



# The Weekly Observer

March 30-April 3

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

## Takaichi Instructs Cabinet to Secure Supply Chains

On Tuesday, Prime Minister Takaichi Sanae convened a ministerial meeting on the **situation in the Middle East** and instructed her Cabinet to **make every effort to ensure a stable supply of medical products** made from petroleum-derived materials, such as dialysis circuits and syringes.

Concerns over crude oil supplies stemming from the **de facto blockade of the Strait of Hormuz** are leading to supply concerns regarding petroleum products such as **naphtha**, which is used as a raw material for plastics.

Takaichi also appointed **Minister of Economy, Trade and Industry (METI) Akazawa Ryosei** as minister in charge of ensuring a stable supply of essential goods amid the situation in the Middle East. Akazawa chaired a working-level meeting with director-general level officials across the government on Thursday to **assess the impact of the situation on supply chains**.

## Diet Enacts First Provisional Budget in Eleven Years

On Monday, both Houses passed the **FY 2026 provisional budget** following a decision to abandon plans to enact the budget by the March 31 end of the fiscal year. This is the **first provisional budget enacted since 2015**.

The **¥8.6 trillion budget covers minimum necessary expenditures** for the period between April 1-11, including **¥5.1 trillion** for local allocation tax grants, **¥2.8 trillion** for social security costs, and funding for policies to realize **free high school education and elementary school lunches** starting on April 1.

Takaichi aims to enact the budget as early as **April 7**, though the opposition want revisions to take into account the situation in the Middle East.

**The budget is expected to be enacted next week**, with independents and the **Japan Conservative Party** likely casting supporting votes.

## Cabinet Approval



**72%** (+4 pts.)

**23%** (-3 pts.)

[Nihon Keizai Shimbun](#) (March 29)

## State of the Economy

### TANKAN (March):

DI, Large Manufacturers: +17 (+1)  
1<sup>st</sup> improvement in 4 quarters  
DI, Large Non-Manufacturers: +36

Future Index (3 months)  
Large Manufacturers: +14 (-3)  
Large Non-Manufacturers: +29 (-7)

### Employment Statistics (Feb.):

Jobs-to-applicants ratio: 1.19x (+0.01)  
1<sup>st</sup> improvement in 2 months

Unemployment: 2.6% (-0.1)  
1<sup>st</sup> decline in 7 months

### Tax Revenue (Feb.):

¥7.02 trillion (+5.1% from Feb. 2025)