

The Weekly Observer

March 23-27, 2026

The 217th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on the release of national oil reserves, the G7 foreign ministerial meeting in France, the arrest of a JGSDF officer on the premises of the Chinese Embassy in Japan, the Japan-Germany defense ministerial meeting, adoption of the first provisional budget in eleven years, funding appropriated to combat rising gasoline prices, the Seventh Science, Technology and Innovation Basic Plan, the introduction of a stricter naturalization process, the GOJ's Monthly Economic Report for March, and more.

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I. News of the Week

1. Takaichi Announces Release of National Oil Reserves

- On Tuesday, Prime Minister Takaichi Sanae [announced](#) that Japan will be releasing national oil reserves on Thursday. Minister of Economy, Trade and Industry (METI) Akazawa Ryosei [said](#) that a total of 8.5 kiloliters will be [released](#) gradually across eleven reserve bases in the country.
- The GOJ [held](#) a ministerial meeting related to securing supply of energy and oil-related products, where Takaichi [instructed](#) her Cabinet to craft measures taking into account global supply and domestic stockpiles. She asked her Cabinet to consider oil-related products like naphtha as well to secure supply chains.
- On Wednesday, Takaichi [received](#) a courtesy call from Executive Director Fatih Birol of the International Energy Agency (IEA) and expressed Japan's desire to continue collaboration as the IEA considers another round of stockpile release. Akazawa [stated](#) Friday that it would be challenging to provide Asian countries with oil reserves as the GOJ anticipates selling stockpiles to domestic business operators.
- Takaichi stated that the GOJ will [determine](#) based on domestic law whether to deploy the JSDF to the Strait of Hormuz for mine clearance operations should a ceasefire be reached between the United States/Israel and Iran. This comes after the GOJ [denied](#) making any promises to the United States on committing troops. U.S. Ambassador to the UN Mike Waltz [said](#) on CNBC that Takaichi committed "portions of her navy and the Japanese navy" to such efforts.
- Takaichi [posted](#) on X on Friday that Japan will raise its coal-fired power generation by scrapping operational restrictions for FY 2026. She pointed out that this would save approximately 500,000 tons of LNG consumption on an annual basis. Japan currently [restricts](#) emissions heavy operations below 50 percent.
- Takaichi [stated](#) on Monday that Japan will look to secure alternative energy sources from the Middle East like Central Asia, South America, Canada, and Singapore to address energy supply concerns. INPEX Corp. has already [secured](#) priority sales from Azerbaijan and is [considering importing](#) crude oil from Kazakhstan. It also [announced](#) that it will acquire interests in onshore oil and gas fields in Australia.

2. G7 Foreign Ministers Meet in France

- Minister for Foreign Affairs Motegi Toshimitsu attended a G7 foreign ministerial meeting at Abbaye des Vaux-de-Cernay in France from March 26-27.

- The ministers took part in six sessions: [global governance reform](#); [reconstruction](#); [cross-cutting threats and sovereignty](#); [support for Ukraine](#); [situation in Iran and the surrounding region](#); and [peace and security](#).
- The ministers [issued](#) a joint statement on Iran at the end of the series of meetings, underscoring the importance of minimizing the impact of the conflict on regional partners, civilian populations, and civilian infrastructure. They reiterated the absolute necessity to permanently restore safe and toll free freedom of navigation in the Strait of Hormuz.
- The ministers also [issued](#) a statement on March 22 expressing support to partners in the region in the face of the unjustifiable attacks by Iran and its proxies. They condemned in the strongest terms the regime's reckless attacks against civilians and civilian infrastructure, including energy infrastructure in surrounding countries.
- Motegi [met](#) with High Representative of the European Union for Foreign Affairs and Security Policy Kaja Kallas for the Third Japan-EU Foreign Ministerial Strategic Dialogue. Motegi stated that Japan intends to deepen strategic partnership with the EU in areas such as defense industry cooperation, cooperation in advanced technology fields including dual-use technologies, and the strengthening of supply chain resilience for critical materials including critical minerals.
- Motegi also met with his counterparts from other G7 countries like [France](#), [Germany](#), and the [United Kingdom](#). The ministers agreed to continue working closely on various issues facing the international community.

3. Foreign Policy Developments

- On Thursday, Chief Cabinet Secretary Kihara Minoru [denied](#) media reports that the GOJ deleted language in its press release on the Takaichi-Trump Summit around Taiwan at the instruction of the prime minister. The White House fact sheet [stated](#) that the leaders “committed to peace and stability across the Taiwan Strait as an indispensable element of regional security and global prosperity.”
- On Wednesday, Kihara [expressed](#) deep regret over the arrest of a JGSDF officer for entering the premises of the Chinese Embassy in Japan. The Ministry of Defense (MOD) [announced](#) on Thursday that the individual in question — arrested on Tuesday — had “no particular issues with work attitude or behavior.”
- On Tuesday, the GOJ [presented](#) a draft of the 2026 Diplomatic Bluebook to be released sometime in April. It notably downgrades the language around China from “one of the most important bilateral relations” to “important neighboring country.”

- Takaichi [held](#) a summit telephone meeting with Malaysian Prime Minister Anwar Ibrahim, explaining the importance of coordinating and cooperating with the international community to ensure the early de-escalation of the situation in the Middle East, with a particular focus on the urgent priority of securing safe navigation in the Strait of Hormuz.
- Takaichi [held](#) a summit telephone meeting with President Ferdinand Marcos Jr. of the Philippines, explaining the importance of coordinating and cooperating with the international community to ensure the early de-escalation of the situation in the Middle East, with a particular focus on the urgent priority of securing safe navigation in the Strait of Hormuz.
- Takaichi [held](#) a summit telephone meeting with President Hilda C. Heine of the Republic of the Marshall Islands, agreeing to closely work together toward an early de-escalation of the situation in the Middle East. They also confirmed cooperation to address various challenges facing the international community.

4. Defense/Security Developments

- On Saturday, Minister of Defense Koizumi Shinjiro [announced](#) that the MOD will set up an office to strengthen defense on the Pacific side of the archipelago in the Bureau of Defense Buildup Planning next month. It will be tasked with exploring plans to strengthen the JSDF in the area as China continues its maritime advancement.
- On Friday, the GOJ [announced](#) that it will provide ¥500 million worth of disaster response and maritime search and rescue equipment to Thailand under the “official security assistance” (OSA) program.
- The MOD [announced](#) that the JMSDF’s JS *Chōkai* has undergone renovation in the United States and will be capable of launching U.S.-made Tomahawk missiles. The Tomahawk missile can fly over 1,600 kilometers and is [considered](#) a pillar of Japan’s long-range counterstrike missile capabilities.
- Koizumi [held](#) a defense ministerial video teleconference with Secretary of State for Defense of the United Kingdom John Healey. The ministers exchanged information on the situation in the Middle East and agreed to continue closely working together to further strengthen bilateral defense cooperation including the Global Combat Air Program (GCAP).
- On Monday, the ruling Liberal Democratic Party’s (LDP) Research Commission on Security [discussed](#) war sustaining capabilities like defense industry promotion, new modes of warfare like drones, and Pacific defense. Koizumi [emphasized](#) this week that the GOJ aims to support the domestic manufacturing of drones for this purpose.

- On Sunday, Koizumi [hosted](#) German Minister of Defense Boris Pistorius in Yokosuka for a bilateral defense ministerial meeting. They agreed to consult with each other and consider appropriate responses for peace and stability in the region, and that they would conduct necessary consultations on a regular basis to this end.

5. GOJ Adopts First Provisional Budget in Eleven Years

- On Friday, the GOJ [adopted](#) a FY 2026 provisional budget for the period between April 1-11 amounting to ¥8.56 trillion, the first provisional budget in eleven years as the GOJ failed to enact the annual budget by the end of the fiscal year.
- The provisional budget includes ¥5.10 trillion for regional allocation grants, ¥2.76 trillion for social security costs, ¥30 billion for reserve funds, ¥47.7 billion for policies to realize free high school tuition, and ¥14.9 billion for policies to realize elementary school lunches.
- Opposition parties the Constitutional Democratic Party (CDP) and Komeito are [exploring coordination](#) with other parties to force the ruling parties to revise the annual budget. The ruling parties lack a majority in the Upper House, exposing a vulnerability in Takaichi's otherwise strong position in the legislature.
- Opposition parties like the Centrist Reform Alliance (CRA), Democratic Party for the People (DPFP), and Komeito have [signaled](#) support for the provisional budget while criticizing the prime minister for her last minute decision to formulate the budget despite warning signs that the annual budget would not be enacted by March 31.
- The LDP had been [seeking enactment](#) of the annual budget as late as Wednesday, proposing weekend deliberations to the opposition parties. The CDP rejected this move, putting further strains on the prime minister's goal to enact by March 31.
- On Tuesday, Minister of Finance Katayama Satsuki [revealed](#) that the GOJ had started formulating the provisional budget in "preparation for unforeseen circumstances." Even at this point, the GOJ aimed to enact the budget by the end of the fiscal year.

6. Key Political Developments

- *Yomiuri* [reported](#) Saturday that the speakers and vice speakers of both Houses in the Diet agreed to resume discussions among all political parties on measures to secure stable Imperial Household succession on April 15. The all-party council will meet for the first time in approximately a year.
- On Friday, the GOJ [presented](#) its plans for foreign nationals policy to the LDP, including the introduction of mandatory disclosure of nationality when registering

real estate starting October (same for forests starting April). The GOJ aims to revise rules to properly assess the state of real estate acquisition by foreign nationals.

- Executives of the LDP's project team discussing the criminalization of desecrating the national flag [met](#) for the first time to discuss legislation, though party members disagree on the need for penalties. The penal code stipulates that desecration of a foreign flag is subject to a custodial sentence of up to two years or a fine of up to ¥200,000 pending a formal request from a foreign government.
- On Thursday, the Lower House Steering Committee's executive meeting [decided](#) that it would designate four bills as "major policy bills" requiring Takaichi's attendance in plenary and committee meetings. The four bills are the bill to establish a National Intelligence Secretariat, a bill to establish the Disaster Management Agency, the amended Health Insurance Act, and the amended Code of Criminal Procedure.
- On Wednesday, the National Conference on Social Security's working level meeting was [held](#) for the third time, adding the CRA, CDP, and Komeito for the first time to make it a seven party effort. The council will begin designing the refundable tax credit scheme in April toward finalizing an interim report in June.
- On Tuesday, the GOJ [decided](#) to appropriate approximately ¥800 billion from the FY 2025 reserve funds for gasoline subsidies in the face of surging energy prices. Katayama indicated on March 13 that suppressing gas prices at ¥170 would require ¥300 billion a month to sustain. The GOJ has decided to prioritize suppression of prices as the IEA recommends urging households to cut back on usage.

7. Economic Security and Tech Developments

- *Yomiuri* [reported](#) Saturday that the GOJ plans to establish a new authorized association called the "Organization for the Promotion of the Utilization of Advanced Technology Research Results" as early as next spring to support startups working in cutting-edge innovative fields like AI and nuclear fusion. The organization will also be in charge of operating the "Global Startup Campus" in Tokyo starting FY 2029.
- The METI and Ministry of Foreign Affairs (MOFA) [jointly announced](#) that the Interim Arrangements for the Agreement on Electronic Commerce were adopted in the WTO Joint Statement Initiative on Electronic Commerce. Sixty-six countries and regions [agreed](#) to prohibit tariffs on the international transmission of electronic data, which would enhance business predictability and support overseas expansion. The United States was notably absent from the signatories.
- On Friday, the GOJ [adopted](#) the Seventh Science, Technology and Innovation Basic Plan for FY 2026-2030, which for the [first time pushes](#) for R&D in dual-use

technologies. The plan also targets raising the number of top 10 percent cited papers to third in the world within a decade, as well as an investment target of ¥60 trillion. Meanwhile, the Ministry of Education, Culture, Sports, Science and Technology (MEXT) released its “AI for Science” strategy, which [indicates](#) priority investments in seventeen technology domains like quantum and bio/healthcare and targets nurturing over three thousand high-skilled AI talent in five years.

- The Digital Agency [announced](#) that Sakura Internet was selected alongside four U.S. big tech firms to provide services related to the government cloud in FY 2026. Though Sakura’s selection was conditional, it represents the first time that a domestic firm was selected alongside U.S. big tech as the GOJ aims to enhance the nation’s economic security.
- ROHM Semiconductor, Toshiba, and Mitsubishi Electric [announced](#) that they would begin conversations toward integrating their respective power semiconductor businesses, a move that would [create](#) a new coalition with the second largest global market share. ROHM CEO Azuma Katsumi explained that the buyout proposal by DENSO in February pushed the companies to agree to begin negotiations.
- *Nikkei* [reported](#) Sunday that NTT and Sky Perfect JSAT will launch a service by 2030 that uses optical technology to transmit data on the Earth’s surface and weather — collected by satellites — in large volumes at high speeds. Demand for satellite communications has increased due to heightened geopolitical risks.

8. Key Economic/Financial Developments

- Starting April 1, the Ministry of Justice (MOJ) will [require](#) property owners to report any changes to their address or name within two years, imposing a fine of up to ¥50,000 for negligence without justification. The measure is expected to make it easier for the GOJ to remain aware of property owners.
- On Friday, the MOJ [announced](#) that the screening process for “naturalization” will become stricter starting April 1, raising the residency requirement from “over five years” to “over ten years.” The MOJ will also require five years’ worth of data on tax payments instead of just one year.

Current Conditions for Naturalization and Permanent Residency		
	Naturalization	Permanent Residency
Residency	Over 5 years (*10 years)	Over 10 years
Language skills, etc.	A certain level, adherence to	Permanent residency is in

	the Constitution	Japan's interest
Common conditions	Good behavior and a certain level of income	
Jurisdiction	MOJ	Immigration Services Agency

- The GOJ [appointed](#) Chuo University Professor Emeritus Asada Toichiro to the Bank of Japan's (BOJ) policy board effective April 1. He will serve a five-year term. On Monday, the Diet [approved](#) Asada and Aoyama Gakuin University Professor Sato Ayano's nomination to join the board. Sato will be appointed effective June 30.
- The GOJ [adopted](#) the Tourism Nation Promotion Basic Plan for FY 2026-2030, which targets raising domestic tourism expenditure to ¥30 trillion by 2030 (¥26.8 trillion in 2025). The GOJ will also [promote](#) "universal tourism" so that everyone can enjoy travel regardless of age or disability. It also targets reaching a record high number of Japanese tourists abroad by 2030 (20.08 million in 2019).
- On Thursday, the GOJ [welcomed](#) MIT Professor Emeritus of Economics Olivier Blanchard and Harvard University Professor Kenneth Rogoff to the Council on Economic and Fiscal Policy to discuss the GOJ's policies. Blanchard [recommended](#) that Japan aim to hit a primary balance surplus as its debt-to-GDP ratio is high.

Summary of Opinions		
	Olivier Blanchard	Kenneth Rogoff
Fiscal Policy	Keep the growth of nominal debt in line with the nominal growth rate	Primary balance deficit should be close to zero
	Given the high level of debt, with a view to achieving a primary balance surplus	In a rising interest rate environment, ensure there is room to reduce the debt-to-GDP ratio
Growth Strategy	Public investment funded by government bonds is not automatically justified	Begin with sectors where Japan already has a competitive edge
	A temporary widening of the primary balance deficit is acceptable	Reducing reliance on supplementary budgets will enhance predictability and support both public and private investment
	Manage investments under a separate framework, and clearly specify expenditures and future revenues	

- On Monday, the yen [remained](#) at ¥159 to the dollar, barely kept below ¥160 as investors remain wary of a potential foreign exchange market intervention by the GOJ and BOJ. Yet, many view the BOJ as “dovish” and unlikely to move away from rate hikes. Vice Minister of Finance for International Affairs Mimura Atsushi [said](#) that “we will take all necessary measures in every area at all times, taking into account the impact of exchange rates on people’s lives and the economy.”

9. State of the Economy

- On Friday, the Cabinet Office (CAO) [released](#) the Monthly Economic Report for March, which maintained the assessment that the economy is “recovering at a moderate pace, while attention should be given to the effects caused from the situation in the Middle East.” The baseline assessment [remained](#) the same for the nineteenth consecutive month. The CAO also [projected](#) that surging resource costs would cost the Japanese economy between ¥9-15 trillion.
- On Thursday, the BOJ [released](#) recalculated “demand-supply gap” (GDP gap) data for the January-March 2022 quarter, indicating that the indicator was in positive territory due to excess demand. The CAO also indicated the same results, suggesting that both the GOJ and BOJ view that the economy is experiencing excess demand. The conventional wisdom was that Japan was experiencing a demand shortage from the April-June 2020 quarter.
- The Immigration Services Agency [announced](#) that the number of foreign nationals residing in Japan reached a record high of 4.12 million as of the end of 2025 (+9.5 percent), surpassing four million for the first time. Meanwhile, the number of illegal overstayers [fell](#) 8.5 percent to 68,488. The Agency also [announced](#) that the number of “specified skilled” workers increased 37 percent to 390,296 individuals, breaking the record number of workers for the sixth consecutive year.
- The Japanese Trade Union Confederation (RENGO) [announced](#) the results of its second 2026 spring wage negotiation survey, which [found](#) that the average wage hike reached 5 percent for the first time in a second survey at 5.12 percent. Meanwhile, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that the gender wage gap in 2025 (men as 100) improved by 0.8 points to 76.6, as the number of women working full-time positions or assuming leadership roles increased. The gap became the [smallest](#) since comparable statistics became available in 1976.
- The BOJ [announced](#) that the services producer price index (SPPI) in February rose 2.7 percent from the same month last year to 112.1, a [greater rate of increase](#) compared to January (2.6 percent) as producers continue to reflect personnel costs on service pricing.

- On Tuesday, the Ministry of Internal Affairs and Communications (MIC) [announced](#) that the comprehensive consumer price index (CPI) in February excluding volatile fresh food items rose 1.6 percent from the same month last year to 111.4, the first time in almost four years that the rate of increase [fell](#) below 2 percent. Energy prices fell as the GOJ scrapped the provisional gasoline tax and introduced utility subsidies.

II. Public Opinion Poll

- An ANN poll [released](#) on Monday found that the Takaichi Cabinet's approval rating was 65 percent, up three points from February, while disapproval was 19 percent, down five points.
 - 31 percent of respondents said that they support the Takaichi Cabinet because they have hopes for its policies; 24 percent said because they trust the prime minister; and 22 percent said because it seems better than the alternatives.
 - 27 percent of respondents said that they do not support the Cabinet because they do not have hopes for its policies; 23 percent said because it does not include a political party they support; and 22 percent said because they do not trust the prime minister.
 - 48 percent of respondents said that the FY 2026 annual budget should be enacted by the end of the fiscal year, while 44 percent said budget deliberations should take place as usual.
 - 86 percent of respondents said that they do not support the U.S. and Israeli attack on Iran, while 7 percent said they support it.
 - 53 percent of respondents are very concerned about the impact of the Iran situation on the Japanese economy; 36 percent are somewhat concerned; 8 percent are not so concerned; and 2 percent are not concerned at all.
 - 77 percent of respondents said that they support the GOJ's efforts to suppress gasoline prices at around ¥170 per liter, while 15 percent said they do not support.
 - 52 percent of respondents said that the JSDF should not be deployed to secure safety in the area surrounding Iran; 32 percent said the JSDF should be deployed after a ceasefire; and 9 percent said before a ceasefire.
 - 45 percent of respondents said that they disapprove of Takaichi avoiding a legal assessment on whether the attack violates international law, while 40 percent said they approve of her approach.
 - 64 percent of respondents said that they approved of the Takaichi-Trump Summit, while 21 percent said they disapproved.
 - 35 percent of respondents said that they believe Japan should slowly get rid of nuclear power plants; 31 percent said maintain the status quo; 23 percent said expand use; and 6 percent said immediately stop.
 - 59 percent of respondents said that they support Takaichi's efforts to expand the legal use of maiden names, while 27 percent said they do not support.

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- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	44.3 (+4.4)
Centrist Reform Alliance	5.6 (-4.3)
Japan Innovation Party	5.1 (-0.4)
Democratic Party for the People	4 (-1.5)
Japan Communist Party	2.3 (-1.5)
Reiwa Shinsengumi	1.4 (-0.4)
Suffrage Party (Sanseitō)	3.9 (-0.2)
Japan Conservative Party	1.4 (+0.5)
Socialist Democratic Party	0.7 (-0.2)
Team Mirai	2.9 (-1.7)
Constitutional Democratic Party	3.8 (+1.9)
Komeito	2 (+0.6)
Independent (No Party)	19.5 (+3.7)