



# The Weekly Observer

July 10-14

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

## PM Deepens Security Ties in Europe

On Wednesday, **Prime Minister Kishida Fumio** delivered a speech **welcoming increasing Euro-Atlantic involvement in the Indo-Pacific** at the NATO Summit meeting being held in Vilnius, Lithuania.

Prior to the Summit, Kishida held a meeting with **NATO Secretary General Jens Stoltenberg** and adopted the **new ITTPP outlining security cooperation** in sixteen areas over the next four years.

Following the Summit, Kishida held a leaders' meeting with **European Council President Charles Michel** and **European Commission President Ursula von der Leyen** and agreed to establish a **strategic dialogue** at the foreign ministerial level. The EU will also **lift import restrictions** on Japanese food.

## LDP Tax Commission Hints Defense Tax Hike Delay

On Thursday, Chairperson **Miyazawa Yoichi** of the **LDP Research Commission on the Tax System** said the commission confirmed that it **would be "impossible" to raise the corporate tax in FY 2024** to finance increased defense spending.

The commission came to the conclusion that it would be **extremely difficult to prepare legislation** for the corporate tax hike for the extraordinary Diet session this fall.

There are elements of the LDP that **oppose a tax hike** and want to exhaust all other options before raising tax rates. Reports suggest this was fueled by news of **high tax revenue in FY 2022, which reached a record-high ¥71.1 trillion**.

## Cabinet Approval



**NHK** (July 10)

**38%** (-5 pts.)

**41%** (+4 pts.)

## State of the Economy

**Economy Watchers Survey (June):** 53.6 (-1.4 pts.)  
First decline in 5 months

**Trade Statistics (May):** ¥1.86 trillion  
2.4x higher than same month last year

**Machinery Orders (May):** ¥83.15 billion (-7.6%)

**Corporate Goods Price Index (June):** +4.1%  
Rate of increase shrunk for 6<sup>th</sup> consecutive month