

## ***The Weekly Observer***

March 2-6, 2026

*The 214<sup>th</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the GOJ's evacuation efforts in the Middle East, the Japan-Canada Summit, Akazawa's latest visit to Washington, the LDP-Ishin recommendations on the loosening of defense export rules, the LDP's efforts to force through the FY 2026 annual budget, the DPFJ joining the National Conference, the GOJ's plans to recycle rare earths and other critical materials, the GOJ's proposed amendments to the Act on Strengthening Industrial Competitiveness, the "national burden ratio," and more.*

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## **I. News of the Week**

### 1. Japan Begins Preparing Evacuation of Japanese Nationals from Middle East

- On Monday, the Ministry of Foreign Affairs (MOFA) [announced](#) that five Japanese nationals were evacuated from Tel Aviv in Israel to Amman in Jordan in what has become the first round of evacuations from the Middle East amid the Iran situation. A further two Japanese nationals in Iran were [evacuated](#) to Azerbaijan on Wednesday.
- MOFA [announced](#) on Thursday that it raised the travel advisory level to three (out of four) — avoid all travel — for Kuwait, eastern Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, and Oman. It also announced that the GOJ would be dispatching chartered flights out of Riyadh and Muscat as it is becoming increasingly difficult to secure seats on commercial flights.
- On Friday, the Ministry of Defense (MOD) [announced](#) that the minister had instructed the commander of the Joint Operations Command to dispatch JSDF transport aircraft to the Maldives in preparation for evacuation operations.
- Minister for Foreign Affairs Motegi Toshimitsu had a [telephone meeting](#) on Friday with Israeli Foreign Minister Gideon Sa'ar, reiterating that he strongly hopes for early de-escalation of the situation. He also had a [conversation](#) with the Iranian ambassador to Japan earlier in the week and urged Iran to cease actions that are destabilizing the region. Motegi also revealed that Iran has detained two Japanese nationals, [reportedly including](#) NHK's Tehran bureau chief. Motegi had a phone call with his counterparts from [Qatar](#) and [Oman](#), discussing cooperation to settle the situation and to ensure the safety of Japanese nationals in the region.
- Prime Minister Takaichi Sanae [said](#) Monday that Iran cannot develop nuclear weapons and that Japan calls for an “end to actions that destabilize the region, including attacks on neighboring countries, and strongly urge a diplomatic resolution, including negotiations.” She [stated](#) that Japan has 254 days worth of stockpiled crude oil and that the effective blockade of the Strait of Hormuz has not prompted the GOJ to consider releasing the stockpile. Chief Cabinet Secretary Kihara Minoru also [revealed](#) that Japan has approximately three weeks worth of LNG stockpile.
- Minister of Land, Infrastructure, Transport and Tourism (MLIT) Kaneko Yasushi [revealed](#) that 42 Japanese ships have diverted from the Hormuz to the Persian Gulf without damage. Kihara [said](#) Tuesday that the MLIT is asking that no new vessels enter the Gulf and that vessels should dock at a safe area. Meanwhile, the GOJ is [assessing](#) whether U.S. President Donald Trump's statement about potentially protecting civilian tankers through the Hormuz may require Japan to take action.

Minister of Defense Koizumi Shinjiro [said](#) that the situation does not warrant Japan invoking its right to collective self-defense under the 2015 peace and security law.

## 2. Japan and Canada Elevate Bilateral Ties

- On Friday, Takaichi [hosted](#) Canadian Prime Minister Mark Carney for a summit meeting, agreeing to elevate bilateral relations to a “comprehensive strategic partnership” across all fields such as security, economic security, and cultural ties.
- The leaders [issued](#) the first joint statement between the two countries in twenty-one years, which recognized that the partnership is “underpinned by shared values and principles such as respect for democracy and the rule of law.” The statement said that the two countries “strongly oppose any unilateral attempts to change the status quo by force or coercion, or to take any other action contrary to international law.”
- The leaders [agreed to establish](#) a cyber policy dialogue to promote cooperation in new domains such as cyber. Canada is one of the world’s top cybersecurity nations. The two sides anticipate sharing intelligence on cyber-attacks originating from China, Russia, and North Korea.
- The leaders also agreed to establish an economic security dialogue and to promote initiatives on battery supply chains, as well as advanced technology and innovation fields like AI and quantum technology. They also agreed to enhance supply chain resilience, including cooperation on critical minerals.
- The leaders [issued](#) a comprehensive strategic roadmap outlining the direction of cooperation going forward. The two countries also [signed](#) a memorandum of cooperation on assisting Canadian and Japanese nationals evacuate during crises abroad, as well as three memoranda on maritime cooperation.
- On Iran, Takaichi condemned Iran’s actions, given that Iranian attacks have extended to diplomatic facilities as well as civilian facilities in neighboring countries and that Iran has closed the Strait of Hormuz, resulting in damage including in surrounding waters. Carney explained Canada’s position on the matter.

## 3. Foreign Policy Developments

- On Saturday, Taiwan’s Executive Yuan Premier Cho Jung-tai [visited](#) Japan and watched the World Baseball Classic game between Taiwan and Czechoslovakia. This is the first time a premier has visited Japan since Japan and Taiwan cut off diplomatic ties in 1972.

- On Friday, Minister of Economy, Trade and Industry (METI) Akazawa Ryosei [met](#) with U.S. Secretary of Commerce Howard Lutnick during his visit to Washington to discuss the second round of Strategic Investment Initiative projects. The two countries aim to announce new projects when the leaders meet on March 19.
- Akazawa asked that the U.S. side does not treat Japan any less favorably than the existing agreement regarding the tariffs. He also asked that Japan's tariff rate not be raised to 15 percent, following the U.S. Supreme Court's decision to invalidate the reciprocal tariff regime. Trump has indicated a new tariff would be introduced to replace the reciprocal tariff and would be raised to 15 percent soon.
- On Thursday, Takaichi [held](#) a summit telephone meeting with German Chancellor Friedrich Merz, agreeing to work together toward the early settlement of the Middle East situation. They also shared concerns about the impact of export controls on critical minerals and other items on global supply chains and confirmed cooperation in the field of economic security.
- On Tuesday, Senior Deputy Minister for Foreign Affairs Akahori Takeshi [attended](#) the Seventeenth Japan-ROK High-Level Economic Consultations, with both sides discussing their respective policies in economy, economic security, critical and emerging technology, and energy. The two sides also welcomed progress in the Consultations on Common Social Issues since the first session last September. An ICT policy forum was also [held](#) on February 27 to discuss cooperation in emerging digital technologies like AI and 6G, and technology standards and cybersecurity.

#### 4. Defense/Security Developments

- On Friday, the ruling Liberal Democratic Party (LDP) and Japan Innovation Party (*Nippon Ishin no Kai*) [submitted](#) recommendations to Takaichi on revising the implementation guidelines for the Three Principles on Transfer of Defense Equipment and Technology. The parties propose scrapping the five permitted categories of exports and approving exports of lethal weapons to countries with agreements on the transfer of defense exports via National Security Council (NSC) reviews. The NSC will amend the implementation guidelines in the spring.
- Koizumi [announced](#) that the MOD will undergo a reorganization, specifically adding another state minister of defense, reorganizing the JASDF into the Air and Space Self-Defense Force, and upgrading the 15th Brigade into a division. He also announced the creation of a surface fleet and intelligence operations group in the JMSDF and a space operations group in the JASDF. The GOJ also announced the promotion of JSDF Joint Operations Command (JJOC) Deputy Commander Adm. Tawara Tateki to commander of the JJOC.

- On Thursday, Koizumi [received](#) a courtesy call from NATO Deputy Secretary General Radmila Sekerinska, reaffirming the growing importance of Japan-NATO cooperation across a range of areas from cyber to space to defense industry. *Nikkei* [reported](#) that Japan is also requesting participation in NATO's Defense Innovation Accelerator for the North Atlantic (DIANA), providing Japanese startups with access to NATO facilities and networks. No non-member state is part of DIANA.
- *Asahi* [reported](#) Wednesday that the MOD has plans to enhance the capabilities of Iwo Jima Air Base on Iwo Jima, Ogasawara Village (Tokyo) as part of efforts to fill in surveillance gaps on the Pacific side of defense. This comes as Japan strengthens defense on the southwestern island chain in response to increasing Chinese military activities. MOD plans to begin surveys for port development and runway reinforcement in the new fiscal year, though there are concerns given Iwo Jima is a volcanic island.
- *Sankei* [reported](#) Tuesday that Koizumi plans to visit Australia in late March or early April to sign the contract with the Australian Government regarding the upgraded Japanese *Mogami*-class frigate as the Royal Australian Navy's new general-purpose warship to replace the Anzac-class fleet. Out of eleven frigates, three will be manufactured in Japan, after which the remaining eight will be made in Australia.
- *Asahi* [reported](#) Monday that the GOJ plans to set up an expert panel in late April to discuss the revision of the three strategic national security documents. The group is expected to meet every month to discuss new modes of warfare and adjusting the budget as the yen depreciates. The LDP's Research Commission on Security [started](#) discussions the same day toward crafting its own set of recommendations.

#### 5. LDP Forces FY 2026 Budget Toward Finish Line

- On Monday, LDP Secretary General Suzuki Shunichi and *Ishin* counterpart Nakatsuka Hiroshi [agreed](#) to aim for enactment of the FY 2026 annual budget by the end of the fiscal year on March 31.
- Lower House Budget Committee Chair Sakamoto Tetsushi [used](#) his authority for the third time on Wednesday to rush through the deliberation process, pushing to hold a session of general questions on Friday. He had already used his authority to schedule ministry-level discussions and the central hearing committee on March 10.
- In response, five opposition parties [submitted](#) a motion to Speaker of the House Mori Eisuke urging for sufficient time for deliberations. They argued that the ruling parties' management of Diet affairs has been "outrageous" and "undermining democratic governance."

- The ruling parties also [proposed](#) holding a rare session over the weekend to ensure the Lower House passes the budget on March 13. The opposition has continued to push back, [arguing](#) that it would be “political suicide for the legislature.”
- The ruling parties [withdrew](#) the request on Thursday as longer deliberation hours in the Lower House would require longer hours in the Upper House too (around 80 percent of deliberation time). The ruling and opposition parties agreed to hold general questions and Q&A with the prime minister on March 9.
- The LDP and *Ishin* [postponed](#) a leaders’ summit scheduled for Thursday to discuss the bill to reduce the number of Lower House seats, as the parties do not want to push the opposition further on an issue they oppose as the budget remains a priority.

## 6. Key Political Developments

- On Friday, LDP Headquarters for Political System Reform Chair Kato Katsunobu [indicated](#) that a project team would be set up to discuss the bill to reduce the number of Lower House seats. While the ruling parties have [agreed to submit](#) a bill as soon as possible, some in the LDP oppose *Ishin*’s proposal to cut seats exclusively in the proportional representation block.
- The GOJ [adopted](#) a proposed bill to establish the Disaster Management Agency, which will be given the authority to coordinate across government and instruct ministries to improve disaster response measures. The goal is to set up the 352 member agency as early as November.
- On Thursday, the Democratic Party for the People (DPFP) leader Tamaki Yuichiro [announced](#) that his party plans to join the National Conference discussing social security reform after the GOJ and ruling parties accepted its conditions for conference management. The working group sessions to discuss consumption tax cuts and refundable tax credits will [begin](#) next week. Other opposition parties are [still exploring](#) whether or not to join the conference.
- The GOJ [finalized](#) its [basic approach](#) to the Sixth Basic Plan for Gender Equality for the next five years, which will include language that the GOJ will “work to expand the use of maiden names and raise public awareness of this practice, including exploring the establishment of a system that grants legal validity to the use of maiden names in all aspects of social life.” Soon to be adopted by the Cabinet, the document pushes Japan away from introducing separate surnames for married couples.
- On Wednesday, the GOJ’s expert panel discussing restrictions on land acquisition by foreigners [met](#) for the first time, confirming the need to establish some form of regulation on land acquisition in cases where foreign ownership could raise national

security concerns, such as around JSDF facilities. The panel plans to finalize its thoughts by the summer.

- The Tokyo High Court [ordered](#) for the dissolution of the Family Federation for World Peace and Unification (Unification Church) based on the Religious Corporations Act, upholding the Tokyo District Court decision made in March 2025. This is the first case in which civil code violations were used as a reason for dissolution. The Church's assets are expected to be taken over by a liquidator for debt settlement.

## 7. Economic Security and Tech Developments

- On Friday, the GOJ's ministerial meeting on circular economy met and [agreed to aim](#) to finalize an action plan by next month to strengthen supply chains through the recycling of critical minerals and other materials. The goal is to obtain rare earths and other critical materials through recycling rather than just importing expensive goods.
- *Nikkei* [reported](#) Tuesday that the METI will support fundraising efforts for startups in cutting-edge areas like AI, robotics, and space after they go public. METI plans to provide debt guarantees for loans extended by private financial institutions to startups for purposes such as establishing mass production systems for their products. The guarantee will cover up to 50 percent of loans, with a maximum of ¥2.5 billion.
- *Nikkei* [reported](#) that the METI plans to revise its guidance on preventing technology leakage, recommending that companies investigate employees' ties to foreign governments when assigning them to departments handling critical technologies. It will provide examples for what to check for, such as an employee's prior history of data breaches and whether they have a legal obligation to cooperate with a foreign government's intelligence-gathering activities.
- *Nikkei* [reported](#) that Rapidus plans to receive an order from Canon for image processing semiconductors, the domestic chip foundry's first candidate for a major domestic customer. The two companies will test develop two nanometer image processing chips at Rapidus's Chitose City facility in Hokkaido.
- The Agency for Natural Resources and Energy [issued](#) a guide to energy conservation and productivity improvement using digital and AI technologies, [providing](#) up to 50 percent of total cost capped at ¥100 million as a subsidy for energy savings driven by the use of AI and software rather than just efficient equipment (hardware).
- *Nikkei* [reported](#) that Sweden and Finland will join Japan, the United States, the United Kingdom, Australia and Canada's Global Coalition on Telecommunications (GCOT). The telecom version of the "Five Eyes" aims to establish rules for open communication networks related to next-generation communication standards "6G."

## 8. Key Economic/Financial Developments

- On Friday, the GOJ [adopted](#) the proposed amendments to the Act on Strengthening Industrial Competitiveness, which [includes](#) creating an investment promotion tax deduction of 7 percent or immediate write-off, setting eligibility at over 15 percent of investment profit and over ¥3.5 billion in investment, and allowing for carryover of tax deductions up to three years if necessary such as to respond to U.S. tariffs.
- On Thursday, the METI [announced](#) that Japan and the United Arab Emirates concluded negotiations over a comprehensive economic partnership agreement that secures the elimination or reduction of tariffs across a wide range of high-priority export items, such as automobiles and automotive parts, as well as steel and steel products. Tariff elimination kicks in within ten years of the deal taking effect.
- On Wednesday, the Nuclear Regulation Authority (NRA) [officially decided](#) to conduct additional screening of Tokyo Electric Power Co.'s (TEPCO) Kashiwazaki-Kariwa nuclear power plant, following shortcomings in the management of classified documents related to counterterrorism. TEPCO will be required to submit a report outlining the reasons for the issue and countermeasures to prevent further occurrence by April 6.
- The GOJ [announced](#) that it will finalize a “cluster plan” to promote regional industrial clusters in three categories — wide-area (across prefectures), prefectural, and municipal — to promote strategic sectors and regional industrial strengths. These will be incorporated in the Regional Future Strategy to be compiled as early as June.
- On Tuesday, the METI [submitted](#) a request to conduct a literature survey on Minamitorishima with the authorities of Ogasawara Village (Tokyo) in preparation for the selection of a final deposit site for high-level radioactive waste from nuclear power plants. Tokyo Governor Koike Yuriko [said](#) that “this is an urgent issue that cannot be passed on to future generations.”
- Bank of Japan (BOJ) Governor Ueda Kazuo [said](#) at FIN/SUM 2026 that the Bank would “conduct technical verification” of a system that would digitize a portion of current account deposits on a blockchain (distributed ledger) and enable settlement. The “digital token initiative” could [enable](#) large-scale corporate payments any time and could lead to instant cross-border payments and cost reductions.

## 9. State of the Economy

- *Nikkei* [reported](#) Thursday that the net profit of listed companies in the December 2026 quarter is expected to increase 38 percent from the previous quarter to ¥6.56 trillion.

Meanwhile, the Ministry of Finance (MOF) [announced](#) that capital investment excluding the finance and insurance industries in the same quarter rose 6.5 percent to ¥15.39 trillion, the [fourth consecutive quarter](#) that investments increased.

- The Japanese Trade Union Confederation (RENGO) [announced](#) that labor union demands for pay raise averaged to 5.94 percent, the third consecutive year that demands exceeded 5 percent. Even in the automotive industry, which has been hit hard by U.S. tariffs, companies are already responding with offers that meet their demands in full.
- The MOF [announced](#) that the “national burden ratio,” which indicates the proportion of taxes and social insurance premiums relative to national income, is projected to be 46.1 percent this fiscal year, down 0.6 percentage points from the previous fiscal year. While factors such as rising national income have contributed to this trend, the rate has remained above 40 percent since FY 2013.
- On Wednesday, the Cabinet Office (CAO) [announced](#) that the seasonally adjusted consumer confidence index in February rose 2.1 points from January to 40, the second consecutive month on the rise. The CAO [raised](#) the assessment from “showing signs of recovery” to “showing signs of improvement.”
- On Tuesday, the CAO [announced](#) that the demand-supply gap (GDP gap) in the October-December 2025 quarter was negative 0.1 percent, or a ¥300 billion demand shortage. This was the second consecutive quarter on the decline. On a calendar-year basis, the rate for 2025 was 0.3 percent, [marking](#) the first positive figure in two years.
- The Ministry of Internal Affairs and Communications (MIC) [announced](#) that seasonally adjusted unemployment in January was 2.7 percent, a 0.1 point increase from December 2025 and the [first increase](#) in five months. Meanwhile, the seasonally adjusted jobs-to-applicants ratio was 1.18 times, [down](#) 0.02 point from the previous month and the first decline in three months.

## **II. Public Opinion Poll**

- A JNN poll [released](#) on Sunday found that the Takaichi Cabinet’s approval rating was 72 percent, up two points from February, while disapproval was 25 percent, down two points.
  - 50 percent of respondents said that they believe the opposition parties should have won more seats in the Lower House election; 36 percent said it was the right balance; and 7 percent said the ruling parties should have won more seats.
  - 39 percent of respondents said that they believe the consumption tax cut on food and beverages should be permanently zero; 29 percent said the tax should not be cut; and 28 percent said it should be zero for two years.

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- 52 percent of respondents said that they cannot understand how the GOJ and ruling parties are proceeding with the National Conference, while 35 percent said they understand how the ruling parties are proceeding.
  - 31 percent of respondents said that they are somewhat satisfied with Takaichi’s explanation of the catalog gifts; 28 percent said they are somewhat dissatisfied; 26 percent said they are very dissatisfied; and 14 percent said they are very satisfied.
  - 54 percent of respondents said that the FY 2026 annual budget should be enacted by the end of the fiscal year even if it means cutting deliberation time, while 42 percent said the regular deliberation hours should be secured even if it means the budget is not enacted until the new fiscal year.
  - 42 percent of respondents said that the Centrist Reform Alliance should split into the Constitutional Democratic Party (CDP) and Komeito again; 23 percent said there should be a complete merger across Upper House and local members; and 21 percent said it should remain exclusive to the Lower House.
- The survey also collected data on the latest approval ratings of political parties.

<b>Political Party</b>	<b>Approval Rating (%)</b>
Liberal Democratic Party	37.3 (+2.6)
Centrist Reform Alliance	4.9 (-3.6)
Japan Innovation Party	3.8 (-0.1)
Democratic Party for the People	3.5 (-1.6)
Japan Communist Party	2 (-0.2)
Reiwa Shinsengumi	1.7 (+0.3)
Suffrage Party (Sanseitō)	4.6 (+0.6)
Japan Conservative Party	0.6 (-0.2)
Socialist Democratic Party	0.4 (+0.4)
Team Mirai	4.2 (+3)
Constitutional Democratic Party	0.4 (-0.1)
Komeito	0.6 (+0.3)
Independent (No Party)	31.8 (+2.3)