

The Weekly Observer

February 23-27, 2026

The 213th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Japan's response to the situation in Iran, the fresh round of Chinese dual-use export bans on designated Japanese companies, the fourth anniversary since the Russian invasion of Ukraine, bilateral/trilateral/multilateral military exercises, the first session of the National Conference, a brewing political "scandal" involving the prime minister, the GOJ acquiring shares in domestic chip foundry Rapidus, the nomination of two dovish BOJ policy board members, the record low number of birth rates in 2025, and more.

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I. News of the Week

1. Japan's Response to the Situation in Iran

- On February 28, Prime Minister Takaichi Sanae [spoke to reporters](#) about the situation in Iran, emphasizing that the GOJ will take “all possible measures to ensure the protection of Japanese nationals” in the Middle East.
- Chief Cabinet Secretary Kihara Minoru [stated](#) on March 1 that “Iran’s development of nuclear weapons must never be permitted in order to maintain the international nuclear non-proliferation regime.” He [added](#) that while no immediate impact has been reported on Japan’s oil supply, the GOJ will “make every effort to ensure a stable supply of energy in Japan.”
- Minister for Foreign Affairs Motegi Toshimitsu [issued](#) a statement reiterating these points, as well as the fact that Japan has strongly supported talks between the United States and Iran to resolve Iran’s nuclear issue. He said that Iran must stop its development of nuclear weapons and actions that destabilize the region. Motegi [told](#) his G7 counterparts that Japan will continue to coordinate with the international community in response to the latest developments.
- Minister of Defense Koizumi Shinjiro [said](#) that the JSDF is prepared to transport any Japanese nationals out of the affected areas. The GOJ reports that there are 1,010 Japanese nationals in Israel and 5,300 in the United Arab Emirates.
- Meanwhile, ruling Liberal Democratic Party (LDP) Secretary General Suzuki Shunichi [said](#) that, “given the long historical context and Iran’s past stance on nuclear development, it would be unwise to condemn this phenomenon outright based solely on these recent events. We must also consider the passage of time more deeply.”
- *Nikkei* [reported](#) that Japan’s major shipping companies — Mitsui O.S.K. Lines, Nippon Yusen, and Kawasaki Kisen — have stopped ships from navigating through the Strait of Hormuz. Approximately 70 percent of ships passing through the critical strait have ceased operations given ongoing tensions in the region.

2. China Targets Twenty Companies in Latest Dual-Use Ban

- On Tuesday, the Chinese Ministry of Commerce [announced](#) that twenty Japanese companies and organizations, including defense industry companies like Mitsubishi Heavy Industries Aero Engines, have been added to the export ban list related to dual-use items. It also bans third-party transfers to these companies. A further twenty companies were put on a watchlist requiring stricter export screening.

- In response, Ministry of Foreign Affairs (MOFA) Director-General Kanai Masaaki of the Asian and Oceanian Affairs Bureau [strongly protested](#) and demanded the withdrawal of measures to Chinese Deputy Chief of Mission Shi Yong. Japan argues that the measures only target one country, deviating from international practice.
- On Thursday, Takaichi [stated](#) that the measures are “absolutely unacceptable and deeply regrettable.” She said that Japan will diversify its supply chains to reduce dependence on any single country.
- Deputy Chief Cabinet Secretary Sato Kei [said](#) on Tuesday that the GOJ will assess the contents of the announcement and the impact on Japan before taking “necessary measures.” He did not reveal whether the new measures covered rare earths.
- LDP Research Commission on Security Chairperson Onodera Itsunori [said](#) that Japan must continue to reduce its dependence on China, pointing out that “there must never be undue pressure on industries that form the foundation for strengthening defense capabilities.”
- Meanwhile, main opposition Centrist Reform Alliance (CRA) leader Ogawa Junya [said](#) that “the prime minister bears an extreme grave responsibility to strive for easing tensions and restoring friendly relations.”

3. Foreign Policy Developments

- *Jiji* [reported](#) Saturday that French President Emmanuel Macron will visit Japan in early April ahead of the G7 Summit in Evian, France, hosted by the French Government. This will be Macron’s first visit to Japan since 2023.
- On Tuesday, the leaders of the G7 [issued](#) a statement on the fourth anniversary of the Russian invasion of Ukraine, reaffirming “unwavering support” for Ukraine and expressing continued support for U.S. President Donald Trump’s efforts to achieve a lasting peace by bringing Ukraine and Russia together for direct talks. Takaichi [explained](#) Japan’s support for Ukraine in a written message for the “virtual leaders meeting of the coalition of the willing on Ukraine.”
- Chief Cabinet Secretary Kihara [said](#) that the GOJ plans to continue implementing the trade and investment agreement signed with the United States in July 2025 despite the U.S. Supreme Court ruling that the reciprocal tariffs are unconstitutional. Minister of Economy, Trade and Industry (METI) Akazawa Ryosei [spoke](#) on the phone with U.S. Secretary of Commerce Howard Lutnick on Monday and asked that Japan not be treated any less favorably than the agreed upon terms in the July 2025 agreement.

- MOFA [announced](#) that Canadian Prime Minister Mark Carney will be visiting Japan from March 6-7, with a summit scheduled with Takaichi to discuss plans to work together toward realizing a “Free and Open Indo-Pacific.”
- *Jiji* [reported](#) Monday that the GOJ will postpone a decision on whether to join Trump’s Board of Peace for temporary governance over Gaza, as it cannot determine what the motivation is behind the grouping. Some say that Trump views the board as a replacement for the United Nations.
- On Sunday, Parliamentary Vice Minister of Cabinet Office Furukawa Naoki [attended](#) the twenty-first commemorative ceremony of “Takeshima Day,” telling the crowd that the issue would be resolved peacefully. Locals were [upset](#) as Takaichi had promised during the LDP presidential campaign to send a minister. The LDP instead sent General Council Chair Arimura Haruko. The South Korean foreign ministry [issued](#) a strong protest against the “unjustified territorial claims” over Dokdo.

4. Defense/Security Developments

- *Asahi* [reported](#) Friday that the GOJ plans to empower the soon-to-be established National Intelligence Secretariat to comprehensively coordinate intelligence across ministries and agencies. The LDP [proposed](#) on Thursday that the GOJ develop a shared electronic information sharing system across government for speedy collection, analysis, and dissemination of intelligence.
- *Yomiuri* [reported](#) Thursday that the JSDF and U.S. Military conducted Exercise Keen Edge 2026 from January 29-February 5 and for the first time confirmed the procedure for launching counterstrike missiles at enemy bases. This was the first time members of the JSDF’s Joint Operations Command (JJOC) took part in the exercise.
- *Nikkei* [reported](#) that Japan, the United States, and the Philippines participated in the first trilateral “maritime cooperation activities” exercise from February 23-26 in the South China Sea. The navies of the three countries conducted training in the Bashi Channel between the Philippines and Taiwan on Tuesday. Meanwhile, Japan also [participated](#) in the multilateral Exercise Cobra Gold co-hosted by the United States and Thailand between February 24-March 6. Approximately eight thousand soldiers from thirty countries are taking part in the exercise.
- On Wednesday, the Ministry of Defense (MOD) [announced](#) that it hosted the Third Japan-Pacific Islands Defense Dialogue (JPIDD) from February 22-24, where participating countries discussed maritime security and climate change/humanitarian assistance and disaster relief. Minister of Defense Koizumi Shinjiro called for strengthening bonds and connectivity and for jointly building an autonomous and resilient region in order to firmly safeguard the Pacific Ocean.

- On Tuesday, Koizumi [revealed](#) that the ministry plans to deploy type 03 medium-range surface-to-air missile units to Yonaguni Island, Okinawa, in FY 2030. The units will be capable of intercepting aircraft and missiles.
- On Sunday, MOFA [announced](#) that the United States hosted Japan for an Extended Deterrence Dialogue (EDD) at the State Department in Washington, D.C., on February 19. The two sides discussed China's rapid, opaque, and destabilizing nuclear weapons buildup and testing, as well as Russia's historic noncompliance with arms control. The two sides reaffirmed the need to promote deterrence by denial.

5. National Conference Kicks Off with Three Parties

- On Thursday, the GOJ, LDP, Japan Innovation Party (*Nippon Ishin no Kai*), and Team Mirai [participated](#) in the inaugural session of the National Conference to discuss social security reform. The conference will simultaneously discuss the design of a refundable tax credit and the two year suspension of the food consumption tax.
- Takaichi [said](#) in the Lower House Budget Committee on Friday that the GOJ aims to submit legislation related to the consumption tax cut during the extraordinary Diet session anticipated in the fall, provided that the National Conference can come to a conclusion by the summer on the matter.
- LDP Tax Research Commission Chairperson Onodera Itsunori [told](#) reporters that a working level meeting will be held next week to discuss how to move forward with talks on the two agenda items. He noted that the group may also discuss measures to reduce costs on supply-side businesses that are affected by the tax cut.
- Onodera [told](#) NHK on Saturday that the baseline will be to cover for the approximate ¥5 trillion revenue shortfall from the consumption tax by reviewing existing special tax measures, not by issuing so-called deficit bonds. He said that there will be "challenges" associated with introducing unprecedented policy measures.
- Meanwhile, most opposition parties are [unhappy](#) with the National Conference that seems to be working toward a predetermined conclusion, with parties like *Sanseitō* proposing a complete abolition of the consumption tax cut as opposed to a temporary cut. The CRA and Democratic Party for the People (DPFP) also refused to join the first session as they remain unsure where the conference is headed.

6. Key Political Developments

- *Yomiuri* [reported](#) Saturday that the Takaichi Administration will carry on the previous administration's "wide-area regional collaboration" concept for regional revitalization by setting up a special category in its "regional future grant" that can be used to

- improve the value-add of regional industries. Regional governments can receive up to ¥1.5 billion for grant projects and an additional ¥1 billion for the wide-area project.
- On Friday, the GOJ [adopted](#) amendments to the Act on Financial Support for Higher Education, which scraps the income restriction on subsidies for high school tuition previously set at ¥9.1 million. The proposed change also stipulates that foreign nationals who do not plan to stay long-term in Japan are not eligible for subsidies.
 - The LDP and *Ishin* [agreed](#) in discussions on the second capital initiative to allow for multiple regions to be set up as second capitals, thereby not limiting the choice to Osaka, which has already set up legislation to create “special wards” combining a government ordinance city and neighboring municipalities (over two million residents). This had effectively limited the choice to Osaka.
 - On Thursday, the GOJ’s Regulatory Reform Promotion Council [adopted](#) an interim report on regulatory reform, which [urged](#) for the use of AI and cloud services by national research institutes and corporate legal affairs. The report also touched on the further promotion of ridesharing services in Japan.
 - On Wednesday, Takaichi [revealed](#) that she handed out catalog gifts each worth approximately ¥30,000 to all 315 Lower House LDP lawmakers who won in the February 8 election. This is technically legal, as donations from political party branches (in this case LDP’s Nara 2nd constituency branch chaired by Takaichi) to individual lawmakers are allowed. It does raise questions about shady practices given the political funding scandal is still somewhat in the minds of voters.
 - On Tuesday, the CRA [rejected](#) the LDP’s proposal to cut back budget deliberations hours from the usual seventy to eighty hours to about fifty in an effort to put the budget up for a vote on March 13. The LDP continues to rush to enact the budget by the end of the fiscal year, while the CRA argues that it needs sufficient time to scrutinize and question the contents.

7. Economic Security and Tech Developments

- On Friday, the GOJ [announced](#) that it would be investing ¥100 billion in domestic chip foundry Rapidus to acquire three types of shares — shares as the largest shareholder, shares to take over business operations if things turn south, and a golden share to veto any matters of importance to business operations. It minimized its shares in order to give the private sector more leeway to operate the business. Rapidus [announced](#) the same day that it received ¥167.6 billion from thirty-two companies, exceeding its target capital of ¥130 billion.

- *Nikkei* [reported](#) Thursday that the Ministry of Internal Affairs and Communications (MIC) joined the “AI-RAN Alliance,” an international organization of eleven major companies including SoftBank, Nvidia, Samsung, Ericsson, and Nokia as the first government entity to build new infrastructure where AI platforms at base stations distribute computing tasks, eliminating reliance on large data centers. The first pilot test may be one between Japan, the United States, and South Korea.
- *Nikkei* [reported](#) Wednesday that the GOJ’s proposed amendments to the Foreign Exchange and Foreign Trade Act (FEFTA) to set up the Japanese version of the Committee on Foreign Investment in the United States (CFIUS) will require prior screening of “indirect holding” of shares by foreign investors via foreign entities.
- *Nikkei* [reported](#) that the GOJ will nurture companies in design, equipment manufacturing, and materials toward the creation of cutting-edge AI semiconductor industrial clusters in Japan. It will set up three hubs across the country where startups and universities can utilize expensive designing software and equipment.
- The GOJ [nominated](#) former Sapporo High Court presiding judge Kondo Hiroko as the chair of the Cyber Communications Information Oversight Committee to be set up on April 1 to monitor government execution of “active cyber defense” capabilities. The committee will also include two other full-time members and two part-time members.
- On Monday, METI Minister Akazawa [participated](#) in an online G7 trade ministerial meeting to discuss critical minerals supply chains. He stated that Japan aims to engage constructively in discussions with like-minded countries to strengthen such supply chains based on the realities of the industry.

8. Key Economic/Financial Developments

- NHK [reported](#) Saturday that the Ministry of Agriculture, Forestry and Fisheries (MAFF) is considering requiring private companies to stockpile rice, with the upper limit set at one-fourth of the amount that the GOJ itself stockpiles. This is to quickly deliver stockpiled rice to consumers in cases such as a significant drop in production.
- On Friday, the Ministry of Finance’s (MOF) Fiscal System Council [presented](#) a proposal to enable the discretionary sale of “negative assets” like residential land taken over by the state due to the owner’s lack of intent to pass it on to heirs or difficulties to sell it. Starting in June, the GOJ will enable land sales if the planned price is below ¥1 million or if it is being sold to the owner of adjacent land.
- On Thursday, Tokyo Electric Power Co. (TEPCO) [announced](#) that the output at No. 6 reactor of its Kashiwazaki-Kariwa nuclear power plant will be raised to normal operational levels of 1.356 kilowatts on March 3 with plans for operations to resume

on March 18. The Nuclear Regulation Authority's [initial assessment](#) on Tuesday of TEPCO's mishandling of confidential documents related to terrorism countermeasures found that no information was leaked to outside sources.

- *Nikkei* [reported](#) Wednesday that the Immigration Services Agency will begin requiring on March 9 that talent sending and recipient companies submit a written pledge guaranteeing that no unqualified activities such as simple labor will be performed under the engineer/specialist in humanities/international services visa. The visa, intended for interpreters and engineers, has been misused for “simple” labor such as working at stores or factories.
- The GOJ [nominated](#) Chuo University Professor Emeritus Asada Toichiro and Aoyama Gakuin University Professor Sato Ayano as members of the Bank of Japan's (BOJ) policy board. The two are known as “reflationists” supporting expansionary fiscal policy and monetary easing. This [resulted](#) in the yield on newly issued thirty to forty year JGBs to rise as investors sold bonds in anticipation of further inflation.
- *Nikkei* [reported](#) Tuesday that multiple U.S. Government officials revealed that Secretary of the Treasury Scott Bessent led the so-called “rate check” that resulted in rapid yen depreciation in January and that the U.S. side was ready to intervene in the foreign exchange market if the Japanese side requested it. Bessent reportedly had concerns that Japan's “political vacuum” would destabilize markets and that this would spread to global currency and bond markets.

9. State of the Economy

- On Thursday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that the number of children born in Japan last year fell 2.1 percent from 707,000 to 691,809, the tenth consecutive year that the all-time record low has been broken.
- The number of births has [declined](#) 30 percent in the last decade, though the rate of decrease in the birth rate has fallen from over 5 percent between 2022 and 2024. However, the number of births has declined to such levels seventeen years ahead of projections made by the government.
- On Wednesday, the GOJ [released](#) its Monthly Economic Report for February, which found for the eighteenth consecutive month that the economy is “recovering at a moderate pace, while the effects caused from the U.S. trade policies remain.” The words “automotive industry” were [taken out](#) from the January edition, the first change in expression in five months.
- The assessment for private consumption and business investment [remained the same](#), while “corporate profits” was revised upward to “show movements of improvement.”

Meanwhile, the “consumer prices” category was changed for the first time in fifteen months to “rising at a slower tempo recently.”

- The BOJ [announced](#) that the services producer price index (SPPI) in January rose 2.6 percent from the same month last year to 111.9, with the growth rate [remaining the same](#) at 2.6 percent from December 2025. The trend of reflecting labor costs in service prices continues.

II. Public Opinion Poll

- A *Mainichi* poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 61 percent, up four points from January, while disapproval was 25 percent, down four points.
 - 59 percent of respondents said that they support the Cabinet because they have hopes for Takaichi’s leadership; 19 percent said because they have hopes for its policies; and 13 percent said because there are no alternatives.
 - 37 percent of respondents said that they do not support the Cabinet because they have no hopes for its policies; 33 percent said because it is centered around the LDP; and 14 percent said because they have no hopes for Takaichi’s leadership.
 - 39 percent of respondents said that they believe the election results were not good, while 30 percent said the results were good.
 - 81 percent of those who said the results were not good said that the opposition should have won more seats, while 2 percent said the ruling parties should have won more seats.
 - 45 percent of respondents said that they disapprove of the LDP appointing slush fund implicated lawmaker Nishimura Yasutoshi as Election Strategy HQ chair, while 19 percent said they approve of the appointment.
 - 31 percent of respondents said that they prioritized whether they supported Takaichi when deciding who to vote for; 25 percent said the policies of the party or candidate; and 14 percent said the candidate’s character or political position.
 - 72 percent of respondents said that they want the Takaichi Cabinet to focus on inflation relief; 48 percent said economic policy; and 45 percent said social security.
 - 47 percent of respondents said that they believe the two year suspension of the food consumption tax should not happen if funding is not secured; 29 percent said it should happen at any means; and 12 percent said it should not happen regardless.
 - 41 percent of respondents said that they do not have any hope for the CRA under new leader Ogawa Junya, while 14 percent said they do have hope.
- The survey also collected data on the latest approval ratings of political parties.

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Political Party	Approval Rating (%)
Liberal Democratic Party	29 (+2)
Centrist Reform Alliance	5 (-7)
Japan Innovation Party	6 (+2)
Democratic Party for the People	7 (± 0)
Japan Communist Party	2 (± 0)
Reiwa Shinsengumi	1 (± 0)
Suffrage Party (Sanseitō)	3 (-1)
Japan Conservative Party	2 (+1)
Socialist Democratic Party	1 (± 0)
Team Mirai	6 (+3)
Constitutional Democratic Party	2 (± 0)
Komeito	1 (± 0)
Independent (No Party)	35 (± 0)