



The Weekly Observer

May 18-22

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Takaichi and Lee Continue Shuttle Diplomacy in Korea

On Tuesday, **Prime Minister Takaichi Sanae** met with **South Korean President Lee Jae-myung** in his hometown of Andong for a summit meeting. This is a **continuation of "shuttle diplomacy"** after Lee visited Takaichi's hometown of Nara in January.

The leaders agreed to **launch a bilateral initiative and jointly explore the tangible actions to contribute to securing energy supply chains** rooted in the updated **"Free and Open Indo-Pacific."** The initiative comprises two pillars: 1) **strengthening energy supply resilience** including stockpiles through the **POWERR Asia** initiative and 2) **enhancing energy security** through mutual supply and swaps of crude oil, petroleum, and liquefied natural gas (LNG).

They also agreed to launch an **"industrial and trade policy dialogue"** to discuss supply chain resilience and energy cooperation.

GOJ Announces Project "YATA-Shield" for Cyber Defense

On Monday, the GOJ held its **first cross-ministerial meeting** related to the **emergence of high-performance AI models like Anthropic's "Claude Mythos."** It presented a draft of **Project "YATA-Shield,"** which includes measures to **rapidly establish a public-private cyber defense framework** against future high-performance AI models.

The project includes **measures required of critical infrastructure providers, software developers, and the GOJ itself.**

On Friday, **Minister of Finance Katayama Satsuki** revealed that the **GOJ has secured access to Claude Mythos for government ministries and agencies, as well as financial institutions.** **U.S. Secretary of the Treasury Scott Bessent** informed Katayama on May 12 that **access will be granted within two weeks.** Japan's three megabanks will gain access this month.

Cabinet Approval



60% (-4 pts.)

26% (+2 pts.)

[Asahi Shimbun](#) (May 17)

State of the Economy

Real Wages (FY 2025):

-0.5% from FY 2024
4th consecutive year wages fell

Real GDP Growth Rate (Jan.-Mar.):

Seasonally adjusted monthly: 0.5%
Annual: 2.1%
2nd consecutive quarter of growth

Trade Balance (April):

¥301.9 billion surplus
3rd consecutive month in surplus
Crude oil imports from the Middle East fell 67%

Comprehensive CPI (April):

112.5 (+1.4%)
Growth rate below 2% for 3rd consecutive month