

The Weekly Observer

March 24-28, 2025

The 165th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Japan's reaction to the U.S. auto tariffs, the Japan-Brazil summit, Ishiba's Golden Week diplomatic travel plans, the establishment of the JSDF Joint Command HQ, the dissolution of the Unification Church, the slow march to enactment of the annual budget, the resignation of a special advisor to the prime minister, the announcement of the development of a national strategy to enhance international standard-setting power, BOJ board member opinions on the U.S. tariff impact on the economy, concerning real GDP global ranking projections, and more.

By Content

I. News of the Week

Foreign Policy/Security

1. Japan Mulls Response to U.S. Auto Tariffs
2. Japan and Brazil Sign Five-Year Action Plan
3. Foreign Policy Developments
4. Defense/Security Developments

Domestic Politics

5. Court Dissolves Unification Church
6. Ruling and Opposition Parties Agree on Budget Vote Date
7. Other Political Developments

Economics/Finance

8. Economic Security and Tech Developments
9. Key Developments
10. State of the Economy

II. Public Opinion Polls

1. Sankei Shimbun/FNN (3/24)

I. News of the Week

1. Japan Mulls Response to U.S. Auto Tariffs

- On Wednesday, the Trump administration [announced](#) (effective April 3) that it would levy 25 percent tariffs on imports of automobiles and certain parts, the biggest concern for Japan given auto exports [make up](#) around 30 percent of total imports.
- Prime Minister Ishiba Shigeru [said](#) that the GOJ will continue to “strongly request” exemptions for Japanese automakers, [instructing](#) his Cabinet on Thursday to “tenaciously negotiate” the issue with the U.S. government.
- The GOJ has thus far not indicated its response, [contemplating](#) whether to implement retaliatory measures like Canada or filing a complaint with the World Trade Organization. Given the situation with the dispute resolution mechanism, there is no guarantee that a filing grants Japan the right to impose retaliatory measures.
- Ishiba [stated](#) that all options are on the table. Minister of Economy, Trade and Industry (METI) Muto Yoji [said](#) Friday that the GOJ and U.S. Government held working level talks on Thursday to discuss the tariff measures.
- Ruling Liberal Democratic Party (LDP) policy chief Onodera Itsunori [met](#) with Joseph Young, chargé d’affaires ad interim at the U.S. Embassy Tokyo, to inform him that the tariffs will have an “enormous impact on the Japanese economy.” He indicated that the two governments will need to negotiate going forward.
- The auto tariffs are expected to [reduce](#) Japanese auto manufacturing by 4.3 percent annually and [potentially](#) ¥1.3 trillion for every 10 percent manufacturing and exports to the United States are cut back. Japanese automakers have [indicated](#) concern over the new measure and are exploring options to restructure their supply chains.

2. Japan and Brazil Sign Five-Year Action Plan

- On Wednesday, Ishiba [hosted](#) Brazilian President Luiz Inacio Lula da Silva for a summit meeting in Tokyo. Lula is the first leader to visit as a state guest since Donald Trump came during his first administration. This year marks the 130th anniversary since the two countries forged diplomatic relations.
- The leaders [agreed](#) on a strategic and global partnership action plan for 2025-2030, announcing an intent to hold biennial summit meetings, upgrade the foreign ministers’ dialogue to an annual strategic dialogue, and to establish a “2+2” meeting between foreign and defense ministers.

- The two countries [aim to deepen](#) cooperation to promote peace and multilateralism, as the future of the international order remains uncertain over recent developments such as the increased protectionism by the Trump administration and stronger cooperation between authoritarian states like China and Russia.
- The action plan also includes the utilization of official development assistance to address environmental and climate change issues, a commitment to negotiate a “working holiday” arrangement, and strengthening cooperation for the development and use of “sustainable fuels” like biofuels, biogas, and low-carbon hydrogen.
- On Tuesday, Minister of Environment Asao Keiichiro and Minister of the Environment and Climate Change Marina Silva [signed](#) a memorandum to pursue cooperation in addressing climate change like the carbon credit market and measuring greenhouse gas emissions.

3. Foreign Policy Developments

- *Mainichi* [reported](#) Thursday that Ishiba plans to visit the Philippines and Vietnam during the long holiday later this month. Ishiba has been prioritizing diplomacy in Southeast Asia since taking office, visiting Malaysia and Indonesia in January.
- *Asahi* [reported](#) that Ishiba has scrapped plans to issue an official government statement marking the eightieth anniversary since the end of World War II, instead planning to set up a private advisory board to advise on Ishiba’s personal message. *Sankei* [reported](#) that LDP Senior Advisor Aso Taro talked Ishiba out of an official statement, informing him on the painful and long process it took for the late Prime Minister Abe Shinzo to issue the seventieth anniversary statement.
- Vice Minister for Foreign Affairs Funakoshi Takehiro [held](#) a phone call with U.S. Deputy Secretary of State Christopher Landau, in which the two agreed to continue cooperation to elevate the alliance to new heights. Funakoshi also conveyed Japan’s position regarding the tariff measures announced by the U.S. government.
- *Nikkei* [reported](#) that Minister for Foreign Affairs Iwaya Takeshi plans to visit Belgium in early April to attend the NATO foreign ministerial meeting. A G7 foreign ministerial meeting will also be held on the sidelines.
- On Monday, Guo Jiakun, spokesperson of the PRC Foreign Ministry, [questioned](#) the GOJ’s [objection](#) to a press release indicating that Ishiba “respected” positions detailed by the Chinese side during a meeting with Foreign Minister Wang Yi, stating that it is normal to respect the other’s position in exchanges between nations.

- On Sunday, LDP Secretary General Moriyama Hiroshi [informed](#) Wang Yi in a meeting that the Japan-PRC Friendship Parliamentarians' Union chaired by him will visit Beijing in late April. He urged Beijing to scrap the import restrictions on marine imports and resume beef imports.

4. Defense/Security Developments

- On Friday, the GOJ [revealed](#) in a meeting with the LDP that it plans to add eight facilities in areas like Hokkaido and Okinawa to its list of designated ports and airports enabled for use by the JSDF and the Japan Coast Guard in peacetime to strengthen Japan's comprehensive defense posture.
- *Asahi* [reported](#) Thursday that Minister of Defense Nakatani Gen plans to visit Rome, Italy, after the long holiday next month, likely around May 9, to discuss progress on the Global Combat Air Programme (GCAP) with his counterparts from Italy and the United Kingdom.
- *Nikkei* [reported](#) that the GOJ plans to convene an expert panel soon toward crafting a national strategy to promote medium- to long-term development of the defense industrial base and defense equipment transfers.
- The GOJ [finalized](#) contingency evacuation plans for citizens in the Sakishima Islands, Okinawa, to be transported via air and ground transportation to eight prefectures mainly in the Kyushu region. A total of 120,000 evacuees will be moved within six days. The GOJ can instruct governors to take evacuation measures. There remain [concerns](#) over the feasibility of transporting large numbers using existing transport.
- On Tuesday, Nakatani [announced](#) that he will meet U.S. Secretary of Defense Pete Hegseth on April 30 for a defense ministers' meeting. The two, [along with](#) Ishiba, will attend a joint memorial ceremony in Iwo Jima, where the bloodiest battles in the Pacific War were fought.
- On Monday, the JSDF's Joint Command HQ was [established](#) in Ichigaya, with its first operational role to support disaster relief measures in the wildfires that broke out in Okayama, Ehime, and Miyazaki prefectures. Nakatani [stated](#) that the new HQ plays an "extremely significant" role, including operating long-range missiles without U.S. involvement, [according](#) to a *Sankei* report.

5. Court Dissolves Unification Church

- On Tuesday, the Tokyo District Court [ordered](#) for the dissolution of the Unification Church for violating articles in the civil code related to solicitations for donations. The Church was heavily involved in the assassination of the late Prime Minister Abe.

- The Ministry of Education, Culture, Sports, Science and Technology (MEXT) requested for the Church’s dissolution. This is the third case in which an ordinance violation resulted in a dissolution order, but the first time a civil code violation was used as legal justification.
- Though the Church loses its assets and its status as a religious corporation, it can [continue to exist](#) as a voluntary organization. The court [found](#) that the severity of the Church’s damaging actions — affecting 1,559 individuals for total damages of over ¥20.4 billion — were grounds to dissolve it. Though the Church’s appeal will lead to more trials, the ruling may help victims recover damages.
- Chief Cabinet Secretary Hayashi Yoshimasa [said](#) in a press conference that the GOJ will take every measure to support the victims, including through a special act enacted in December 2023 that increased surveillance over the Church’s assets to prevent the transfer of money before the dissolution order.
- Meanwhile, LDP Secretary General Moriyama Hiroshi [said](#) that the party will “make every effort to ensure that we strictly refrain” from any act that promotes the Church or puts the party subject to undue political influence. Opposition parties are [demanding](#) that the LDP relaunch investigations into its relationship with the Church.

6. Ruling and Opposition Parties Agree on Budget Vote Date

- On Friday, the LDP and main opposition Constitutional Democratic Party (CDP) [agreed in principle](#) to put the re-revised FY 2025 annual budget up for a vote in the Upper House on March 31. The Japan Innovation Party’s (*Nippon Ishin no Kai*) [supporting vote](#) guarantees its enactment. The opposition [agreed](#) to the vote in exchange for the LDP accepting demands to arrange for a hearing with ex-Abe faction executive Seko Hiroshige on the slush fund scandal.
- The LDP, Komeito, and the Democratic Party for the People (DPFP) [agreed](#) to not ban corporate/organizational political donations and continue discussions into the new fiscal year toward reconciling their respective bills. The opposition are demanding that such donations be completely banned.

Komeito /DPFP proposal	Up to ¥20 million a year to one organization	Ceiling on corporate and labor organization donations	Current rules (up to ¥100 million a year based on capital amount)	LDP proposal
	Corporations and organizations donating over	Target for disclosure by party	Corporations and organizations donating over ¥10	

	¥50,000 a year		million a year	
	Restrict to ¥100 million a year and ¥20 million a year to the same organization	Restrictions on total donations by political organizations	Current rules (no restrictions)	
	Only to prefectural party chapters	Political party branches that can receive donations	Current rules (most political party branches)	

- *Mainichi* [reported](#) that Komeito and the DFP dropped plans to submit legislation without an agreement with the LDP, after the latter began to show signs that it would agree to talks based on the former’s proposal following Ishiba’s [remarks](#) on Tuesday that it would be “difficult to accept” the proposal.
- The opposition proposal, which would not have passed without support from the DFP, [proposes](#) an outright ban with an exception for political organizations up to ¥60 million a year. Some in the opposition seem to be willing to compromise as “20 percent is better than 0 percent.”
- The Diet also [enacted](#) on Wednesday a revised version of the Public Offices Election Act including a new provision to maintain the quality of campaign posters, following a string of incidents involving posters attacking candidates and posters unrelated to election purposes. Lawmakers will continue discussions on social media regulations and measures to combat the existence of candidates who do not intend to win but run campaigns to support other candidates.
- On Thursday, Ishiba [apologized](#) for stating during a meeting on Tuesday with Komeito Chief Representative Saito Tetsuo that the ruling parties should [issue](#) strong measures to combat price increases despite ongoing discussions on the annual budget. He reassured that he did not mean a new budget should be formed for new measures.
- The LDP [discussed](#) the contentious pension reform bill — which some view as detrimental to election prospects given an increase in consumer burden — with business and labor organizations, who expressed concerns over the proposal to raise the base pension amount by temporarily lowering social welfare pensions.
- The ruling parties and *Ishin* [held](#) discussions over social security reform, agreeing to discuss over-the-counter like drugs in the next meeting. The three parties aim to finalize some thoughts on social security reform around mid-May.

- The three parties also [held](#) discussions over scrapping the provisional gas tax rate, which *Ishin* wants to abolish by the summer. The ruling parties pointed out that challenges remain over securing funding to cover for potential tax revenue losses.

7. Other Political Developments

- On Friday, the GOJ [decided](#) on the resignation of Special Advisor to the Prime Minister on wages and employment Yata Wakako, effective March 31. Yata was appointed to her role by then-Prime Minister Kishida Fumio in September 2023 as a bridge between the ruling parties and the DFP, the party she represented as an Upper House member in the past.
- On Thursday, the Lower House Commission on the Constitution [convened](#) to discuss “emergency meeting” of the Upper House as a temporary fill-in for the Lower House in the event of an emergency after the latter’s dissolution. The LDP argues for a maximum of seventy days for “emergency meetings,” while the CDP argues that unanticipated situations may not always require seventy days.
- The Tokyo District Court [sentenced](#) former LDP Upper House lawmaker Hirose Megumi to two-and-a-half years imprisonment, suspended five years, for defrauding the state and receiving salary amounts for the wife of her first public secretary who was registered as the second public secretary without actually holding the occupation. She is said to have received approximately ¥3.58 million.
- On Tuesday, the GOJ [designated](#) the large-scale wildfires in Ofunato City, Iwate, as a “localized severe disaster.” The GOJ will support logging and removal of burned trees and subsequent reforestation efforts, as well as support for victims to rebuild their lives and dispose of disaster waste from burned down houses.
- LDP Secretary General Moriyama and Komeito counterpart Nishida Makoto [agreed](#) to work toward securing over ¥20 million for the medium-term plan toward reinforcing national resilience starting in FY 2026. The GOJ is currently exploring said plan as a follow-up to the “five year accelerated measures.”
- On Monday, the National Personnel Authority’s “Advisory Council on Personnel Administration” [released](#) final recommendations toward attracting and retaining talent to the public sector, including raising the base salaries for government officials to that equivalent to firms with “over one hundred employees” and raising the salaries for talented career officials to that equivalent to firms with “over one thousand employees,” reflecting wage hikes among large corporations in the private sector.

8. Economic Security and Tech Developments

- On Friday, METI and the Ministry of Finance (MOF) [announced](#) that they have extended the period of anti-dumping duty investigation on Chinese graphite electrodes from April 24 to July 23. A provisional anti-dumping duty of 95.2 percent is scheduled to be imposed on such imports from China starting March 29.
- *Nikkei* [reported](#) Thursday that METI plans to encourage firms involved in the “Ouranos Ecosystem,” a collective name for industrial data sharing, to acquire business authentication through the Digital Agency’s “GbizID” to prevent identity fraud and create a trustworthy data sharing system. The ecosystem is used to link data calculating carbon dioxide emissions from electric vehicle batteries.
- On Wednesday, Minister in charge of Economic Security Kiuchi Minoru [announced](#) that the GOJ will craft a national strategy toward increasing the number of international standards advantageous to Japan, prioritizing eight areas including quantum, bioeconomy, digital/AI, and mobility. This comes as Japan [aims](#) to become a standard-setter rather than a follower of international standards.
- On Tuesday, the Kyushu Semiconductor Human Resource Development Consortium [approved](#) a medium-term action plan to educate a total of 1.4 million talent between FY 2022 and FY 2031. On the same day, Kumamoto Prefecture [announced](#) its “Kumamoto Science Park Promotion Vision,” a distributed style science park across Kyushu to develop a semiconductor ecosystem indigenous to the region.
- METI and the Information-technology Promotion Agency (IPA) [launched](#) the “Labeling Scheme based on Japan Cyber-Security Technical Assessment Requirements” (JC-STAR), a voluntary multi-level scheme to provide certification of cybersecurity to IoT products. The program will first start with home electronic products before moving onto higher level certification for products like network devices, which will be a standard utilized in government procurements.
- *Nikkei* [reported](#) that the consortium of twenty or so companies in the back-end semiconductor process called the “Japan Outsourced Semiconductor Assembly and Test Coalition” plans to launch a framework for mutual complementation of production systems and joint procurement of parts and materials, as part of efforts to reshore supply chains from those outsourced to Asia.

9. Key Economic/Financial Developments

- On Friday, the Bank of Japan (BOJ) [released](#) a summary of opinions from the monetary policy meeting held from March 18-19. Members [suggested](#) that “downside risks originating in the United States are rapidly intensifying, and depending on the future development of the tariff issue, there is a good chance that it will have a

- negative impact on Japan's real economy as well." Others noted uncertainty does not mean that monetary easing policy will continue.
- On Thursday, the yield on newly-issued ten year JGBs [hit](#) a sixteen-year high of 1.59 percent, as bond selling for the purpose of adjusting holdings before the end of the fiscal year resulted in higher interest rates. End of year adjustments are rare, making even small transactions a huge catalyst for yield spikes.
 - METI and the South Korean Ministry of Trade, Industry and Energy (MOTIE) [held](#) the second Japan-ROK Hydrogen and Its Derivatives such as Ammonia Cooperation Dialogue in Tokyo. The two sides agreed to promote joint research and development in areas like hydrogen and ammonia supply chain development and hydrogen safety.
 - On Wednesday, the Ministry of Agriculture, Forestry and Fisheries (MAFF) [began](#) the second bidding period for stockpiled rice, with the anticipation that large freight collectors like the National Federation of Agricultural Co-operative Associations (Zen-noh) will buy up the 70,000 tons left over from the first bidding period. Auctioned rice is expected to be passed onto winning bidders in mid-April.
 - On Tuesday, Nippon Life Insurance Co. Chairman Tsutsui Yoshinobu — the next chairman of the Japan Business Federation (*Keidanren*) — [held](#) his first press conference since his informal appointment to the role, where he emphasized the importance of free trade and environment, social, and governance (ESG) efforts. Tsutsui is set to become the first chairman from the finance world.
 - On Monday, the International Atomic Energy Agency (IAEA) [published](#) a report on the third interlaboratory comparison on the determination of radionuclides in ALPS treated water released from Fukushima Daiichi nuclear power plant. The report concludes that Tokyo Electric Power Co. has proven its capability to support ongoing technical needs during the discharge of the treated water.

10. State of the Economy

- On Thursday, the Japan Center for Economic Research (JCER) [released](#) an interim report that found that Japan's global real GDP ranking is expected to fall from fourth in 2024 (\$3.5 trillion) to eleventh in 2075 (\$4.4 trillion). While negative growth will be avoided, the average growth rate between 2071-2075 is [expected](#) to be 0.3 percent.
- Meanwhile, Japan's real GDP per capita ranking will fall from twenty-ninth in 2024 to forty-fifth in 2075, placing Japan in the category of middle income countries. The report indicates a need to utilize digital technologies like AI and reforming employment practices to raise growth potential.

- On Wednesday, the BOJ [announced](#) that the services producer price index (SPPI) in February rose three percent from January to 108.7, a 0.2 point lower growth rate from January but the fifth consecutive month growth exceeded three percent. The [spread](#) of shifting labor costs to prices is becoming clearer.
- On Monday, private sector members of the GOJ's Council on Economic and Fiscal Policy [proposed](#) the idea of calculating real wages based on international standards, as the GOJ explores the idea of utilizing two methods to calculate real wages.
- The Ministry of Health, Labor and Welfare (MHLW) currently uses the consumer price index (CPI) excluding attributable rent of owner-occupied homes, which produces better numbers than when utilizing international standards for comprehensive CPI statistics. The price index excluding imputed rent tends to come out higher as growth rates are lower when inflation rates are higher.

II. Public Opinion Poll

- A *Sankei*/FNN poll [released](#) on Monday found that the Ishiba Cabinet's approval rating was 30 percent, down fourteen points from February, while disapproval was 63 percent, up thirteen points.
 - 47 percent of respondents said that they are unconvinced with Ishiba's explanation regarding his gift voucher scandal; 30 percent said they are somewhat unconvinced; 19 percent said they are somewhat convinced; and 3 percent said they are very convinced.
 - 63 percent of respondents said that they do not believe Ishiba should resign over the scandal, while 33 percent said they believe he should resign.
 - 56 percent of respondents said that they somewhat approve of Ishiba's decision to freeze the hike on out-of-pocket high-cost medical expenses; 16 percent each said they strongly approve and somewhat disapprove; and 9 percent said they strongly disapprove.
 - 49 percent of respondents said that they believe corporate/organizational donations should be disclosed; 25 percent said it should be banned; 14 percent said the ceiling should be tightened; and 8 percent said legislation should regulate which political parties can receive donations.
 - 42 percent of respondents said that they somewhat approve of the GOJ's response to lower rice prices; 25 percent said they somewhat disapprove; 19 percent said they strongly disapprove; and 12 percent said they strongly approve.
 - 49 percent of respondents said that they are greatly concerned about the impact of the Trump administration's tariffs on the Japanese economy; 36 percent said they are somewhat concerned; 9 percent said they are not so concerned; and 4 percent said they are not concerned at all.

The Weekly Observer (3/24-3/28)

- 45 percent of respondents said that they support maintaining same surnames for married couples and the expanded use of maiden names as common names; 36 percent said they support separate surnames for married couples; and 17 percent said they oppose it.
 - 44 percent of respondents said that they do not want to go at all to the Osaka Expo 2025, which opens on April 13; 24 percent said they do not really want to go; 22 percent said they are somewhat interested in going; and 9 percent said they are very interested in going.
 - 37 percent of respondents chose “other” when asked who they would vote for in the PR portion of the Upper House election; 19 percent said the LDP; 12 percent said the DPFP; 9 percent said the CDP; 8 percent said no party; 5 percent said *Reiwa Shinsengumi*; 3 percent each said *Ishin*, Komeito, and the JCP; and 1 percent each said *Sanseitō* and the SDP.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	20.8 (-5.6)
Constitutional Democratic Party	6.9 (± 0)
Japan Innovation Party	3.4 (-2.3)
Komeito	2.7 (± 0)
Japan Communist Party	2.2 (+0.1)
Democratic Party for the People	11.1 (+1.3)
Reiwa Shinsengumi	5.2 (± 0)
Suffrage Party (<i>Sanseitō</i>)	1.3 (+0.3)
Social Democratic Party	0.4 (+0.1)
Japan Conservative Party	1 (+0.5)
Independent (No Party)	40.6 (+5.3)