

## ***The Weekly Observer***

May 4-8, 2026

*The 223<sup>rd</sup> edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Takaichi's visit to Vietnam and Australia, Koizumi's visit to Indonesia and the Philippines, Motegi's visit to Africa, the first Japan-ROK "2+2" at the vice ministerial level, Constitutional Memorial Day, the creation of a new LDP group supporting Takaichi, the Japan-EU High-Level Economic Dialogue and G7 trade ministerial meeting, Katayama's visit to Uzbekistan for multilateral finance ministerial meetings, the existence of a "stealth tax hike," and more.*

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

### 1. Takaichi Visits Vietnam and Australia

- Prime Minister Takaichi Sanae [visited](#) Vietnam and Australia from May 1-5. In Vietnam, she met with President To Lam and Prime Minister Le Minh Hung.
- Takaichi and Hung [agreed](#) to deepen energy cooperation through POWERR Asia, to cooperate toward strengthening supply chains including rare earths, and to cooperate on the development of AI models reflecting Vietnam's language and culture, in particular native-language AI and sector-specific foundation models.
- Takaichi [delivered](#) a foreign policy speech, in which she stated that Japan will [update](#) the Free and Open Indo-Pacific (FOIP) and work on three priority areas in order to strengthen the autonomy and resilience of countries: 1) building an economic infrastructure for the age of AI and data including strengthening supply chain resilience for energy and critical materials; 2) co-creation of economic growth opportunities through public-private collaboration and rule sharing; and enhancing cooperation in the field of security to ensure regional peace and stability.
- The new FOIP was announced in Vietnam to [promote](#) it among the Global South countries caught in the crossfire of U.S.-China tensions. Vietnam, which shares good relations with both the United States and China, was seen as an appealing location to promote FOIP without forcing countries to choose sides.
- Takaichi [met](#) with Australian Prime Minister Anthony Albanese on Monday, sharing strong concerns regarding export restrictions on critical minerals and other materials that could have a significant negative impact on global supply chains, and confirmed that they would work together in order to strengthen "autonomy" and "resilience" such as strengthening supply chains of critical minerals and ensuring stable two-way energy supplies, including with the POWERR Asia framework.
- The leaders welcomed the "[Japan-Australia Joint Declaration on Economic Security Cooperation](#)" and the two joint statements on [critical minerals](#) and [energy security](#). They also welcomed the issuance of the "[Leaders Statement on Enhanced Defense and Security Cooperation](#)" and the launch of a "[Japan-Australia Strategic Cyber Partnership](#)." Takaichi stated that the two countries have built a relationship reaching the level of "quasi-allies."

### 2. Koizumi Visits Indonesia and the Philippines

- On Monday, Minister of Defense Koizumi Shinjiro [visited](#) Indonesia and met with Minister of Defense Sjafrie Sjamsoeddin.

- The ministers signed the Defense Cooperation Arrangement (DCA) with a view to further promoting mutually beneficial defense cooperation and contributing to the peace and stability of both countries and the region. The ministers also shared a recognition to develop the “Integrated Defense Dialogue Mechanism” to further expand and deepen the partnership in an integrated and comprehensive manner.
- The ministers agreed on the direction of cooperation in the field of defense equipment and technology that would contribute to enhancing the maritime deterrence capabilities of both countries. This comes after Japan relaxed its defense equipment transfer framework.
- On Tuesday, Koizumi [met](#) with Secretary of National Defense of the Philippines Gilberto C. Teodoro Jr. in Manila. They confirmed their intention to ensure an integrated functioning of existing and new consultation platforms to further expand and deepen policy dialogue and the defense partnership.
- The ministers confirmed that defense equipment and technology cooperation constitutes one such initiative to improve deterrence for both countries. They [agreed](#) to set up a working group toward transferring used destroyers and other “weapons” from Japan that are now permitted for export following the relaxation of rules.

### 3. Japan Continues to Secure Alternative Energy Resources

- On Thursday, the Ministry of Economy, Trade and Industry (METI) [announced](#) that Minister Akazawa Ryosei traveled to Saudi Arabia and the United Arab Emirates (UAE) from May 4-5.
- Akazawa met Dr. Sultan Al Jaber, Minister of Industry and Advanced Technology and Special Envoy to Japan, proposing cooperation in expanding the stable supply of crude oil and other petroleum products; rapidly replenishing joint reserves held by oil-producing countries; increasing Japan’s domestic crude oil reserves; expanding crude oil reserves under the POWERR initiative; and cooperating on the restoration and expansion of crude oil production and transportation capacity.
- *Nikkei* [reported](#) Wednesday that the GOJ agreed to procure an additional twenty million barrels of crude oil from the UAE as part of Akazawa’s agreement reached during his visit to the UAE. Japan imports approximately 40 percent of crude oil from the UAE, which recently withdrew from the Organization of the Petroleum Exporting Countries (OPEC).
- Akazawa followed up on his meeting in Saudi Arabia with a virtual meeting on Thursday with Prince Abdulaziz bin Salman bin Abdulaziz Al Saud, the minister of

- energy. They [agreed to establish](#) a joint task force to discuss the proposals made by both sides and to identify further avenues for cooperation in the energy sector.
- NHK [reported](#) Tuesday that Taiyo Oil Company procured crude oil from the Russian “Sakhalin-2” pipeline. The first batch arrived at Taiyo’s refinery in Imabari City, Ehime Prefecture the same day. This is the first time since the start of the situation in Iran that Taiyo procured oil from Russia.
  - The METI [revealed](#) on Thursday that government spending on subsidies to lower the prices of gasoline and other items totaled approximately ¥180 billion in March. The remaining balance of the fund serving as the funding source stood at approximately ¥980 billion as of the end of April. Experts believe that the fund will run out in June.

#### 4. Foreign Policy Developments

- *Yomiuri* [reported](#) Friday that Takaichi is arranging to visit South Korea in late May to continue shuttle diplomacy with President Lee Jae-myung. There are plans to visit Lee’s hometown of Andong, similar to how Lee visited Nara in January.
- *Sankei* [reported](#) that the GOJ has proposed dispatching an economic delegation to Russia from May 26-27 to discuss economic challenges with an eye toward the end of Russia’s invasion of Ukraine. Japan has been reaching out to Russia to procure alternative energy sources since the effective blockade of the Strait of Hormuz. This comes after Liberal Democratic Party (LDP) politician Suzuki Muneo [visited](#) Russia and indicated that Moscow is ready for a foreign ministerial meeting in July.
- Minister for Foreign Affairs Motegi Toshimitsu [held](#) a video teleconference meeting with Moroccan Minister of Foreign Affairs Nasser Bourita. The two agreed to advance concrete cooperation not only in the automobile parts sector but also in areas like renewable energy and phosphate rock as raw material for fertilizers. They agreed to work together toward building a “strategic and mutually beneficial relationship” with respect to phosphate rock.
- On Tuesday, Motegi [held](#) a foreign ministers’ meeting with South African Minister of International Relations and Cooperation Ronald Lamola, agreeing to further strengthen bilateral exchanges in areas like critical minerals and energy. Motegi also [met](#) with his Kenyan counterpart Musalia Mudavadi Egh on Sunday, agreeing to cooperate to ensure the smooth implementation of the first Official Security Assistance (OSA) program for Kenya.
- *Jiji* [reported](#) Monday that the GOJ is preparing to begin negotiations on an Economic Partnership Agreement (EPA) with the Southern Common Market (Mercosur), a customs union comprising five South American countries. While there are strong

concerns about the influx of inexpensive agricultural and livestock products such as beef, the GOJ determined that expanding the market and diversifying procurement for critical materials is necessary given the current geopolitical environment.

- On Sunday, Motegi [delivered](#) an Africa policy speech entitled “Shaping the Future of Japan-Africa Relations through a Free and Open Indo-Pacific” in Kenya. He explained the three pillars of Japan’s diplomacy toward Africa: realizing a continent of peace in Africa; creating synergies between the growth of Africa and Japan; and realizing a society where everyone can genuinely feel prosperity, through empowering young generation co-creation.

## 5. Defense/Security Developments

- *Jiji* [reported](#) Friday that the Japanese and South Korean governments are arranging to conduct the first search and rescue exercise (SAREX) between the navies in early June since the radar lock-on dispute suspended the exercise in 2018.
- On Thursday, Vice-Minister for Foreign Affairs Funakoshi Takehiro and Vice Minister of Defense for International Affairs Kano Koji [participated](#) in the Fourteenth Japan-ROK Security Dialogue, the first upgraded meeting at the vice ministerial level. They discussed the importance of deepening bilateral cooperation in the current security environment and the need to strengthen trilateral security cooperation with the United States.
- New Zealand Minister of Defense Chris Penk [announced](#) that the government is considering the JMSDF’s state-of-the-art “FFM” (Mogami-class) escort ships, which have been adopted by Australia, as potential replacement for its aging frigates. The ministry will prepare recommendations by the end of 2027.
- *Mainichi* [reported](#) that the LDP is expected to refrain from explicitly mentioning the introduction of nuclear-powered submarines in its recommendations to the GOJ regarding the revision of the three strategic national security documents, limiting its reference to “next-generation propulsion systems.” The LDP views it as challenging given costs, while the Japan Innovation Party (*Nippon Ishin no Kai*) continues to push for stronger language toward its introduction.
- On Monday, the JGSDF’s amphibious rapid deployment brigade [took part](#) in Exercise Balikatan 26 co-hosted by the U.S. Military and the Armed Forces of the Philippines. The brigade took part in live fire exercises involving mortar fire and shooting down drones to prevent the enemy from approaching the coast.

## 6. Takaichi Reiterates Desire to Push for Constitutional Revision on Memorial Day

- On Sunday, Takaichi [sent](#) a video message to a rally held in Tokyo on Constitutional Memorial Day by supporters of constitutional revision. She stated that “debate should not be an end in itself. Politicians must engage in debate that leads to decisive action in order to fulfill the mandate entrusted to them by the people.”
- Takaichi emphasized that “regular updates should be implemented in response to the demands of the times,” and that the value of the Constitution must not be eroded “precisely because the Constitution is the foundation and cornerstone of the nation.”
- Takaichi [told](#) *Sankei* in an exclusive interview that she aims to prioritize dissolving at-large constituencies in the Upper House and introduction of the emergency situation clause first out of the four proposed amendments by the LDP. She stated that these themes require a sense of urgency and can be understood more easily by opposition parties and the public.
- Meanwhile, the political parties [issued](#) statements reflecting on the seventy-ninth anniversary of the promulgation of the Constitution. The LDP recommitted to amending the Constitution across the four proposals, while the Centrist Reform Alliance (CRA) emphasized that it will “uphold constitutionalism, which values the fundamental principles of the Constitution and prevents the abuse of power.”
- Public support for amending the Constitution exceeds opposition across most media polls (*Yomiuri*, *Asahi*, *Mainichi*, *NHK*), though some polls [show](#) that citizens do not see the need to rush discussions toward amending the Constitution.

## 7. Key Political Developments

- *Mainichi* [reported](#) Saturday that the Ministry of Justice has begun considering moving the provision stating that prosecutors’ appeals against decisions to grant retrials are “generally prohibited” from the supplementary provisions to the main text of the bill to revise the retrial system. With the bill now aligned with the demands of LDP lawmakers who opposed the ministry’s proposed bill, there is a possibility that discussions will move forward toward the bill’s submission this year.
- On Friday, Takaichi [emphasized](#) the importance of intelligence reform, stating that “we must enhance our nation’s intelligence capabilities in order to make sound decisions in a complex and challenging international environment.” *Sankei* [reported](#) that the GOJ will consider introducing a system of assumed identities using items like fake passports to help ensure the safety of personnel when operating overseas.
- Ruling and opposition party leaders in the Lower House Committee on Fundamental National Policies [agreed](#) to hold the first political party leaders’ debate during the current Diet session on either May 20 or 27.

- *Mainichi* [reported](#) that the CRA is facing opposition from within its ranks over its decision to approve the proposal to adopt male descendants from a former imperial family into the Imperial Family. The decision is expected to accelerate ruling and opposition party talks over securing stable Imperial Household succession.
- *Sankei* [reported](#) Thursday that LDP Vice President Aso Taro and Takaichi's rival presidential candidates Motegi Toshimitsu, Koizumi Shinjiro, and Kobayashi Takayuki co-founded a group within the LDP called the "National Power Research Group (Japan is Back)" to support the Takaichi Administration's key policy initiatives. This aims to counter moves within the party to create de facto factions.
- On Monday, Takaichi [told](#) reporters that her government is not considering the formulation of a FY 2026 supplementary budget in response to the deteriorating situation in the Middle East. *Nikkei* [reports](#) that while the GOJ openly denies the formulation of a budget, it has started exploring the option behind the scenes especially as utility subsidies run out ahead of the hot summer period.

## 8. Economic Security and Tech Developments

- On Friday, Sony Semiconductor Solutions — a Sony Group subsidiary — [announced](#) that it will form a joint venture with Taiwan Semiconductor Manufacturing Company (TSMC) to develop and manufacture next-generation image sensors. Sony aims to utilize cutting-edge image sensors in the field of physical AI.
- *Nikkei* [reported](#) that SoftBank will soon announce plans to develop and manufacture AI servers, with plans to enter the market for the design of key components and final assembly by the late 2020s. This addresses the growing importance of developing AI infrastructure domestically from the perspective of economic security.
- *Nikkei* [reported](#) Thursday that the Japan Financial Services Agency (JFSA) plans to soon urge regional banks and other institutions to take countermeasures in light of growing concerns over cyberattacks exploiting the new "Claude Mythos" AI model developed by U.S. startup Anthropic. Meanwhile, the JFSA will [develop](#) a generative AI model to improve the efficiency of customer service in the financial sector.
- METI Minister Akazawa [traveled](#) to France and Belgium from May 5-8 for the G7 trade ministerial meeting and the Japan-EU High-Level Economic Dialogue. During the latter dialogue, the two sides agreed to advance cooperation to ensure a stable supply of strategic materials. Akazawa also [requested](#) that the European Union revises its policy of giving preferential treatment to European-made electric vehicles.
- On Tuesday, Minister of Internal Affairs and Communications Hayashi Yoshimasa [participated](#) in the fourth meeting of the Japan-EU Digital Partnership Council in

Brussels, Belgium. The joint statement [issued](#) after the meeting underscored a shared strategic vision: digital cooperation is an essential driver for sustainable economic growth, industrial competitiveness, and innovation, while serving as a key pillar of economic security and resilience.

- On Monday, Minister in charge of Economic Security Onoda Kimi [met](#) with Union Minister of State (Independent Charge) for Science and Technology Jitendra Singh in India and signed a memorandum of cooperation on quantum technology. The document promotes networking and dialogue among experts and practitioners. This is the second agreement on quantum with an Asian country after Singapore.

## 9. Key Economic/Financial Developments

- *Nikkei* reported Thursday that U.S. Secretary of the Treasury Scott Bessent [plans to visit](#) Japan from May 11-13 ahead of the Trump-Xi summit in Beijing to meet with Takaichi, Minister of Finance Katayama Satsuki, and Bank of Japan (BOJ) Governor Ueda Kazuo to discuss measures to address speculative yen selling.
- The BOJ [issued](#) meeting minutes from the monetary policy meeting held on March 18-19, which [showed](#) that a policy board member expressed the view that, barring any signs of a significant deterioration in the economic environment or wage growth at small and medium-sized enterprises, “it is necessary to proceed with interest rate hikes without hesitation.” Another member said that “we should continue to review the matter (rate hike) at regular intervals.”
- On Wednesday, Akazawa [attended](#) the G7 trade ministerial meeting in Paris, France, where the ministers [committed](#) to “seek to deter and stand ready to take actions, where necessary, against economic coercion,” including coercion through arbitrary export restrictions that may lead to supply chain disruptions, notably for critical minerals. He also attended the virtual G7 critical minerals ministerial meeting, discussing diversification efforts to reduce dependence on certain countries.
- The Nikkei 225 Futures index on the Chicago Mercantile Exchange at one point [reached](#) a record high of ¥62,400 as semiconductor stocks surged on the U.S. stock market, and the buying momentum spread to the index, which is highly sensitive to tech company stocks. Meanwhile, the yen [depreciated](#) to ¥157 to the dollar despite the GOJ/BOJ exchange rate intervention on April 30.
- On Monday, Katayama [attended](#) a finance ministerial meeting with the thirteen Pacific Island nations in Samarkand, Uzbekistan, where she announced support for the development of international money transfer networks. The move aims to address the withdrawal of “correspondent banks” that handle international money transfers from the Pacific Island nations.

- On Sunday, Katayama [attended](#) the ASEAN+3 (Japan, China, and South Korea) finance ministers and central bank governors' meeting in Uzbekistan, held on the sidelines of the Asian Development Bank annual conference. The joint statement [issued](#) after the meeting noted that the “escalation of conflict in the Middle East has amplified downside risks to the regional outlook significantly.”

#### 10. State of the Economy

- On Friday, the Ministry of Health, Labor and Welfare (MHLW) [announced](#) that real wages in March rose one percent from the same month last year, the [third consecutive month](#) that real wages increased as government measures to keep energy prices down, such as tax cuts and subsidies, took effect.
- Nominal wages increased 2.7 percent to ¥317,254, while base salaries increased 3.2 percent to ¥271,313. This is the first time since 1992 that base salaries increased by over 3 percent for three consecutive months. With the deterioration of the situation in the Middle East, the pace of wage hikes at small and medium-sized enterprises are [showing signs](#) of slowing, and it is unclear whether the upward trend will continue.
- *Nikkei* [reported](#) that there is a “stealth tax hike” underway due to the GOJ’s inability to adjust income tax categories to inflation. Household tax burden in 2025 increased to around ¥2 trillion annually compared to pre-pandemic levels. Stealth tax hikes are more likely to occur during periods of inflation.
- On Thursday, the Ministry of Finance (MOF) [announced](#) that ordinary account tax revenue in March increased 3.3 percent from the same month last year to ¥4.27 trillion, [largely led](#) by a corporate tax revenue increase of 20.7 percent to ¥444.9 billion. Consumption tax revenue also increased 6.3 percent to ¥1.44 trillion.
- On Monday, the Ministry of Internal Affairs and Communications (MIC) [announced](#) ahead of Children’s Day that the number of children under the age of fifteen as of April 1 stood at 13.29 million, down 350,000 from the previous year. The number of children has [declined](#) for the forty-fifth consecutive year, reaching its lowest level since records became available in 1950.

## II. Public Opinion Poll

- A JNN poll [released](#) on Monday found that the Takaichi Cabinet’s approval rating was 74 percent, up three points from April, while disapproval was 24 percent, up one point.
  - 50 percent of respondents said that they do not support the GOJ’s decision to lift the ban on exporting “weapons,” while 35 percent said they support it.

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- 57 percent of respondents said that they believe the GOJ should call on citizens to take on energy conservation and cost-saving measures, while 33 percent said they believe the GOJ should not.
  - 47 percent of respondents said that they believe the consumption tax cut on food and beverages can be lowered to one percent if it expedites implementation; 26 percent said there is no need for a tax cut; and 24 percent said the consumption tax on food and beverages should be lowered to zero.
  - 62 percent of respondents said that they are undecided on whether to accept prosecutors' appeals against decisions to grant retrials; 20 percent said it is necessary to accept appeals; and 15 percent said it should be prohibited.
  - 45 percent of respondents said that the Constitution should be amended, while 40 percent said it should not be amended.
  - 43 percent of respondents said that Article 9 should be prioritized when amending the Constitution; 18 percent said other; 17 percent said enhancing the education environment; 12 percent said introducing an emergency situations clause; and 5 percent said dissolving the at-large constituencies in the Upper 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	33.9 (-1.6)
Centrist Reform Alliance	3 (-0.3)
Japan Innovation Party	4 (+0.3)
Democratic Party for the People	3.4 (-1.3)
Japan Communist Party	2.3 (+0.1)
Reiwa Shinsengumi	0.8 (-0.3)
Suffrage Party (Sanseitō)	2.3 (-0.6)
Japan Conservative Party	0.6 (-0.3)
Socialist Democratic Party	0.7 (+0.5)
Team Mirai	0.8 (-0.3)
Constitutional Democratic Party	1.2 (-1.1)
Komeito	2.3 (+0.7)
Independent (No Party)	37.7 (+1.8)