

**THE SUGA ADMINISTRATION:
CHANGE AND CONTINUITY IN
JAPAN'S PUBLIC POLICY AND
INTERNATIONAL RELATIONS**

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Executive Summary

1. After Abe Shinzo stepped down for health reasons, Suga Yoshihide took over as Japan's prime minister. While there is continuity in many policies with his predecessor, Suga put his stamp on climate policies, such as the 2050 carbon neutral policy and coping mechanisms, to adapt to an ongoing pandemic.
2. One explanation behind this continuity is that Japanese public policy within a one-party dominant system (with the Liberal Democratic Party as the perennial party-in-power) is generally evolutionary unless there are serious domestic or external shocks.
3. Against the backdrop of Japan-US close alliance and friendship and a desire to bind closer in the face of common challenges like the COVID-19 pandemic, Suga requested vaccine supplies from the United States during his summit with US President Joe Biden in Washington.
4. Suga has reiterated the importance of stable ties with Beijing. Suga met State Councillor and Chinese Foreign Minister Wang Yi during the latter's two-day trip to Japan in November 2020, the first high-level visit since Suga took power in September 2020.
5. The two countries agreed to keep trade open, combat COVID-19 together and support the 2021 Tokyo Olympics.
6. Suga is pursuing expert-recommended public policies to cope with the pandemic, such as abandoning the "Go To Travel" campaign meant to stimulate rural and regional economies through domestic tourism.
7. More importantly, his administration is not only offering free vaccines to all residents, but also implementing new legislation that makes it compulsory (rather than advisory) for residents to maintain social distancing.

8. If the Tokyo Olympics turns out to be a great success despite the pandemic, it may boost the national mood in the short run and open a potential political window for Suga to exercise his prerogative to dissolve the Lower House and call for a snap election.

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Dichotomous Views of the Suga Administration

- 1.1 When Suga Yoshihide took over as Japan's prime minister, many analysts associated him so closely with the Abe administration that they argued that the Suga administration is basically a continuation of the Abe administration without Abe Shinzo, or Abe administration 2.0. In terms of economic policies, some analysts more specifically termed Suga's premiership as a continuation of Abenomics without Abe.
- 1.2 A key reason for this perception is that Suga was a lynchpin and coordinator of the Abe administration as cabinet secretary for eight years. The major difference between Suga and Abe is in the orientation of their policies: Abe focused on foreign relations while Suga is more strongly in tune with domestic affairs.
- 1.3 Some of Abe's cabinet ministers, such as Finance Minister Aso Taro and Foreign Minister Motegi Toshimitsu, retained their key posts. Others stayed on in the cabinet but assumed a different cabinet post. For example, Kono Taro was relieved of his post of defence minister and appointed minister in charge of administrative reform. In his place, Kishi Nobuo, the brother of Abe Shinzo, was appointed defence minister. Hence, the bigwigs in Suga's cabinet were also the top figures in Abe's administration.
- 1.4 Another view is that Japanese public policy within a one-party dominant system (more recently, a dominant coalition in power) is generally evolutionary unless there

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are serious domestic or external shocks known as *gaiatsu* (foreign pressure). The Suga administration has formulated and is now implementing new public and foreign policies, such as the 2050 carbon neutral policy and fostering a tighter defence relationship with Australia, leading some to argue that Suga is carving his own mark on public policies and diplomacy in Japan.

- 1.5 To survive Japan's highly competitive, factional democratic system, Suga will need to manage domestic political challenges such as opposition parties' scrutiny of his management of the Olympics and pandemic as well as handle scandals of elite politicians, bureaucrats and even his own family member. Japan is a functioning liberal democracy with active and investigative mass media outlets. Hence, the Suga administration is also actively managing public media scrutiny of issues related to his party and other issues of public interest.
- 1.6 Suga had to answer to the public for the lavish dinners his eldest son and members of the company he was working with had hosted for 13 officials from the Ministry of Internal Affairs and Communications. Eleven of these officials have since been punished with salary cuts and reprimands for violating the code of ethics. Although Suga denied knowledge of these dinners, he apologised for his son's involvement in the scandal.¹ Suga's son thus far is not known to have broken any laws when he entertained the government officials.
- 1.7 The Suga administration is also managing the fallout from vote buying by Kawai Anri, wife of former Justice Minister Kawai Katsuyuki during the Abe administration. Due to this scandal and the challenges in mitigating the effects of the COVID-19 pandemic, the Suga administration lost two by-elections in late April 2021 in constituencies in Hiroshima, Nagano and Hokkaido.
- 1.8 It was a walkover for the Hokkaido No. 2 district seat. Constitutional Democratic Party of Japan (CPDJ) candidate, Matsuki Kenko (a former lawmaker) supported by

¹ Mari Yamaguchi, "Japanese officials punished in scandal linked to PM's son", *AP News*, 24 February 2021, <https://apnews.com/article/business-japan-yoshihide-suga-aecab0ca7e87323aa01cfa9171704175>, accessed 27 April 2021.

CPDJ and other opposition parties took over the district seat vacated by former farm minister Yoshikawa Takamori who was brought down in a scandal.

Foreign Policy

- 2.1 The Suga administration's main policy goals include strengthening Japan's alliance with the United States, continuing stable ties with China and other neighbours, setting up of a meeting with North Korean leader Kim Jong Un with no preconditions and resolving the Japanese abductees issue.² Despite Suga's expertise in domestic policies and perceived greenhorn status in foreign affairs, he was able to score major points in Japanese foreign diplomacy.
- 2.2 Arguably, Japan has been more successful than India and Australia in managing its relations with China. The Suga administration acknowledges the importance of maintaining cordial ties with China and was able to successfully hedge against China's rise by maintaining better relations with Beijing while strengthening ties with Canberra, Washington and ASEAN. The Joe Biden administration is viewed as a good opportunity for Washington and Tokyo to continue their tight alliance in the post-"America First" era.

Suga: First trips abroad as prime minister to Hanoi and Jakarta

- 2.3 Suga's first trips abroad were to Vietnam (lasting four days) and Indonesia (another four-day trip). These were seen by many as an instance of Japan making ASEAN a priority in its diplomacy. Suga appeared to be pledging solidarity with Southeast Asia's largest nation when he said: "Indonesia is a maritime nation in the Indo-Pacific and a Japanese strategic partner, and Japan further promotes our cooperation in a range of areas, including efforts to overcome the coronavirus pandemic".³

² Kiyoshi Takenaka, "Eyes on thorough reforms: Key policies of Japan's next PM Suga" dated 14 September 2020 in Reuters [downloaded on 14 September 2020], available at <https://www.reuters.com/article/us-japan-politics-policy-factbox-idUSKBN265200>.

³ Niniek Karmini and Mari Yamaguchi, "Japan's PM, in Indonesia, says SE Asia key for his nation", *AP News*, 20 October 2020, <https://apnews.com/article/virus-outbreak-yoshihide-suga-south-china-sea-tokyo-jakarta-57956334a1c8df2376c9adcd65054a3b>, accessed 27 April 2021.

- 2.4 These developments are significant since Indonesia is a fellow G20 member and the largest economy in ASEAN. Vietnam, on the other hand, is the “little dragon” for its fastest-growing economy in ASEAN and a major beneficiary of the China-US trade war. Suga’s summit meeting with then Vietnamese Prime Minister Nguyen Xuan Phuc in Hanoi was his first overseas trip as Japan’s prime minister. He not only described Vietnam as a fulcrum for a “free and open Indo-Pacific”, but also declared Japan’s “continued contribution to peace and prosperity in the region”, reiterating the importance of all nations working together “toward a peaceful resolution of conflicts in the South China Sea without resorting to force or coercion”.⁴
- 2.5 Suga’s trip to Vietnam was significant as Hanoi was the chair of ASEAN in 2020, a rotating leadership of a bloc that had over 655 million people and an incrementally strengthening ASEAN Economic Community (AEC). Tokyo and Hanoi are so close that they have jointly established the Vietnam Japan University to facilitate educational exchanges. Suga delivered his public speech at the university when it officially opened in 2016 with bilateral funding support and emphasised Japan’s collaboration with the region as one based on equal opportunity with all ASEAN states vis-à-vis the establishment of production network supply chains.⁵
- 2.6 Tokyo and Hanoi also saw eye to eye on many geopolitical issues. Japan agreed to export its advanced defence weapon systems to Vietnam, including patrol aircraft and surveillance radars, so as to build the country’s near-sea patrolling capabilities.⁶ On his part, Prime Minister Nguyen declared Vietnam’s support for Japan’s diplomatic initiatives such as the return of Japanese nationals abducted by North Korea in the 1970s and 1980s.⁷

⁴ “Japan, Vietnam leaders affirm defense, economic cooperation”, *Kyodo News*, 19 October 2020, <https://english.kyodonews.net/news/2020/10/f8536e95c87d-update2-japan-vietnam-leaders-affirm-cooperation-in-s-china-sea.html>, accessed 27 April 2021.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

- 2.7 The issue is highly sensitive in Japan and Suga has been closely working on it since his days as chief cabinet secretary. Vietnam's support for Japan's endeavours to bring its kidnapped citizens home may be the start of a more advanced stage of security cooperation between the two countries.
- 2.8 While Suga's domestic political skills are widely acknowledged, he was less known for his foreign relations skills. Suga used his trip to Vietnam as a showcase of his diplomatic prowess. His meeting with his Vietnamese counterpart led to the two countries vowing to support a free and open Indo-Pacific. The meeting also presented his low-key spouse with an opportunity to participate in first lady diplomacy and in a style that set her apart from former Prime Minister Abe's flamboyant celebrity wife, Akie (a scion of an old, rich family). First lady Suga Mariko, who had remained hidden from the public eye prior to her husband's assumption of premiership, appeared dignified and stately in a Vietnamese-hosted official tour of an 11th century Confucian temple, the Vietnamese Women's Museum and a grand gala dinner.
- 2.9 Japan is also offering subsidies to companies for shifting their production base out of China to the proximate Southeast Asian region with its affordable labour force and political compatibility with Tokyo in an age of trade wars. Japan offered 23.5 billion yen (US\$217m) to Japanese companies to strengthen and diversify supply chains in Southeast Asia.⁸ Consequently, 30 Japanese companies manufacturing medical equipment, such as gowns, disinfectants and even engine components, have received up to 50% in subsidies to establish their bases of production in Vietnam.⁹
- 2.10 Indonesia, which had lost out to Vietnam in attracting international companies looking for new production sites to avoid the fallout from the China-US trade war, is also lobbying for Japanese investments. In October 2020, Japan extended a ¥50 billion (US\$470 million) loan to support Indonesia's pandemic-stricken economy;

⁸ Reuters, "Japan's big push to bring manufacturing back from China" dated 9 June 2020 in Aljazeera [downloaded on 9 June 2020], available at <https://www.aljazeera.com/economy/2020/6/9/japans-big-push-to-bring-manufacturing-back-from-china>.

⁹ Keita Nakamura, "FOCUS: Fresh COVID emergency could dampen Japan's economic recovery hope", *Kyodo News*, 23 April 2021, <https://english.kyodonews.net/news/2021/04/7cafd04c6ac2-focus-fresh-covid-emergency-could-dampen-japans-economic-recovery-hope.html>, accessed 27 April 2021.

it was to be used for disaster prevention, medical supplies, personal protective equipment (PPE), infrastructural projects (e.g. high-speed rail) and the economic development of isolated offshore islands.¹⁰

- 2.11 Geopolitical agendas were also discussed during Suga's diplomatic trip to Indonesia, as evinced in the joint declarations he made with his host on the compatibility of Japan's and the Association of Southeast Asian Nations' (ASEAN) visions for the region. In the joint statement, Suga said he "...fully support[ed] the ASEAN Outlook on the Indo-Pacific, which Indonesia initiated, as it has a lot of fundamental commonalities with Japan's free and open Indo-Pacific".¹¹
- 2.12 Indonesian President Joko Widodo (commonly called Jokowi) "...emphasize[d] the spirit of cooperation [between their two nations will] ... continue to be strengthened, especially in the midst of increasingly sharp rivalries between the world's superpower nations".¹²
- 2.13 When Jokowi met Suga, he "also underlined... [his] hope that the South China Sea can continue to be a sea of peace and stability" and that Japan and Indonesia will reinforce military relations through a second round of "two-plus-two" foreign and defence ministerial talks to reach a defence equipment and technology transfer pact wherein Tokyo would relax its arms exports ban laid down in 2014.¹³
- 2.14 ASEAN's eagerness to work with Japan in the military and defence fields signal its awareness of not only the changing geopolitical environment in the region, but also Japan's determination to be at the forefront of new dimensions of future warfare and armed conflicts.
- 2.15 Suga, fully cognisant that future warfare will be fought in outer space, cyberspace (particularly cybersecurity) and invisible spaces (specifically the military use of the

¹⁰ Niniek Karmini and Mari Yamaguchi, "Japan's PM, in Indonesia, says SE Asia key for his nation".

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

electromagnetic spectrum), had instructed the Japan Self-Defence Forces (SDF) thus: “In order to respond to new challenges, it is essential to establish clear policies corresponding to each issue and we must not waver”.¹⁴ Technology is usable in the not only defence arena, but also civilian sector, particularly in the strategic field of energy.

Strengthening US-Japan Relations

- 3.1 Suga is active in the climate change field, currently an important issue for the Biden administration. He cultivated relations with progressive Japanese companies, environmentalists, United Nations (UN) climate bureaucrats and its secretary-general, Washington climate hawks led by John Kerry, and climate change stakeholders such as former Environmental Protection Agency administrator and now Biden administration national climate adviser Gina McCarthy and Brenda Mallory, chair of the Council on Environmental Quality. Suga was also the first foreign leader to meet US President Biden, with whom he got along well.
- 3.2 In the period before and during the visit, a Gallup survey revealed that Japan was viewed positively by 84% of the American public.¹⁵ The Suga administration had also offered financial support to certain businesses if they adhere to social distancing measures. Aligning his climate stance with the Biden administration’s helps Suga domestically as well. Suga tried to boost his domestic political popularity (see Annex A on his popularity ratings) by boldly adopting more ambitious climate change and carbon emission targets.
- 3.3 Suga stayed away from the sharp anti-China remarks of the previous Trump administration and instead emphasised: “A stable relationship between the two

¹⁴ Kyodo, “Suga urges SDF to promote more women to senior posts”, *The World News*, 17 December 2020, <https://theworldnews.net/jp-news/suga-urges-sdf-to-promote-more-women-to-senior-posts>, accessed 27 April 2021.

¹⁵ “84% of Americans view Japan positively: U.S. poll”, *Kyodo News*, 17 April 2021, <https://english.kyodonews.net/news/2021/04/ffd2c1365037-84-of-americans-view-japan-positively-us-poll.html>, accessed 27 April 2021.

countries is important not only for Japan and China but also for the region and the international community”.¹⁶

- 3.4 Japan is now working closely with the Biden administration as part of its multilateral approach. Emphasising the need to have a stable and constructive relationship with Beijing, Suga agreed with the United States that they share concerns about the situation in Hong Kong and Xinjiang; he was however cautious about how the joint statement on these issues was phrased as Tokyo is careful to balance US security concerns with China’s economic importance to the region.¹⁷
- 3.5 Stability in the Taiwan Strait is what the Suga administration sought. Suga said: “...there is already an agreed recognition over the importance of peace and stability of the Taiwan Strait between Japan and the United States, which was reaffirmed on this occasion”.¹⁸
- 3.6 Suga returned to Tokyo and announced that he had secured vaccines from the United States for delivery in September 2021 after the Olympics. If American vaccines are able to make up for the shortfall arising from the situation in the EU, the friendship between the United States and Japan will most likely be further solidified.
- 3.7 Americans had previously assisted Japan in *Operation Tomodachi* (meaning “friendship” in Japanese) following the Great East Japan Earthquake in March 2011. It was an operation that had strengthened Japanese goodwill towards the United States. Overall, Tokyo’s relations with its US-led network partners remain strong. Japan, as a member of the quadrilateral security dialogue (the Quad), is working closely with the Biden administration on climate change issues, geopolitical interests, 5G technological development and security-related matters.

¹⁶ Kiyoshi Takenaka, “Eyes on thorough reforms: Key policies of Japan's next PM Suga”.

¹⁷ David Brunnstrom, Trevor Hunnicutt, Chizu Nomiyama and Matt Spetalnick, “Biden and Japan’s Suga project unity against China’s assertiveness” dated 17 April 2021 in Reuters [downloaded on 17 April 2021], available at <https://www.reuters.com/world/china/biden-welcome-japans-suga-first-guest-key-ally-china-strategy-2021-04-16/>.

¹⁸ Ibid.

- 3.8 The US economy is projected to experience a boom in the post-pandemic era, given the Biden administration's additional US\$1.9 trillion stimulus package and the much vaunted US\$4 trillion infrastructure bill. Japan's alliance with the United States has remained constant through the Trump and now Biden administrations without the frictions seen in the United States' Transatlantic Alliance with its European allies during the Trump years.
- 3.9 Other strategic European partners of the US network have also been seeking to cooperate with Japan in recent years, particularly in climate change-compliant technologies including electric vehicles. Germany, for example, has sought Japanese cooperation in intelligence matters and defence cooperation.¹⁹
- 3.10 France, Denmark, Greece, Italy, together with Japan, the United States, Australia, Canada, New Zealand, the UAE, Turkey, Israel, India, Oman and South Korea, will conduct joint naval exercises following the visit of the UK's Queen Elizabeth aircraft carrier and its fleet to Japan.²⁰ These instances of cooperation show that the Suga administration advocates engagement with all US partners and allies.

Sino-Japanese Relations: On the Mend

- 4.1 Unlike Abe, Suga is not ideologically driven and does not seem to hold any cherished foreign policy like Abe who concentrated his entire political capital on security-related legislation. Suga also does not try to utilise foreign policy to win public support or conduct proactive diplomacy like Abe.²¹
- 4.2 Suga does not share Abe's position on nationalistic issues such as the Senkaku/Diaoyu Islands, Northern Territories and wartime forced labour disputes

¹⁹ Masaya Kato, "Japan and Germany to sign intel-sharing pact in coming weeks", *Nikkei Asia*, 18 March 2021, <https://asia.nikkei.com/Politics/International-relations/Japan-and-Germany-to-sign-intel-sharing-pact-in-coming-weeks>, accessed 27 April 2021.

²⁰ "Britain's Queen Elizabeth aircraft carrier to visit Japan, S Korea", Reuters, 26 April 2021, <https://www.reuters.com/world/uk/britain-says-queen-elizabeth-aircraft-carrier-visit-japan-s-korea-maiden-2021-04-26/>, accessed 5 May 2021.

²¹ Toshiya Takahashi, "Can Suga lead on Japanese foreign policy?" dated 22 November 2020 in East Asia Forum [downloaded on 22 November 2020], available at <https://www.eastasiaforum.org/2020/11/22/can-suga-lead-on-japanese-foreign-policy/>.

with South Korea. He is free from domestic pressure given that he is without a neo-conservative ideology while his China policy is mainly led by old China hand LDP Secretary General Nikai Toshihiro, one of the main backers behind Suga's rise as prime minister.²²

- 4.3 As Suga is not a right-leaning conservative ideologue, he is unlikely to pursue constitutional revision like Abe. He has no wish to pick a fight with opposition parties over the removal of the pacifist Article 9, which renounces war as a sovereign right and the threat or use of force to settle international disputes. LDP's minor coalition partner, Komeito, is a strong pacifist political party and thus a powerful moderating voice against hardcore revisionist conservatives in the LDP.
- 4.4 Suga is unlikely to visit the controversial Yasukuni Shrine and rock the steady, business-like Sino-Japanese relations built up by the Abe administration. On its part, China has strong incentives to keep Sino-Japanese relations cordial as it is keen for Japan to forge the China-Japan-South Korea free trade agreement to stave off anti-globalisation forces as well as trade tensions with the United States and the West.
- 4.5 Beijing remains keen on the trilateral FTA with Japan and Korea. This interest was articulated by Wei Jianguo, former vice-minister at China's Ministry of Commerce in charge of foreign trade: "The trilateral FTA will address trade involving products related to AI, robotics, chips, IT products. This will help form a strong and secured bloc of supply of these materials among the three countries, and expect to lower dependency on US manufacturing on these products...This is crucial for all three countries and cannot be replaced by the RCEP".²³ China is also desirous of reinstating business travel and eventual green lanes or air travel bubbles with Japan.²⁴

²² Ibid.

²³ Kinling Lo, "Can China, Japan and South Korea follow RCEP with their own free-trade deal?" dated 28 November 2020 in *South China Morning Post* [downloaded on 28 November 2020], available at <https://sg.news.yahoo.com/china-japan-south-korea-rcep-051029662.html>.

²⁴ Kiyoshi Takenaka and Ju-min Park, "Japan's Suga calls for stable ties with China in first high-level meeting", Reuters, 25 November 2020, <https://www.reuters.com/article/us-japan-china-idUSKBN28509G>, accessed 27 April 2021.

- 4.6 Domestically, Suga is concentrating on tackling the COVID-19 outbreak (see Annex B on the monthly infection numbers in Japan). He appointed Olympics Minister Hashimoto Seiko (who later took over from former Prime Minister Mori Yoshiro's post as head of the Tokyo Olympics Committee after the latter stepped down due to charges of sexism).
- 4.7 Consequently, he has left the foreign policy portfolio to English-proficient Foreign Minister Motegi Toshimitsu, domestic security issues to his Deputy Chief Cabinet Secretary Sugita Kazuhiro (a former National Police Agency bureaucrat) and Sino-Japanese relations to the Beijing-friendly LDP Secretary-General Nikai Toshihiro.
- 4.8 With these three heavyweights, the Suga administration is in experienced and steady hands. Nikai is well-versed with the Chinese elite leadership, has first-hand expertise on the Belt and Road Initiative (BRI) and built personal rapport with President Xi Jinping and his personnel in charge of BRI. He also has an eye out for Japanese business interests.
- 4.9 The first 20-minute high-level bilateral meeting between the two countries was noticeably warm as Suga bumped fists with China's State Councillor and Foreign Minister Wang Yi on 25 November 2020. During the meeting, the two countries agreed to enhance bilateral relations, with Wang declaring that they had reached consensus on improving bilateral ties. Sino-Japanese relations returned to the right track for building a strong foundation for the 50th anniversary of the normalisation of China-Japan diplomatic relations in 2022.²⁵
- 4.10 Wang was fully aware that stable Sino-Japanese relations are a positive for the international community. Emphasising this global responsibility, Wang even stated at a press conference that the bilateral maritime dispute in the East China Sea should not stand in the way of overall relations: "Both sides must be calm and deal with

²⁵ *Xinhua*, "Japanese PM Suga meets Chinese FM, agrees to enhance bilateral relations" dated 25 November 2020 in *Xinhua* [downloaded on 25 November 2020], available at http://www.xinhuanet.com/english/2020-11/25/c_139542550.htm.

this issue appropriately. We will work to ensure that it does not affect the development of China-Japan relations going forward”.²⁶

- 4.11 Both Abe and Suga had skilfully maintained amicable ties with Beijing while strengthening Tokyo’s relations with the West. Tokyo is also keen to have Beijing’s help in some issues. During Wang’s visit, Suga requested Beijing to relax import restrictions on Japanese food products that had been put in place after the 2011 Fukushima nuclear disaster and the Great East Japan Earthquake. As China is North Korea’s only ally and most important regime supporter, Suga also sought the support of Beijing in Tokyo’s attempts to have Pyongyang release the Japanese citizens that it had kidnapped in the 1970s and 1980s.²⁷
- 4.12 In addition to holding talks with Prime Minister Suga and Foreign Minister Motegi during his visit, Wang acquainted himself with Chief Cabinet Secretary Kato Katsunobu and LDP Secretary-General Nikai Toshihiro whom Beijing considers an old friend. It appears that both sides now have parties who are willing to listen and convey political messages.
- 4.13 Wang declared Sino-Japanese relations as having “finally returned” to normal and reiterated Chinese President Xi Jinping’s readiness to build “good working relations” with Japan in a personal message he delivered on Xi’s behalf to Suga.²⁸ These overtures resulted in both parties agreeing to keep trade open, combat COVID-19 together and support the 2021 Tokyo Olympics.²⁹ It is mutually beneficial to both Tokyo and Beijing to practise Olympic diplomacy. By supporting Japan’s hosting of the 2021 Olympics and Paralympics, China will be able to secure Japan’s support when it hosts the Winter Olympics in 2022.

²⁶ “Japan’s Suga voices concerns over Senkakus to Chinese minister”, *Kyodo News*, 25 November 2020, <https://english.kyodonews.net/news/2020/11/9753c746dc4f-japan-reiterates-concerns-over-senkakus-to-chinas-foreign-minister.html>, accessed 27 April 2021.

²⁷ Ibid.

²⁸ Kiyoshi Takenaka, “Eyes on thorough reforms: Key policies of Japan’s next PM Suga”.

²⁹ Ibid.

- 4.14 Japan is also the only G7 country that has desisted from harsh, open criticism of China's alleged human rights abuses in Xinjiang. It did not participate in calls for countries and athletes to boycott the 2022 Beijing Winter Olympics as Japan considers China an important trading partner.
- 4.15 Overall, the importance of China as a trading partner for Japan has grown. Japan's exports grew by 16.1% in March 2021 from a year earlier, making this the largest gain in more than three years.³⁰ This steep rise in exports is due to strong demand for plastics and raw materials like copper, resulting in exports to China going up 37.2% to ¥1.63 trillion and hitting the highest level since comparable data became available in January 1979.³¹

Suga Administration: Tackling the COVID-19 Pandemic

- 5.1 To tackle the economic fallout of the pandemic, Suga has pushed out more economic plans. His administration is looking “to secure more than 1 trillion yen in expenses related to digitalization including research and development for post-5G wireless communications technologies supporting cellular data networks so that Japan can ‘take the lead in the world in the next generation technologies [as]... a source of growth in the post-corona (era)... [with] green and digital (technologies) ... serv[ing] as its axes’”.³² With this, the Suga administration aims to pave its post-pandemic economic recovery roadmap.
- 5.2 On 12 May 2021, the Diet (Japanese parliament) passed a law to establish a Digital Policy Agency headed by a cabinet minister and a top administrative official (likely from the private sector) selected by Prime Minister Suga, a move that may well turn out to be one of the most significant contributions to governance of the Suga administration. The agency will be taking charge of privacy protection measures as

³⁰ Keita Nakamura, “Japan’s March exports up 16.1% on year, biggest rise in over 3 yrs”, *Kyodo News*, 19 April 2021, <https://english.kyodonews.net/news/2021/04/9632de9d6dfd-update2-japans-march-exports-up-161-on-year-biggest-rise-in-over-3-yrs.html>, accessed 27 April 2021.

³¹ Ibid.

³² Sayo Sasaki, “Japan gov’t tackling virus surge with ‘strong sense of crisis’: Suga”, *Kyodo News*, 5 December 2020, <https://english.kyodonews.net/news/2020/12/edeeba2e9ec1-breaking-news-japan-views-latest-virus-surge-with-strong-sense-of-crisis-suga.html>, accessed 27 April 2021.

the law permits an increase in the exchange of personal information and encourages digitisation in the private sector.³³

- 5.3 Suga is pursuing expert-recommended public policies to cope with the pandemic, such as abandoning the “Go To Travel” campaign meant to stimulate rural and regional economies through domestic tourism. His administration is offering free vaccines to all residents and is implementing new legislation that makes it compulsory (rather than advisory) for residents to maintain social distancing. Japan has ordered the AstraZeneca and Pfizer vaccines in addition to developing its own.
- 5.4 On 26 October 2020, Suga urged members of the public to use masks and wash their hands to protect themselves from COVID-19, and mandated shorter opening hours for eateries as part of the government’s measures against the novel coronavirus.³⁴
- 5.5 The vaccination situation became uncertain in 2021 due to varied and complex domestic and external reasons. Domestically, Japan has had a bad experience with HPV (human papillomavirus, a common sexually transmitted disease) and MMR (Measles, Mumps, and Rubella or MMR) vaccines resulting in adverse reactions amongst vaccinated individuals, some of whom successfully sued the government for compensation. This resulted in the government’s extremely cautionary approach throughout the ongoing pandemic and to instituting an internal round of tests for the vaccines on top of the international trials they had already undergone.
- 5.6 This slowed down the vaccine approval process. Only the Pfizer vaccine has thus far been approved for use in the country. Early in the course of the pandemic, Japan had also secured the rights to produce AstraZeneca (AZ) domestically. However, reports that AZ caused blood clots in some young individuals and the restricting of its use to persons above 55 years of age by many countries further complicated the vaccine approval procedure. The extreme care taken by the government to protect the health of its citizens has delayed the COVID-19 vaccination programme. For the

³³ Nikkei, “Japan passes laws to set up digital policy agency in September” dated 12 May 2021 in Nikkei [downloaded on 12 May 2021], available at <https://asia.nikkei.com/Politics/Japan-passes-laws-to-set-up-digital-policy-agency-in-September>.

³⁴ Sayo Sasaki, “Japan gov’t tackling virus surge with ‘strong sense of crisis’: Suga”.

state of Japan's COVID-19 vaccination programme, see Table 1 for the number of vaccinations dispensed by G7 countries.

TABLE 1 VACCINATIONS DISPENSED BY G7 COUNTRIES

Name of country	Number of vaccinations (total doses in million)
Canada	16.26
France	25.6
Germany	35.08
Italy	24.5
Japan	4.73
UK	53.33
US	261.6

Data as at 12 May 2021.

Source: Our World in Data, "Total vaccinations" in Our World in Data website [downloaded on 12 May 2021], available at <https://ourworldindata.org/covid-vaccinations>).

5.7 Australia and Japan are experiencing a shortage of vaccines from the European Union (EU), which had legislated a law to inspect every batch of vaccines exported. The EU is also facing internal delays to its vaccination programmes and has carried out a lawsuit against AstraZeneca (AZ) for failing to deliver the AZ vaccines. Australia and Japan responded differently to the delay in delivery from companies producing vaccines in Europe. Australia dispatched its trade minister to the EU to request for the delivery of the vaccines it had ordered. Suga instead chose to request vaccine supplies from the United States during his Washington summit with US President Joe Biden.

5.8 The Japanese government approved a third supplementary budget for the fiscal year through March 2021 to fund an additional US\$708 billion in stimulus spending.³⁵ It had committed to spending approximately US\$3 trillion to assist the economy recover from the pandemic-era economic downturn.³⁶ This package included additional subsidies to medical institutions to secure more beds for those severely ill with COVID-19.

³⁵ David Dolan and Tim Kelly, "Japan may consider further stimulus package for COVID-19-hit economy, says minister" dated 14 January 2021 in Reuters [downloaded on 14 January 2021], available at <https://www.reuters.com/article/us-japan-minister-health-coronavirus-idUSKBN29J16Q>.

³⁶ Ibid.

- 5.9 Suga's announcement was accompanied by a declaration: "Protecting the lives and livelihoods of the people is the top priority of my administration".³⁷ At that same press conference, Suga announced an increase in the subsidies for prefectures, cities and towns to ¥1.5 trillion (US\$14 billion) to support restaurants that shortened their opening hours.³⁸
- 5.10 Funding and financial support for Japan's business sector may become a defining feature of Suga's economic policies, given that his administration is dispensing public funds. A record annual budget of 106.6 trillion yen (US\$975 billion) spending plan was passed on 26 March 2021 by the Diet for the financial year April 2021- March 2022, adding to Japan's utilisation of three extra budgets in 2020 worth 73 trillion yen (US\$667.7 billion).³⁹ In the meantime, five trillion yen (US\$45.7 billion) virus reserve fund in Japan's latest budget for 2021 provides some potential stimulus ammunition, along with some unspent money from the 2020 "Go To" campaign.⁴⁰
- 5.11 Japan is now managing its fourth wave of COVID-19 and a third state of emergency is implemented in major urban centres. In this third state of emergency, there are laws preventing eateries from selling alcohol, a comparatively mild state of emergency. Although Japan expects an economic rebound in the April-June 2021 quarter after the downturn of the preceding quarter, the restriction on serving alcohol at eating and drinking establishments may dampen this rebound.
- 5.12 Economists in Japan argued that it would further weaken consumption under the third state of emergency as local authorities will impose tougher restrictions including the closure of establishments that serve alcohol, department stores, shopping malls and amusement parks, which are all expected to lower GDP by 600

³⁷ Sayo Sasaki, "Japan gov't tackling virus surge with 'strong sense of crisis': Suga".

³⁸ Ibid.

³⁹ Yuko Takeo and Emi Urabe, "Japan's Nearly \$1 Trillion Record Budget Could Just Be the Start in Election Year" dated 26 March 2021 in Bloomberg [downloaded on 26 March 2021], available at <https://www.bloomberg.com/news/articles/2021-03-26/japan-s-record-budget-could-just-be-the-start-in-election-year>.

⁴⁰ Ibid.

billion yen (US\$5.6 billion) per month.⁴¹ While economists are projecting a contraction in the economy to the extent of an annualised 4.6% in the three months from January to March 2021, it shrank at an annualised 5.1% as COVID-19 hits consumer spending (some media outlets raise fears of double-dip recession);⁴² a rebound in the economy is expected in the April to June 2021 quarter⁴³ (for details on the contractions and rebounds in growth, see Annex C for quarterly GDP rates from the Abe to Suga administrations).

- 5.13 The fallout from the third state of emergency and the fourth wave of COVID-19 variants has dampened public sentiment for Suga, and, with it, his enthusiasm for a snap election. His current term as president of the LDP ends in September 2021. While the media has cited two potential successors-in-waiting, namely, COVID-19 Vaccine Minister Kono Taro and Minister of the Environment Koizumi Shinjiro, there are no indications that Suga will be replaced in the 2021 LDP presidential election before the forthcoming Lower House election on 22 October 2021 at the latest. Kono has indicated publicly that his first priorities are saving lives and ensuring that the public are vaccinated, rather than leadership candidature. Koizumi on the other hand is probably too young to be prime minister.

The Suga Administration: Clean Energy Policy

- 6.1 A distinctive feature of Suga's leadership is Japan's aims to move towards a net zero carbon world by utilising ocean-based renewable energy. Suga and 13 other heads of state issued the first leadership statement by the High Level Panel for a Sustainable Ocean Economy (or Ocean Panel), wherein a plan that would see to the

⁴¹ Keita Nakamura, "FOCUS: Fresh COVID emergency could dampen Japan's economic recovery hope" dated 23 April 2021 in *Kyodo News* [downloaded on 23 April 2021], available at <https://english.kyodonews.net/news/2021/04/7cafd04c6ac2-focus-fresh-covid-emergency-could-dampen-japans-economic-recovery-hope.html>.

⁴² Kihara, Leika and Tetsushi Kajimoto, "Japan's economy slumps back into decline as COVID-19 hits spending" dated 19 May 2021 in *Reuters* [downloaded on 19 May 2021], available at <https://www.reuters.com/world/asia-pacific/japans-economy-contracts-more-than-expected-covid-19-hits-consumption-2021-05-18/>.

⁴³ Keita Nakamura, "FOCUS: Fresh COVID emergency could dampen Japan's economic recovery hope".

sustainable management of the ocean without hurting economic development was unveiled.⁴⁴

- 6.2 Japan is a leading member of the Ocean Panel established in 2018. Japan and 13 other members of the Ocean Panel (Australia, Canada, Chile, Fiji, Ghana, Indonesia, Jamaica, Kenya, Mexico, Namibia, Norway, Palau and Portugal) make up 40% of the world's coastlines and 30% of its exclusive economic zones (EEZs).⁴⁵ Major powers like the United States, China and Russia are noticeably absent from this initiative. This shows that there is potential for the Ocean Panel to become a platform for the collective voices of middle powers like Australia, Canada, Indonesia, Japan and Norway.
- 6.3 The 14 members are keen to use soft power to influence all maritime states to follow their example and achieve the same goals of replenishing natural fish stocks, decreasing maritime waste and using ocean-based renewable energy (such as wind) by 2030.⁴⁶
- 6.4 Japan's political influence is evident in its stance on global carbon neutrality. The Japanese 2050 carbon neutral policy has been thoroughly analysed in international circles. Some attribute the policy adoption to *gaiatsu* (foreign pressure). Others argue that Japan is simply taking the lead on climate change ahead of countries like South Korea that later joined in to demonstrate solidarity on the issue. If executed correctly, this aspect of Japan's political influence can also be utilised in its climate change cooperative endeavours with China.
- 6.5 Suga declared that Japan would cut greenhouse gas emissions to net zero by 2050, which complements the Ocean Panel leaders' statement of "urgently reduc[ing] greenhouse gas emissions in line with the goals of the Paris Agreement" and

⁴⁴ "Japan PM Suga vows to utilize ocean in achieving net zero carbon world", *Kyodo News*, 3 December 2020, <https://english.kyodonews.net/news/2020/12/1a41a0cee35b-japan-pm-suga-vows-to-utilize-ocean-in-achieving-net-zero-carbon-world.html>, accessed 27 April 2021.

⁴⁵ Ibid.

⁴⁶ Ibid.

“managing sustainably 100 percent of the ocean areas under their national jurisdiction by 2025”.⁴⁷

- 6.6 Renewable subsidies for solar, wind and geothermal energies are other possible options for Japan as the Suga administration has been quietly reconsidering restarting the nuclear power stations that have been mostly dormant or abandoned since the March 2011 “triple disasters” of earthquake, tsunami and Fukushima nuclear power plant meltdown which killed nearly 16,000 people.
- 6.7 The ¥2 trillion fund to support green technologies over the following 10 years is part of Japan’s quest to reach carbon neutrality by 2050 and its plans to jump-start the economy.⁴⁸ Suga’s message in the webinar for the group of progressive Ocean Panel nations reaffirmed Japan’s commitment towards carbon-neutral economic growth: “By accelerating a virtuous cycle of the economy and the environment through innovation, as well as utilizing the potential of the ocean such as offshore wind power, Japan will lead international efforts to achieve a decarbonized world that the Paris Agreement aims for”.⁴⁹
- 6.8 Japan reminded the Ocean Panel of the ways in which the COVID-19 pandemic has accentuated the need for environmental protection. Suga highlighted “the deep interconnections between human and planetary health and the need for nations to work together to respond to global threats” by pointing to the surge in the use of single-use plastics like PPE for medical staff and emphasising the importance of “collaborating with the international community on the issue of marine plastic litter [because such cooperation] is also indispensable toward facilitating ocean conservation”.⁵⁰

⁴⁷ Ibid.

⁴⁸ Sayo Sasaki, “Japan gov’t tackling virus surge with ‘strong sense of crisis’: Suga”.

⁴⁹ “Japan PM Suga vows to utilize ocean in achieving net zero carbon world”.

⁵⁰ Kiyoshi Takenaka, “Eyes on thorough reforms: Key policies of Japan’s next PM Suga”, Reuters, 14 September 2020.

Gender Issues

- 7.1 Suga appointed two women, Olympics Minister Hashimoto Seiko and Justice Minister Kamikawa Yoko, to his cabinet, continuing with the Abe government's policy of having more women in senior political and law-making positions. Under the new five-year gender equality blueprint, a continuation of Abe's widely dubbed "womenomics" policy, Suga aims to have 30% of his administration's leadership positions held by females "as early as possible during the 2020s" and to remove gender bias by the 2030s to cope with the manpower shortage caused by Japan's rapidly ageing population.⁵¹
- 7.2 In mid-December 2020, Suga instructed the SDF to promote more female officers to senior positions. Suga emphasised: "I expect people with talent and motivation to be proactively promoted regardless of gender... You are the only ones who are capable of simplifying and streamlining tasks in a drastic manner... I hope (the SDF) will swiftly implement bold (work-style) reforms."⁵²

Suga's Tertiary Education Plan

- 8.1 Suga's cabinet has announced that a ¥10 trillion (US\$96 billion) state fund (funded by government debt) to augment research at Japan's institutes of higher learning and arrest a drop in global rankings will be initiated in March 2022.⁵³ Funding for this initiative, drawn from a ¥4.5 trillion (US\$43 billion) public debt financing sale of government gold reserves, was further boosted to ¥10 trillion with the caveat that universities were expected to raise additional funds on their own.⁵⁴

⁵¹ Mari Yamaguchi, "Japan delays gender equality goals in new five-year plan", *AP News*, 25 December 2020, <https://apnews.com/article/shinzo-abe-japan-cabinets-yoshihide-suga-1d1359ec3d997d029a31c22475a5f917>, accessed 27 April 2021.

⁵² Kyodo, "Suga urges SDF to promote more women to senior posts".

⁵³ Bloomberg, "Japan to launch \$96 billion university fund by March 2022", *Japan Times*, 19 January 2021, <https://www.japantimes.co.jp/news/2021/01/19/national/japan-university-fund/>, accessed 27 April 2021.

⁵⁴ Ibid.

- 8.2 This funding was approved by the Suga administration in December 2020 to reinstate Japan's place in global academic rankings, close the funding difference between Japanese universities and its peers, and stop Japan's plunge in top-ranking academic publications from fourth to 11th place in the world in the past 20 years.⁵⁵

Japan's Determination: To Host a Successful 2021 Summer Olympics

- 9.1 On 4 December 2020, Prime Minister Suga declared his steadfast dedication to host the Tokyo Olympics and Paralympics in the summer of 2021. In his pre-recorded speech to the UN General Assembly special session on the novel coronavirus, Suga stated his intention to make the Olympics "safe and secure... [as a show of] proof that humanity has defeated the pandemic", adding he "will continue to spare no effort to bring about ...games that are safe and secure... so as to... realize a 'united world', not a 'divided world', in the face of this challenge [posed by the pandemic]".⁵⁶
- 9.2 If the 2021 Tokyo Olympics is eventually held, it may be a potential trump card for the Suga administration. If organised successfully and managed creatively without triggering greater infection rates domestically, the Suga administration would have held an unprecedented Olympics that not only demonstrated human resilience in the face of a pandemic but also burnished Japan's soft power to the world.
- 9.3 The Japanese government is in the process of devising innovative ways to host the games with regular viral tests and the wearing of digital tracking bands. It will be held without the in-person attendance of foreign audiences, with the grand sumo tournaments serving as dry runs for the actual events. The rules for domestic audiences are still being considered.
- 9.4 A general election is needed before the Lower House lawmakers' terms expire on 21 October 2021. If the Tokyo Olympics turns out to be a great success despite the

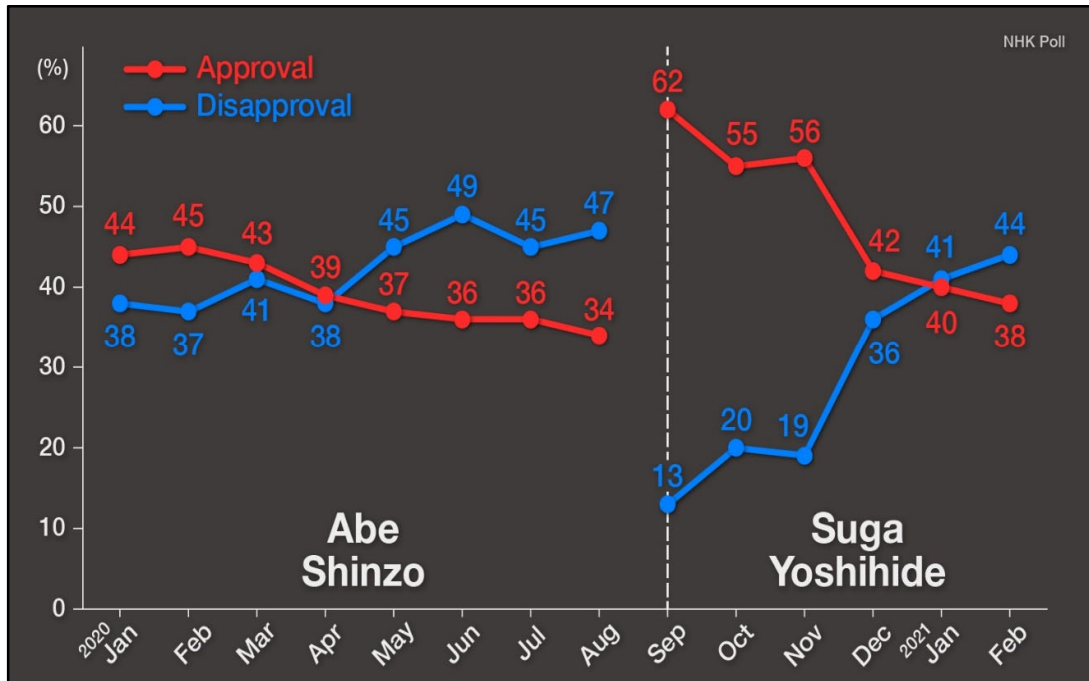
⁵⁵ Ibid.

⁵⁶ "Japan's Suga repeats vow to host Olympics despite coronavirus surge", *Kyodo News*, 4 December 2020, <https://english.kyodonews.net/news/2020/12/5c551fc09eda-japans-suga-repeats-vow-to-host-olympics-despite-coronavirus-surge.html>, accessed 27 April 2021.

pandemic, it may boost the national mood in the short run and open a political window for Suga to exercise his prerogative as prime minister to dissolve the Lower House and call for a snap election. Buoyed by a successful Olympics, the LDP may lose fewer seats than anticipated and Suga may be reelected as prime minister.

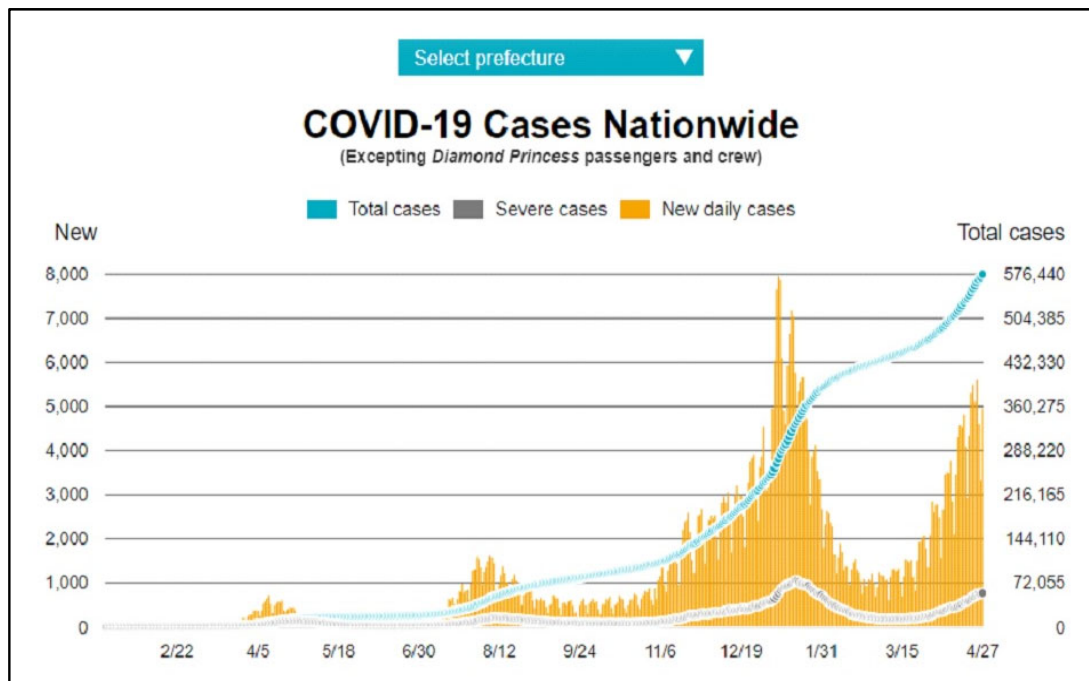
- 9.5 If the Tokyo Olympics turns out to be a failure resulting in another major wave of infections and a concomitant economic downturn, the LDP may lose many seats to the opposition in the forthcoming Lower House Election while maintaining its political power as a coalition government (with Komeito, Nippon Ishin and other smaller parties). If the second scenario becomes reality, Suga may have to resign as prime minister and become another short-lived Japanese political leader (see Annex D), leaving Japan in a politically rudderless state again.

Annex A Popularity Ratings of Abe Shinzo and Suga Yoshihide



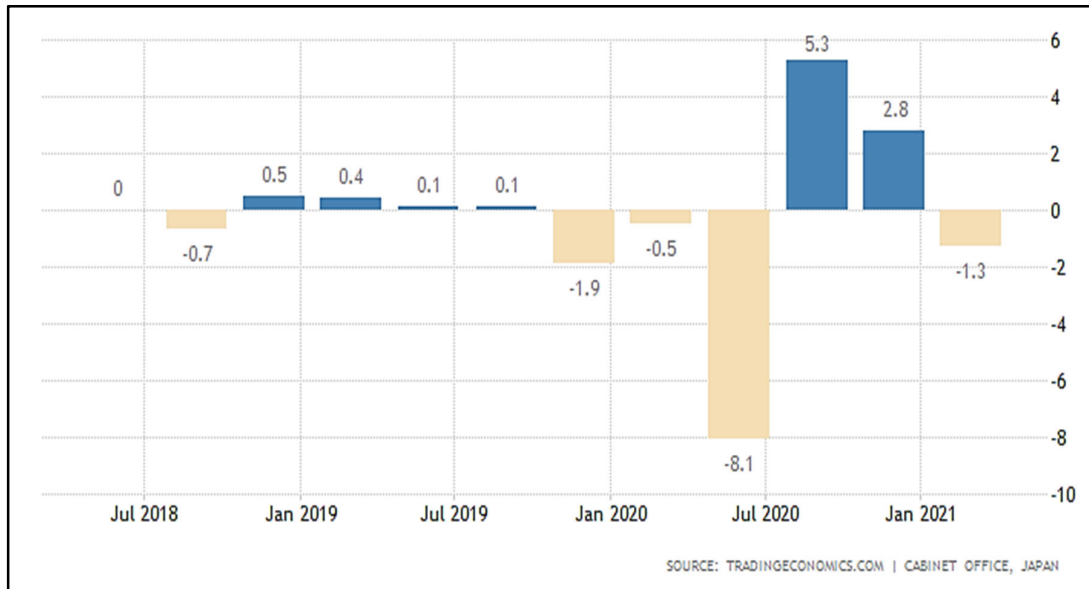
Source: NHK, “Suga’s approval rating continues to slide” dated 9 February 2021 in NHK [downloaded on 9 February 2021], available at <https://www3.nhk.or.jp/nhkworld/en/news/backstories/1506/>.

Annex B



Source: Nippon.com, “COVID_19 Cases Nationwide” dated 27 April 2021 in Nippon.com [downloaded on 27 April 2021], available at <https://www.nippon.com/en/japan-data/h00657/>.

Annex C Japan GDP Growth Rates



The Japanese economy shrank 1.3% on quarter in Q1 2021, compared with market estimates of a 1.2% fall and after a 2.8% growth in the previous period, a preliminary reading showed. This was the first contraction since Q2 2020, amid a resurgence of COVID-19 cases and slow vaccine rollouts. Private consumption fell for the first time in three quarters (-1.4% vs 2.2% in Q4); government spending dropped for the first time in a year (-1.8% vs 1.8%); and public investment declined for the first time in seven quarters (-1.1% vs 1.1%). Capital expenditure also shrank 1.4%, swinging from a 4.3% growth in Q4. At the same time, net external demand subtracted 1.7% points from growth as exports rose 2.3% while imports grew at a faster four per cent. On an annualised basis, the economy contracted 5.1% in Q1, worse than consensus of a 4.6% drop and reversing from an 11.6% expansion in Q4.

Source: Cabinet Office Japan, “Japan GDP Growth Rates” in Trading Economics [downloaded on 19 May 2021], available at <https://tradingeconomics.com/japan/gdp-growth>.

Annex D List of Japanese Prime Ministers since Yasuhiro Nakasone

Name of Prime Minister	Years of Term	Total Duration
Nakasone Yasuhiro	1982 6 November 1987 Nakasone I 1983 Nakasone II 1986 Nakasone II	4 years and 345 days
Takeshita Noboru	1987 3 June 1989 Takeshita	1 year and 210 days
Uno Sōsuke	1989 10 August 1989 Uno	69 days
Kaifu Toshiki	1989 5 November 1991 Kaifu I 1990 Kaifu II	2 years and 88 days
Miyazawa Kiichi	1991 9 August 1993 Miyazawa I	1 year and 278 days
Hosokawa Morihiro	1993 28 April 1994 Hosokawa I	263 days
Hata Tsutomu	1994 28 April 1994 Hata I 30 June	64 days
Murayama Tomiichi	1994 11 January 1996 Murayama I	1 year and 196 days
Hashimoto Ryutaro	1996 30 July 1998 Hashimoto I 1996 Hashimoto II	2 years and 201 days
Obuchi Keizō	1998 5 April 2000 Obuchi	2 years and 201 days
Mori Yoshiro	2000 26 April 2001 Mori I 2000 Mori II	1 year and 22 days
Koizumi Junichiro	2001 26 September 2006 Koizumi I 2003 Koizumi II 2005 Koizumi III	5 years and 154 days
Abe Shinzō	2006 26 September 2007 Abe S. I	1 year and 1 day
Fukuda Yasuo	2007 24 September 2008 Fukuda Y	365 days
Asō Tarō	2008 16 September 2009 Asō	358 days
Hatoyama Yukio	2009 8 June 2010 Hatoyama Y	266 days
Kan Naoto	2010 2 September 2011 Kan	1 year and 87 days
Noda Yoshihiko	2011 26 December 2012 Noda	1 year and 116 days
Abe Shinzō	2012 16 September 2020 Abe S. II 2014 Abe S. III 2017 Abe S. IV	7 years and 266 days
Suga Yoshihide	2020 Incumbent	Ongoing

Source: Lim, Tai Wei (Compiler), List of Prime Ministers Since Yasuhiro Nakasone dated 27 April 2021 and Wikipedia, “List of prime ministers of Japan” dated 27 April 2021 in Wikipedia [downloaded on 27 April 2021], available at https://en.wikipedia.org/wiki/List_of_prime_ministers_of_Japan.