



The Weekly Observer

December 30-
January 3

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

The Year Ahead for Ishiba

On Wednesday, Prime Minister **Ishiba Shigeru** issued his new year's greetings, stating that **his focus this year will be on foreign policy/security, the revitalization of Japan, and public safety/disaster management.**

Ishiba faces a **major test** in his first ordinary Diet session and **two major elections** — the Tokyo Metropolitan Assembly race in June and the Upper House election in July. The GOJ has a **tight schedule to pass some sixty bills**, including the FY 2025 budget and tax system reform plan.

The **Upper House election** will no doubt be the **litmus test for Ishiba's political longevity**, with the distinct possibility of a **double election** with the Lower House. To date, a total of **183 candidates** are expected to be contesting **124 seats**.

The ruling parties aim to **maintain their majority in the Upper House**, as a total loss of majority status in the Diet would **render Ishiba a lame duck**.

Biden Rejects U.S. Steel Buyout

On Friday, the **White House** issued a press release formally announcing that **President Joe Biden blocked Nippon Steel's acquisition of U.S. Steel** as a threat to national security, following the **Committee on Foreign Investment in the United States (CFIUS)** referral of the deal at the end of last year.

Biden's decision has been taken as a "loss" for the United States, as it could result in a more cautious investment approach by Japanese companies and contradicts Washington's desire to "friendshore" supply chains away from China.

Nippon Steel will **file a lawsuit** ahead of the February 2 deadline, by which it must file a statement announcing abandonment of the plan.

There are **three plausible, yet challenging scenarios**: the lawsuit prolonging the situation; Nippon Steel changing the deal or expanding its current U.S. presence; or **hoping that President-elect Donald J. Trump reverses the decision.**

Cabinet Approval



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-% (-)

State of the Economy

Nikkei Stock Average (EOY):

¥39,894

19% increase on annual basis

Highest value in 35 years

Number of companies exceeding ¥10 trillion market capitalization was 18, a record high number

Household Savings Rate (FY 2023):

¥4.7 trillion, 1.5%

Fell for the 3rd consecutive year

Projected Number of Births (2024):

687,080

First time below 700,000 based on January-October statistics