



YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

# The Weekly Observer

February 24-28

THIS WEEK IN NUMBERS

## Japan Mulls Response to Trump Tariffs

The GOJ is mulling its response to the Trump administration's multiple **tariff** announcements, as the effects remain a top concern for industry.

On Wednesday, **Prime Minister Ishiba Shigeru** said that the administration's **reciprocal tariffs** cannot include "**subjective factors**," pointing out **Trump's remarks about Japan's high non-tariff barriers (NTBs)**.

Ishiba emphasized the importance of securing Japan's national interests and stated that the administration would have to **clearly outline how it plans to define "high" NTBs.**

On Tuesday, **representatives of Japan's steel and automaking industry** met with **Minister of Economy, Trade and Industry Muto Yoji** to discuss the GOJ's response. Representatives expressed concerns that **supply chains could be weakened and industrial competitiveness could deteriorate with additional tariffs.**

## Ruling Parties Submit First Revised Budget in 29 Years

On Friday, the **ruling Liberal Democratic Party (LDP)** and **Komeito** submitted the **first revised annual budget proposal to the Diet in twenty-nine years**, following a deal with the **Japan Innovation Party (Ishin)** over education and social security reform policies.

The three-party agreement signed on Tuesday included **tuition subsidy hikes for high schools and set up a dialogue on social insurance premium cuts**. The budget is now **expected to be enacted** by the end of the fiscal year on March 31.

Meanwhile, the ruling parties decided to submit their **own bill to raise the income tax exemption threshold to ¥1.60 million**, despite the **Democratic Party for the People** **objecting** to the plan over income restrictions on the threshold hike.

The minority government aims to pass the budget as soon as possible and **focus its efforts on other legislative priorities**.

## Cabinet Approval



**40%** (-3 pts.)



**52%** (+2 pts.)

[Nihon Keizai Shimbun](#) (Feb. 24)

## State of the Economy

### **Vital Statistics (2024):**

Number of children born fell 5% to 720,988 (lowest since 1899)  
Depopulation accelerating at faster pace, 15 years ahead of projections

### **Work Hours (2024):**

Average of 136.9 hours per month (1% decrease from 2023)  
Prescribed working hours and overtime fell 0.9% and 2.7%

### **Services Producer Price Index (Jan.):**

108.6 (-3.1%)  
Rate of increase expanded 0.1 pt.  
Suggests that producers are transferring human capital costs