strategic partnership.”
- On Monday, Kishida [met](#) with French President Emmanuel Macron. Kishida said he would like to craft a new cooperation roadmap. The two also agreed to aim to hold the next “2+2” in the first half of the year.
- *Yomiuri* [reported](#) that the Japanese and German governments are arranging to hold their first “government-to-government dialogue” between leaders and ministers in Japan in March. The meeting will likely focus on economic security, including supply chain issues and the energy/food crises resulting from Russia’s invasion of Ukraine.

#### 5. Defense/Security Developments

- In the “2+2” [joint statement](#) released on Wednesday, the Japanese and American governments confirmed the forward posture of U.S. forces in Japan should be upgraded by positioning more versatile, resilient, and mobile forces with increased surveillance, and reconnaissance, anti-ship, and transportation capabilities.
- The ministers also welcomed the establishment of the Composite Watercraft Company at Yokohama North Dock scheduled in 2023. The CWC is designed to further strengthen alliance maritime mobility in Japan.
- The ministers also confirmed the importance of accelerating bilateral work on force realignment efforts, including the relocation of Marine Corps personnel from Okinawa to Guam beginning in 2024.
- At an [event](#) in D.C., Digital Minister Kono Taro said that he plans to propose at the G7 meeting the establishment of an international framework for public-private partnership to lead cooperation on data free flow and technology adoption.
- NHK [reported](#) Sunday that the JGSDF’s First Airborne Brigade, the only parachute drop squad in the GSDF, released footage of an exercise with the U.S., the U.K., and Australian militaries anticipating the defense of remote islands.

#### 6. Abe Killer Charged with Murder

- On Friday, the Nara District Public Prosecutor’s Office [charged](#) Yamagami Tetsuya with murder and with violating the Swords and Firearms Control Act.

- Yamagami shot former Prime Minister Abe Shinzo last July while he was delivering a stump speech in Nara for a candidate running for office in the Upper House.
- He fired two shots from a handcrafted weapon and was caught in the possession of multiple rounds of ammunition and bullets.
- Yamagami told the police that he had a personal grudge against the Unification Church for scamming his mother into making a significant amount of donations. He explained that he killed Abe because he “thought Abe had ties to the Church.”
- The prosecution conducted a psychiatric evaluation while Yamagami was held in custody between July 2022-January 2023 and concluded that he could be held criminally responsible. He will eventually be brought to a trial by jury.

#### 7. LDP to Consider Revising Bond Repayment Rule

- *Asahi* [reported](#) Wednesday that the LDP will soon begin a discussion on revising the “sixty year repayment rule” for GOJ bonds. This is part of the larger search for sources to fund the increase in defense spending.
- The rule, which began in 1966, consists of refinancing bonds by issuing “refinancing bonds” with an annual repayment rate of 1.6 percent of outstanding GOJ bonds.
- Specifically, 1.6 percent of the outstanding GOJ bonds are refinanced annually through the FY budget. The FY 2023 draft budget includes ¥16.76 trillion to refinance, close to 15 percent of the entire budget.
- LDP Policy Research Council Chairperson Hagiuda Koichi said last December that the rule could be revised to finance the increased defense budget. A twenty year extension would allow the GOJ to secure around ¥4 trillion (same as increase).
- Hagiuda [plans to establish](#) a Special Committee within the Policy Research Council to discuss alternative ways to finance the defense budget increase other than a tax hike. MOF, however, is likely to resist the move, arguing it could undermine market confidence in fiscal policy.

#### 8. Other Political Developments

- On Friday, Chief Cabinet Secretary Matsuno Hirokazu [informed](#) the Upper and Lower House Steering Committees that the GOJ plans to convene the Diet on Jan. 23. The ordinary session will last 150 days until June 21.
- The CDP and DPFP [agreed](#) to oppose the GOJ’s plan to increase the defense budget. The DPFP decided not to join a working team with the CDP and Japan Innovation

Party working on alternative bills in the upcoming Diet session. The DPFP will cooperate case-by-case and not for all bills the WT will work on.

- NHK [reported](#) Thursday that the GOJ will consider submitting the revised Immigration Control Act, which was killed in 2021 during the backlash from a death in a detention center, after tweaking the 2021 version and including a new system to examine whether to keep foreigners in detention centers every three months.
- On Tuesday, the GOJ [resumed](#) its Nationwide Travel Assistance program, which provides a ¥7,000 per person per night subsidy. Expectations are high for domestic demand given the pandemic-induced uncertainty over foreign tourism.
- On Sunday, Kishida [said](#) on a TV program that the GOJ will consider using social, employment, medical, and other insurance to finance spending for policies relating to children. [One proposal](#) involves pooling funds from each insurance type to establish a grant supporting child care for irregular workers.

#### 9. Japan Bolsters Economic Cooperation with the United States

- On Monday, Minister of Economy, Trade, and Industry Nishimura Yasutoshi [concluded](#) his five-day trip to the United States.
- Last week, he met with Secretary of Commerce Gina Raimondo, delivered a speech on three policy priorities at CSIS, met with House Congresspeople, met with Secretary of Homeland Security Alejandro Mayorkas, met with the U.S.-Japan Business Council, and met with the U.S. Trade Representative Katherine Tai.
- On Monday, Nishimura met with Secretary of Energy Jennifer Granholm. The two discussed the global energy security situation and cooperation in areas such as clean energy and nuclear energy.
- The [joint statement](#) on cooperation toward energy security and clean energy transition stated that METI and DOE discussed the need for diverse and secure supplies of energy, noting support for upstream investment in the United States.
- The ministers also welcomed Japan's 2023 G7 Presidency and discussed the importance of advancing efforts to diversify supplies of critical minerals and materials; taking on a broader and more intensive program of cooperation on safe, secure, and reliable nuclear energy for those who wish to use it; and facilitating ongoing work on industrial decarbonization standards setting and coordination.

#### 10. Other Key Economic/Financial Developments

- On Friday, the long-term interest rate [reached](#) 0.545 percent (first time in seven years), higher than the 0.5 percent ceiling the BOJ implemented in December. As a result of bond selling, the BOJ purchased a record-high ¥5 trillion in GOJ bonds.
- The GOJ [confirmed](#) Friday that it will begin releasing treated wastewater from Fukushima Daiichi Nuclear Power Plant in the spring/summer this year. A new fund will be established for fishermen concerned about harmful rumors.
- *Nikkei* [reported](#) that the GOJ will submit legislation in the upcoming Diet session to extend the operational period for temporarily suspended nuclear power plants to a maximum of sixty years. Nuclear power will be written in as “contributing to green transformation” in the revised Atomic Energy Basic Act.
- The BOJ released on Thursday its [Regional Economic Report](#) (Sakura Report), which summarizes the economic outlook in each of Japan’s regions. Many of the regions reported that while their economies have been affected by factors such as high commodity prices, they have been picking up or had been picking up moderately.
- The BOJ on Thursday [conducted](#) a fixed-rate bond-buying operation and purchased ¥2.51 trillion newly issued ten-year GOJ bonds. This was the largest ever bond-buying operation in history. It is a result of speculation that the BOJ will revise its monetary policy in the upcoming monetary policy meeting on Jan. 17-18.

#### 11. State of the Economy

- The Cabinet Office’s [Economy Watchers Survey](#) for December released on Thursday showed the index down 0.2 points from November at 47.9. It was [below](#) the “good health” line of 50 for the sixth straight month mostly due to high material costs.
- According to statistics [released](#) by MOF on Thursday, Japan ran a ¥1.80 trillion current account surplus in November, 16.4 percent [larger](#) than the same month last year and the first improved performance in eight months. The surplus owes largely to an increase in dividends from foreign subsidiaries and recovery of foreign tourists.
- According to the Cabinet Office’s [release](#) on Wednesday, the preliminary value of the business condition index in November was 99.1, [down](#) 0.5 points from last month and the third consecutive month in decline. The GOJ maintained the evaluation that the economy is “showing signs of improvement” for the tenth straight month.
- The MIC’s [Household Survey](#) for November released on Tuesday showed consumption expenditure of household with two or more people at ¥285,947, [down](#) 1.2 percent from the same month last year and for the sixth straight month. Overall consumption fell as expenditure on essential goods such as food decreased.



- According to Tokyo Shoko Research, the [number of domestic bankruptcies](#) in 2022 increased from the previous year for the first time in three years. Teikoku Databank [analyzed](#) that bankruptcies resulting from labor shortages increased 26 percent.

## **II. Public Opinion Poll**

- A JNN/TBS poll [released](#) on Monday showed the Kishida Cabinet's approval rating was 37 percent, up three points from December, while disapproval was 59 percent, down three points.
  - 48 percent of respondents [said](#) they oppose the GOJ's plan to increase defense spending to ¥43 trillion over five years, while 39 percent support the plan.
  - 71 percent of respondents said they oppose a tax hike to finance this budget increase, while 22 percent said they support it.
  - 76 percent of respondents said they believe the GOJ should call a general election as a referendum on the tax hike, while 17 percent said they believe it unnecessary.
  - 72 percent of respondents said they believe the budget increase should be financed by budget cuts elsewhere; 12 percent said issuing GOJ bonds; and 8 percent said a tax hike.
  - 56 percent of respondents [said](#) they support the GOJ's proposal to lower COVID-19's legal status under the Infectious Disease Act to "Level 5," while 30 percent said they oppose it.
  - 59 percent of respondents said they approve of the GOJ's COVID-19 response so far, while 30 percent said they do not approve.
  - 71 percent of respondents [said](#) they oppose a consumption tax hike to address the "unprecedented declining birth rate," while 22 percent said they support it.
  - 46 percent of respondents [said](#) they support the GOJ's nuclear policy shift toward extending nuclear power plant operation lifespan and replacing retiring plants with next-generation plants, while 40 percent said they oppose.
  - 50 percent of respondents [said](#) they believe the BOJ should tighten its monetary policy, while 22 percent said it should continue monetary easing.
  - 46 percent of respondents said they believe the wage will increase but not as high as the inflation rate; 30 percent said it will not increase at all; and 17 percent said it will increase at a greater rate than inflation.
- The [survey](#) also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	32.1 (+0.1)
Constitutional Democratic Party	5.4 (-0.2)

*The Weekly Observer* (1/9-1/13)

Japan Innovation Party	3.7 (-1.3)
Komeito	3.6 (+1)
Japan Communist Party	2.6 (-0.3)
Democratic Party for the People	2 (+1.2)
Reiwa Shinsengumi	0.9 (-0.5)
Social Democratic Party	0.2 (-0.2)
Suffrage Party (Sanseitō)	0.4 (-0.6)
NHK Party	0.3 (+0.1)
Independent (No Party)	44.7 (-1.1)