



The Weekly Observer

March 18-22

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

G7 Ministerial Meeting on Industry, Technology and Digital

On March 14-15, the **G7 ministers in charge of industry, technology, and digital policy** met in Verona and Trento for the **first ministerial meeting** hosted by this year's G7 President, **Italy**.

The ministers agreed to develop a **Toolkit for AI in the public sector** and pledged to develop appropriate mechanisms for voluntary adoption of the **international code of conduct** crafted under Japan's Presidency.

The ministers also agreed to compile the **Compendium of Digital Public Services** to share information and best practices for deploying **public digital services**.

The ministers agreed to establish a **semiconductor Point of Contact (PoC) Group** to share information and best practices for **supply chain resilience and crisis coordination**.

BOJ Ends Negative Interest Rate Policy

On Tuesday, the **Bank of Japan (BOJ) revised monetary policy for the first time in seventeen years, ending negative interest rate policy** and raising the rate to **0-0.1 percent**. It also decided to end **yield curve control and the purchase of exchange-traded funds (ETFs)** designed to suppress long-term interest rates, as the Bank has determined steps are in place toward the realization of **2 percent inflation in a sustainable and stable manner**.

Governor Ueda Kazuo said the policy has "**fulfilled its role**" and that the unprecedented measure was "no longer necessary."

Market actors speculate that the **BOJ could further raise rates in July or October**, depending on whether the **yen's depreciation** (¥150 at one point on Tuesday) accelerates and **results in inflation**.

Cabinet Approval



23% (+1 pt.)

72% (-1 pt.)

[Sankei/FNN](#) (March 18)

State of the Economy

Trade Balance (February):

¥379.3 billion deficit
59.2% smaller deficit than Feb. 2023

Consumer Price Index (February):

106.5 (+2.8%)

Household Financial Assets (EOY 2023):

¥2.14 quadrillion (+5.1%)
Broke all-time high for 5th straight quarter

Machinery Orders (January):

¥823.8 billion (-1.7%)