

The Weekly Observer

September 9-13, 2024

The 137th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Kishida's final diplomatic trip, deepening Japan-ROK defense ties, the LDP presidential election campaign, the sentencing of another politician receiving kickbacks, the Nippon Steel issue, the GOJ's pick for the next ADB governor, business sentiment among Japanese businesses, and more.

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I. News of the Week

1. Foreign Policy Developments

- On Friday, Chief Cabinet Secretary Hayashi Yoshimasa [announced](#) that Prime Minister Kishida Fumio will be visiting the United States from September 21-23 for his last diplomatic trip. He will attend the UN Summit of the Future in New York.
- Kishida is also set to travel to Wilmington, Delaware, for his last Quad summit, as [announced](#) by the White House on Thursday. This will be the last summit for both Kishida and U.S. President Joe Biden.
- On Thursday, the Ministry of Economy, Trade and Industry (METI) [held](#) the first Japan-PRC Working Group on Optimizing Business Environment with the Ministry of Commerce and business organizations in Jiangsu. The Japanese side [requested](#) visa waivers, while the Chinese side expressed concerns about economic security policy.
- On Wednesday, Kishida [delivered](#) a video message to the Fourth Summit of the Crimea Platform, expressing Japan's continued support for Ukraine and the importance of achieving a "just and lasting peace" in Ukraine.
- On Tuesday, Minister for Foreign Affairs Kamikawa Yoko [held](#) a telephone conversation with new Ukrainian Foreign Minister Andrii Sybiha, informing him that Japan would continue to provide support for Ukraine and impose sanctions on Russia.

2. Defense/Security Developments

- On Thursday, the GOJ [strongly protested and criticized](#) North Korea for launching multiple ballistic missiles toward the Sea of Japan. Minister of Defense Kihara Minoru [revealed](#) the next day that the missiles were of the same type as the ones launched on March 18, April 22, and May 30.
- Kihara [held](#) a ministerial meeting with Defense Minister Antti Häkkinen of Finland, where the two discussed regional affairs and confirmed to cooperate on advancing cooperation on defense equipment transfers and information security.
- On Wednesday, State Minister of Defense Oniki Makoto became the [first elected defense official](#) to visit South Korea in nine years, [attending](#) the Seoul Defense Dialogue and making a [courtesy call](#) to Minister of National Defense Kim Yong-hyun. He took over this month from Shin Won-sik.
- On Tuesday, LDP Research Commission on Security Chair Onodera Itsunori [submitted](#) recommendations to Kishida outlining what the party viewed as the

appropriate operational structure for “active cyber defense,” which the prime minister himself [agreed](#) should swiftly be put up for legislation in the Diet.

- Senior defense officials from Japan, the United States, and South Korea [met](#) in Seoul and expressed serious concerns about DPRK-Russia military cooperation in the region. The three sides also discussed extended deterrence and the South China Sea.
- JMSDF Chief of Staff Saito Akira [announced](#) that the JS Kaga helicopter carrier will be dispatched to the United States from October 5-November 18 to conduct launching tests using the F-35B stealth fighter off the coast of San Diego. The JS Kaga was just renovated in March to effectively become a frigate.

3. LDP Presidential Election Officially Kicks Off

- On Thursday, the ruling LDP presidential election slated for September 27 [entered](#) its two-week campaign period. The new party president will become the next prime minister, tasked with steadying the ship after the party’s political scandal.
- A record number of nine candidates (five the highest) are running: Kobayashi Takayuki, Ishiba Shigeru, Kono Taro, Hayashi Yoshimasa, Motegi Toshimitsu, Koizumi Shinjiro, Takaichi Sanae, Kato Katsunobu, and Kamikawa Yoko.
- The Election Commission’s new rules toward a “low cost election” include banning paid online ads and automated “get-out-the-vote” phone calls, designed to level the playing field among candidates with varying funding levels.
- The candidates [kicked off](#) the campaign with a joint press conference on Friday, where they discussed their priority policies and issues pertinent to voters, including economic policy and political reform.
- [Several polls](#) heading into the next week found that the top three candidates so far are Ishiba, Koizumi and Takaichi. A run-off between the top two candidates is expected as no candidate is expected to reach a majority of Diet member and party member/supporter votes in the first round.

4. Other Political Developments

- On Friday, the Tokyo Summary Court [sentenced](#) former LDP Diet member Horii Manabu to a ¥1 million fine and three year suspension from running for public office for sending illegal gifts to constituents and underreporting ¥17 million in kickbacks.
- The GOJ [approved](#) the National Strategy for an Aging Society, which [includes](#) a target to expand out-of-pocket coverage for seniors, which currently varies by income

for those over seventy-five years of age (lower age threshold). The strategy also plans to raise the employment rate among 65-69 year-olds from 52 to 57 percent by 2029.

- *Yomiuri* [reported](#) Wednesday that the GOJ and ruling coalition plans to convene the extraordinary Diet on October 1. Reports [suggest](#) that this raises the possibility of an early general election on October 27, alongside the Upper House Iwate by-election.
- On Tuesday, Komeito Chief Representative Yamaguchi Natsuo [announced](#) that he plans to step down as leader on September 28 when the party holds its biennial party convention. He is expected to be replaced by Secretary General Ishii Keiichi.
- The GOJ [decided](#) to use an additional ¥108.8 billion from the FY 2024 reserve fund to provide added support for reconstruction efforts underway in the Noto Peninsula. This is the [sixth](#) spending package from this year's reserve fund.
- On Sunday, LDP and Komeito-backed former mayor Sakima Atsushi [defeated](#) the opposition-backed candidate to win back the mayorship of Ginowan City, Okinawa, which is subject to national attention due to the ongoing MCAS Futenma relocation.

5. Economic Security and Tech Developments

- On Friday, Minister of Economy, Trade and Industry (METI) Saito Ken [said](#) that the GOJ would not comment on the U.S. government's decision to deny Nippon Steel's acquisition of U.S. Steel, saying it would be meddling in domestic affairs.
- Nippon Steel [reportedly](#) sent its Vice Chairman Mori Takahiro to Washington on Wednesday to meet senior U.S. officials and salvage the proposed \$15 billion deal, which the Biden administration plans to deny on grounds of national security.
- On Thursday, Kansai Electric Power Co. [announced](#) that it would construct its first data center in Seika, Kyoto, investing ¥1 trillion over the next ten years utilizing its know-how in electricity output to manage massive energy use.
- NHK [reported](#) Wednesday that the GOJ plans to subsidize funding for storage tanks and resale on the market for domestic suppliers signing long-term LNG contracts, as energy security becomes a significant challenge across the globe.
- On Tuesday, Tokyo Electron [signed](#) a partnership agreement with Indian conglomerate Tata Group's subsidiary "Tata Electronics" to develop semiconductor facilities in India and promote talent development in the country.

6. Key Economic/Financial Developments

- On Friday, Toyota Motor Corp., Mitsubishi UFJ Bank, and Iwatani Industries [announced](#) that they would jointly invest around ¥60 billion with five other firms in a specialized fund to develop a hydrogen supply chain for promoting decarbonization.
- On Thursday, METI [confirmed](#) that it would develop a schedule in spring 2025 for the full implementation of autonomous driving vehicles on priority lanes within the next ten years. Autonomous vehicles will be partially on the road in February 2025.
- On Wednesday, Minister of Land, Infrastructure, Transport and Tourism (MLIT) Saito Tetsuo [attended](#) a trilateral tourism ministerial meeting with China and South Korea and signed a declaration targeting 40 million tourist exchanges by 2030.
- *Nikkei* [reported](#) that METI plans to focus support in “critical regions” for the promotion of hydrogen fuel cell cars, including providing subsidies for expensive vehicles and more hydrogen charging stations in places with higher volume of large vehicle travel compared to the national average.
- On Tuesday, Minister of Finance Suzuki Shunichi [announced](#) that the GOJ plans to nominate Special Advisor to the Cabinet Kanda Masato as successor to Asia Development Bank (ADB) Governor Asakawa Masatsugu, whose term expires in February 2025. Japan has [maintained](#) this post since the ADB’s founding in 1966.
- On Monday, the Nikkei Stock Average (Nikkei 225) [fell](#) ¥1,100 and fell to the ¥35,000 level for the first time in a month, as U.S. economic indicators look worse and the yen’s appreciation pushes investors away from Japanese stocks.

7. State of the Economy

- On Friday, the Cabinet Office and Ministry of Finance [announced](#) that the business sentiment index for large firms in the second quarter of FY 2024 rose 4.7 points to 5.1, the second straight quarter on the [rise](#) as chip-related demand recovered and cost transfers pushed the manufacturers index positive for the first time in three quarters.
- The Bank of Japan [announced](#) that the corporate goods price index (CGPI) in August was 123, up 2.5 percent from the same month last year. The rate of increase [fell](#) 0.5 point from July and was 0.3 point lower than the average private sector projection as the Chinese economic slowdown affects prices for raw materials like copper.
- On Monday, the Cabinet Office [announced](#) that the revised GDP growth rate in the first quarter of FY 2024 rose 0.7 percent on a monthly basis and 2.9 percent on an annual basis, a [downward revision](#) from last month (0.8 percent, 3.1 percent) as capital investment and individual consumption fell.

- The finance ministry [announced](#) that Japan ran a ¥3.19 trillion current account surplus in July, a 15.1 percent increase since July 2023 and the [largest value](#) since comparable statistics became available in 1985.
- Tokyo Shoko Research [announced](#) that the number of corporate bankruptcies last month with over ¥10 million in debt fell 5 percent from the same month last year to 723 cases, as construction and transportation industry cost transfers [helped](#) improve business and pushed down month-on-month bankruptcies for the first time in twenty-nine months.

II. Public Opinion Poll

- A NHK poll [released](#) on Monday found that the Kishida Cabinet's approval rating was 20 percent, down five percent from August, while disapproval was 60 percent, up five percent.
 - 46 percent of respondents said that they are somewhat interested in the outcome of the LDP presidential election; 24 percent said they are very interested; 18 percent said they are not so interested; and 9 percent said they are not interested.
 - 35 percent of respondents said that they want the candidates to discuss social security, including pensions; 26 percent said economic and fiscal policy; 17 percent said political reform; and 11 percent said foreign policy/security.
 - 28 percent of respondents said that they want Ishiba as the next LDP president; 23 percent said Koizumi; 9 percent said Takaichi; 7 percent said no one; 6 percent said Kono; 4 percent each said Kobayashi and Kamikawa; 2 percent each said Aoyama Shigeharu, Hayashi, and Motegi; 1 percent each said Noda Seiko and Kato; and zero percent said Saito Ken.
 - 40 percent of respondents said that they somewhat approve of Kishida's efforts as prime minister; 37 percent said they somewhat disapprove; 14 percent said they strongly disapprove; and 4 percent said they strongly approve.
 - 32 percent of respondents said that they are somewhat interested in the outcome of the CDP leadership election; 31 percent said they are not so interested; 21 percent said they are not interested; and 13 percent said they are very interested.
 - 35 percent of respondents said that they want ex-prime minister Noda Yoshihiko as next CDP leader; 14 percent said ex-acting leader Edano Yukio; 9 percent said incumbent Izumi Kenta; 8 percent said no one; 6 percent said Yoshida Harumi; and 5 percent said Eda Kenji.
 - 48 percent of respondents said that they do not know whether the opposition parties should unite in the upcoming general election; 34 percent said they should deepen cooperation; and 11 percent said there is no need to deepen cooperation.
 - 43 percent of respondents said that they want the next general election to be held as soon as possible; 16 percent said closer to the end of Lower House member

terms in October 2025; 15 percent said at the same time as the Upper House election next summer; and 13 percent said the first half of next year.

- 46 percent of respondents said that the U.S. presidential election in November will have a great impact on Japan; 40 percent said somewhat of an impact; 6 percent said not so great; and 2 percent said no impact.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	31 (+1)
Constitutional Democratic Party	7 (+1)
Japan Innovation Party	3 (+1)
Komeito	2 (-1)
Japan Communist Party	3 (±0)
Democratic Party for the People	1 (±0)
Reiwa Shinsengumi	1 (±0)
Social Democratic Party	1 (±0)
Suffrage Party (Sanseitō)	0 (±0)
NHK Party	0 (±0)
Independent (No Party)	45 (±0)