



The Weekly Observer

February 16-20

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Japan-U.S. Strategic Investment Initiative Delivers First Results

On Wednesday, the Japanese and U.S. governments announced the **first three projects under the Strategic Investment Initiative** agreed upon in the bilateral strategic trade and investment agreement from July 2025.

The three projects are:

- A **synthetic diamond manufacturing project** worth approximately \$600 million (¥90 billion).
- A **U.S. crude oil export infrastructure project** worth approximately \$2.1 billion (¥330 billion).
- A **natural gas-powered facility** worth approximately \$33.3 billion (¥5.2 trillion).

The second round may be announced when **Prime Minister Takaichi Sanae visits Washington next month**, with the construction of a **next-generation nuclear power plant** a potential candidate.

Takaichi Re-Elected Japan's PM

On Wednesday, **Takaichi** was re-elected as prime minister of Japan.

The **second Takaichi Cabinet** released its basic policy approach toward creating a safe and prosperous Japan for the next century, a shining beacon in the Indo-Pacific and a dependable nation of freedom and democracy.

The **three main pillars** are: realizing a **strong economy**; strengthening **regional communities and safeguarding livelihoods**; and strengthening **diplomatic, defense, and intelligence capabilities**. The prime minister also issued directives to all eighteen of her ministers.

On Friday, she delivered her **policy speech** to the 221st session of the Diet, in which she reiterated that **"responsible proactive fiscal policy" will remain the centerpiece** of her administration's policy, though noting that **this does not equate to "unrestrained fiscal policy" that could raise concerns for financial markets**.

Cabinet Approval



72% (+1 pt.)

23% (+/-0 pt.)

[FNN/Sankei Shimbun](#) (Feb. 16)

State of the Economy

GDP Numbers in 2025:

Nominal: ¥662.79 trillion (+4.5%)

Real: ¥590.68 trillion (+1.1%)

1st time in 2 years that Japanese economy grew in real terms

Trade Statistics (Jan.):

¥1.15 trillion deficit

58% reduction in the deficit amount

1st deficit recorded in 3 months

Consumer Price Index (Jan.):

112.0 (+2%)

1st low growth rate since Jan. 2024 largely due to gas tax cut and policies to make high school education free