

The Weekly Observer

April 8-12, 2024

The 115th edition of the weekly newsletter aggregating news on Japanese politics. This week focuses on Prime Minister Kishida's state visit to the United States, news of a possible Japan-PRC-ROK trilateral summit next month, regular Japan-U.S.-U.K. naval exercises starting 2025, the latest on the political scandal in Kishida's absence, the LDP's "default losses" in two of three by-elections this month, Kishida's visit to the TSMC plant in Kumamoto, Microsoft's increased AI investment in Japan, the March Economy Watchers Survey, and more.

By Content

I. News of the Week

Foreign Policy/Security

1. Kishida and Biden Announce Global Partnership at Summit
2. Kishida, Biden, and Marcos Meet for Historic Trilateral Summit
3. Kishida Addresses Congress
4. Foreign Policy Developments
5. Defense/Security Developments

Domestic Politics

6. Political Scandal Trudges on in Kishida's Absence
7. Political Developments

Economics/Finance

8. Economic Security Developments
9. Key Developments
10. State of the Economy

II. Public Opinion Polls

1. NHK (4/8)

I. News of the Week

1. Kishida and Biden Announce Global Partnership at Summit

- On Wednesday, Prime Minister Kishida Fumio [met](#) U.S. President Joe Biden for a summit during his state visit to the United States.
- The two leaders [marked](#) new heights in the Japan-U.S. alliance, signing onto over seventy deliverables ranging from defense to space exploration to economic resilience to people-to-people ties.
- In defense, key deliverables included a commitment to upgrade the command and control structure in Japan for better seamless cooperation, more cooperation outside the alliance (like AUKUS), and the establishment of a Forum on Defense Industrial Cooperation, Acquisition, and Sustainment (DICAS) for co-development and the maintenance, repair, and overhaul of vessels and aircraft in Japan.
- In economic resilience, key deliverables included discussions on joint supply chain initiatives like in legacy and current-generation semiconductors, crafting a joint technology agenda for chips, diversifying and strengthening marine product supply chains in face of Chinese coercion, and the commercialization of new energy tech.
- In science and technology, key deliverables included two Japanese astronauts joining the Artemis lunar missions and a \$110 million AI joint R&D public-private-academia collaboration to enhance global leadership in cutting-edge technologies.

2. Kishida, Biden, and Marcos Meet for Historic Trilateral Summit

- On Thursday, Kishida and Biden were [joined](#) by Ferdinand Marcos Jr. of the Philippines for the first-ever trilateral summit between the three countries.
- The three countries [expressed](#) “serious concerns” about Chinese actions in the South China Sea and committed to helping the Philippines build capacity to defend itself and announced trilateral maritime exercises to improve interoperability.
- The leaders announced the Luzon Economic Corridor, which will support connectivity between Subic Bay, Clark, Manila, and Batangas, as the first Partnership for Global Infrastructure and Investment corridor in the Indo-Pacific region.
- The leaders committed to Open RAN trials in the Philippines and enhancing semiconductor supply chain development through measures like workforce development initiatives for the Philippines. They agreed to work on economic issues through the Commerce and Industry Ministerial [launched](#) the same day.

- The leaders also [promised](#) to work on developing a clean energy supply chain and promoting resilient and reliable global supply chains for critical minerals. The United States and Japan also looked forward to the Philippines' participation in the Minerals Security Partnership Forum.

3. Kishida Addresses Congress

- On Thursday, Kishida [addressed](#) the U.S. Congress in a speech entitled "For the Future: Our Global Partnership."
- Kishida emphasized that Japan plans to work side by side with the United States to uphold the international order, which is being challenged by those like China, Russia, and North Korea.
- He stressed that Japan has made important strides to become a reliable and committed ally, namely through the transformed national security strategy, raising defense spending to 2 percent of GDP, and supporting Ukraine alongside NATO.
- He also attempted to allay fears about Japanese investments in the United States (subtle reference to Nippon Steel) by emphasizing Japan's role as top foreign direct investor and as job creator in the U.S. economy. He [plans to visit](#) a Toyota and Honda factory in North Carolina, one of the swing states in the U.S. presidential election.
- Kishida [balanced](#) the speech with strong support for the United States regardless of who occupied the White House next year and seemed to be reassuring Americans of Japan's continued reliability as its own domestic politics is in a state of flux.

4. Foreign Policy Developments

- On Friday, MOFA [announced](#) that Japan's official development assistance (ODA) amount in 2023 was \$19.68 billion, up 12 percent from 2022 mostly due to contributions to international development financial institutions and bilateral grants.
- On Thursday, Ambassador to China Kanasugi Kenji [met](#) with Chen Miner, Communist Party Secretary of Tianjin and close confidant of Xi Jinping, to discuss people-to-people exchanges and the improvement of China's business environment.
- *Yomiuri* [reported](#) Wednesday that Japan, China, and South Korea plan to hold the first trilateral summit since December 2019, this time in Seoul from May 26-27. The annual summit had been postponed due to COVID-19 and poor Japan-ROK ties.
- On Tuesday, the Cabinet [appointed](#) Ambassador to Israel Mizushima Koichi as the new Ambassador to South Korea. The GOJ hopes his previous assignment in the country will help navigate the recently improving bilateral relationship.

- On Monday, Minister for Foreign Affairs Kamikawa Yoko [held](#) a telephone talk with Ukrainian Foreign Minister Dmytro Kuleba, in which the two agreed to continue working closely together toward improving Ukraine's situation.

5. Defense/Security Developments

- On Friday, Minister of Defense Kihara Seiji [indicated](#) that the Japanese and American governments plan to make concrete progress on the deliverables announced at the Kishida-Biden summit during the next "2+2" meeting expected in late May.
- On Wednesday, the U.K. Ministry of Defense [announced](#) that the United Kingdom, Japan, and the United States will hold regular military exercises in the Indo-Pacific region starting 2025. It will deploy HMS Prince of Wales to lead a strike group.
- On Tuesday, MOD [announced](#) that it signed a contract with Canon Electronics for the manufacture and testing of multi-orbit observation demonstration satellites, deemed necessary in the Space Security Initiative for space domain awareness capabilities.
- On Saturday, the defense ministers of Japan, the United States, Australia, and the Philippines [issued](#) a statement about joint maritime cooperative activity within the Philippines' exclusive economic zone in the South China Sea.
- The activity is [designed](#) to counter Chinese maritime assertiveness in the region. The last such activity was held in August 2023.

6. Political Scandal Trudges on in Kishida's Absence

- On Friday, ex-Abe faction executive board chief Shionoya Ryu [officially submitted](#) a request for re-examination of the LDP's decision to "order him to leave the party" for his central involvement in the faction's kickback scheme operations.
- Shionoya, one of two Diet members asked to leave the party, [said](#) the decision was not made in a fair and transparent manner and pointed out that Kishida should also shoulder responsibility for the party's scandal involving multiple factions.
- *Yomiuri* [reported](#) that the Motegi faction is expected to decide on April 17 whether to close down the political funding arm of its organization, effectively ceasing operations as a faction. This would leave the Aso faction as the sole political faction.
- *Yomiuri* [reported](#) Thursday that the LDP plans to bestow the seven top ranking executives with the authority to make personnel decisions regarding their deputies, which was previously distributed based on factional strength in the party.

- On Tuesday, the ruling and opposition parties [agreed](#) to set up Special Committees on Political Reform in the Lower House on Thursday and the Upper House on Friday. The former will have 40 members, while the latter will have 35 members.

7. Political Developments

- On Friday, the LDP [decided](#) not to endorse Ototake Hirotada in the Tokyo-15 by-election scheduled for April 28 as he did not request support. This means the LDP loses two of three by-elections this month by default.
- On Thursday, the LDP [submitted](#) recommendations to the GOJ toward crafting a comprehensive response to dis-/mis-information using generative AI by the summer. It proposes swiftly deleting disinformation violating certain rights and transparency of how big tech operate their respective platforms.
- The CDP [rejected](#) a LDP proposal in the Lower House Commission on the Constitution to draft amendment articles for the Constitution, on grounds that the LDP is rushing discussions for the sake of passing the amendments. Both Komeito and Ishin want discussions to move forward.
- On Tuesday, the Children and Families Agency [indicated](#) that individuals with health insurance with an income of ¥6 million would pay ¥1,000 per month in FY 2028 to fund the childcare fund. The average per month comes to ¥800.
- The health ministry [decided](#) that the Japanese version CDC merging the Infectious Disease Surveillance Center and the National Center for Global Health and Medicine would be established in April 2025 as the Japan Institute for Health (JIHS).
- On Monday, *Yomiuri Shimbun* and NTT [issued](#) joint recommendations for the use of generative AI, urging the government to regulate use in elections and security through legislation and balancing regulation and technology promotion of the new technology.

8. Economic Security Developments

- On Tuesday, the Lower House plenary session [passed](#) the bill establishing a security clearance system for information critical to the nation's economic security. The ruling coalition aims to enact the bill by the end of the Diet session.
- *Nikkei* [reported](#) that the GOJ's financial assistance for the semiconductor industry exceeds that of other major economies as a ratio of GDP, spending ¥3.9 trillion or 0.71 percent of GDP in the last three years compared to the United States (0.21 percent), France (0.2 percent), and Germany (0.41 percent).

- Renesas Electronics [announced](#) that it has started manufacturing low-cost computational semiconductors (micro controller units) using Arm's core, which reduces operating frequency by 35 percent but lowers cost by around 20 percent.
- *Nikkei* [reported](#) Monday that Shin-Etsu Chemical plans to build its first domestic semiconductor materials facility in fifty-six years in Gunma Prefecture in 2026, investing ¥83 billion to manufacture materials used in the exposure process to draw circuits on chip wafers like photoresists and master plate materials.
- On Saturday, Kishida [visited](#) TSMC's chip facility in Kumamoto, where he [expressed](#) hope that the facility will have positive spillover effects on the Japanese economy. TSMC, which has [increased](#) dealings with Japanese companies by 10 percent over the past two years, will construct another facility in Kikuyo-cho, Kumamoto.
- Nippon Steel [issued](#) a statement objecting to recent news articles suggesting that the company had an office in Xinjiang and supported Beijing's military-industrial strategy. The *Financial Times* [reported](#) that U.S. senators led by Sherrod Brown are calling on the White House to investigate (and deny) Nippon Steel over its China ties.

9. Key Economic/Financial Developments

- On Thursday, Minister of Finance Suzuki Shunichi [said](#) that the GOJ will “not leave any option off the table” to respond to excessive movement, as the yen depreciated to a thirty-four level low of ¥153 to the dollar.
- *Nikkei* [reported](#) that electricity consumption in Japan is expected to increase fourfold by 2050 due to the massive amounts of data calculations generative AI machines would go through to operate.
- Google [announced](#) that it plans to invest \$1 billion for undersea cables between Japan and the United States. Two cables would run from Japan to Guam and Hawaii, securing Internet access speeds and improving resilience to disasters.
- *Yomiuri* [reported](#) that the GOJ has finalized plans to begin operating by FY 2030 its version of America's ESTA, requiring foreign travelers to disclose purpose of visit and other information prior to entering the country. The system would be designed to prevent illegal foreign labor and terrorism.
- On Tuesday, Kishida [met](#) with Microsoft Vice Chair and President Brad Smith, who announced a \$2.9 billion investment in Japan to increase its hyperscale cloud computing and AI infrastructure in the country and open the first research lab in Asia.

- The GOJ [finalized](#) policies promoting the development of a quantum technology industry, including financial assistance and the use of national research institutions by developers for design and development, as well as manufacturing of products.

10. State of the Economy

- On Wednesday, the Bank of Japan (BOJ) [announced](#) that the corporate goods price index in March was 120.7, [up](#) 0.8 percent and a 0.1 point expansion from the rate of increase from February, likely due to rising copper and crude oil prices.
- On Tuesday, the Cabinet Office (CAO) [released](#) the March Consumer Confidence Survey, which found that the index rose 0.5 point to 39.5, the first high value [since](#) May 2019 due to hope that the spring wage negotiations would yield wage hikes.
- On Monday, the CAO [released](#) the March Economy Watchers Survey, which found that the sentiment index fell 1.5 points to 49.8 [likely](#) as inflation, winter weather, and delays in automobile manufacturing (Daihatsu) suppressed consumption.
- The finance ministry [announced](#) that Japan ran a ¥2.64 trillion current account surplus in February, as auto exports [shrank](#) the trade deficit and as the tourism balance crept into a surplus. The surplus amount grew 20.2 percent from February 2023.
- The labor ministry [announced](#) that real wages per person in February [fell](#) 1.3 percent and for the twenty-third consecutive month as inflation continues to exceed wage growth. The rate of decrease also rose 1.1 percent from January 2024.

II. Public Opinion Poll

- A NHK poll [released](#) on Monday showed Cabinet approval at 23 percent, down two points from [March](#), while disapproval was at 58 percent, up one point.
 - 46 percent of respondents [said](#) that they support the Kishida Cabinet because it is better than other Cabinets; 28 percent said it includes a party they support; and 13 percent said because they trust the prime minister.
 - 43 percent of respondents said that they do not support the Cabinet because they have no expectations for its policies; 27 percent said because it lacks executive ability; and 11 percent said because they do not trust the prime minister.
 - 41 percent of respondents said that they are dissatisfied with the results of the LDP's disciplinary action against Diet members over the political scandal; 22 percent said they are somewhat dissatisfied; 20 percent said they are somewhat satisfied; and 9 percent said they are satisfied.
 - 49 percent of respondents said that they found the decision to order two Abe faction executives to leave the party as appropriate; 34 percent said they found it “too light”; and 6 percent said it was “too tough.”

- 68 percent of respondents said that they believe it was inappropriate to leave ex-LDP Secretary General Nikai Toshihiro off the list of disciplined members due to his desire not to seek reelection, while 21 percent said that it was appropriate.
 - 61 percent of respondents said that they believe it was inappropriate to not discipline Kishida, while 25 percent said it was appropriate.
 - 49 percent of respondents said that they somewhat approve of the Bank of Japan’s decision to raise interest rates for the first time in seventeen years; 22 percent said they somewhat disapprove; 11 percent said they strongly approve; and 7 percent said they strongly disapprove.
 - 37 percent of respondents said that they have little hope that wage hikes will exceed inflation this year; 28 percent said they have no hope; 23 percent said they have some hope; and 6 percent said they have great hope.
 - 45 percent of respondents said that they believe Kishida’s state visit to the United States will reinforce bilateral relations, while 40 percent said it will not.
 - 33 percent of respondents said that they have some hope the maglev train project through Shizuoka will begin operations; 26 percent said they have little hope; 21 percent said they have great hope; and 11 percent said they have no hope.
 - 35 percent of respondents said that they have little interest in the Osaka 2025 EXPO; 27 percent said they have no interest; 24 percent said they have some interest; and 7 percent said they have strong interest.
- The survey also collected data on the latest approval ratings of political parties.

Political Party	Approval Rating (%)
Liberal Democratic Party	28 (-1)
Constitutional Democratic Party	7 (±0)
Japan Innovation Party	5 (+1)
Komeito	4 (+1)
Japan Communist Party	2 (-1)
Democratic Party for the People	2 (+1)
Reiwa Shinsengumi	2 (-1)
Social Democratic Party	1 (±0)
Suffrage Party (Sanseitō)	1 (+1)
Independent (No Party)	41 (-1)