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水 WEDNESDAY, DECEMBER 20, 2023

Officials search LDP's Abe and Nikai factions

## Prosecutors raid sites linked to fund scandal

ERIC JOHNSTON
STAFF WRITER

Special investigators from the Tokyo Public Prosecutor's Office raided the offices of two Liberal Democratic Party factions on Tuesday morning as part of their widening investigation into a political funds scandal that has rocked Prime Minister Fumio Kishida's administration.

The raids involved the offices of the 99-member Seiwa Seisaku Kenkyukai faction, once led by former Prime Minister Shinzo Abe, and the 40-member Shisuikai, led by former LDP Secretary-General Toshihiro Nikai. They were the latest development in an ongoing investigation by Tokyo prosecutors into allegations that unreported kickbacks from the sale of tickets for political party fundraisers over a five year period through 2022 may have amounted to around ¥500 million for the Abe faction and over ¥100 million for the Nikai faction.

The scandal revolves around the issue of unreported kickbacks. Faction members were given a quota for selling tickets for fun-

draising parties. Revenue from ticket sales that exceeded their quota was kicked back to them but kept off the books in violation of the political funds law.

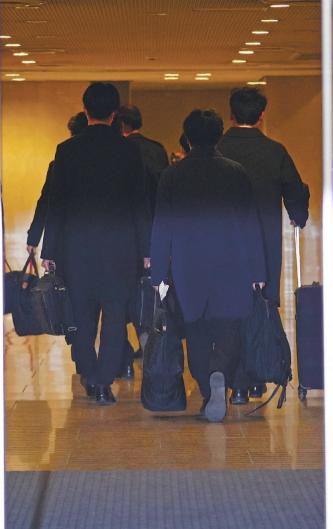
Speaking to reporters Tuesday afternoon, Kishida, citing his responsibilities as prime minister, refrained from commenting on the details of the investigation. "But I believe the LDP must also work, with a strong sense of urgency, to restore public confidence," he said.

LDP Secretary-General Toshimitsu Motegi expressed "deep regret" over the raids at a news conference Tuesday morning. "We take this matter very seriously and will take the necessary measures to deal with it while closely monitoring future investigations," Motegi told reporters.

The scandal has hit the Abe faction particularly hard. Dozens of its faction members may have received kickbacks, including former Chief Cabinet Secretary Hirokazu Matsuno and former trade minister Yasutoshi Nishimura — both of whom were replaced last week.

Other Abe faction members caught up in







Prosecutors head to the office of the Liberal Democratic Party faction led by former Secretary-General Toshihiro Nikai in Tokyo on Tuesday. KYODO

the scandal, including LDP policy chief Koichi Hagiuda, parliamentary affairs committee Chairperson Tsuyoshi Takagi, and Upper House Secretary-General Hiroshige Seko, announced their resignations last week. They are expected to be replaced when Kishida makes party personnel changes on

While prosecutors continue to investigate how much money was kept off the books, senior Abe faction members, including Matsuno, have been accused of receiving more than ¥10 million over the five year period.

Other Abe faction members may have received much more, including Upper House member Yasutada Ono, who is suspected of

receiving about ¥50 million, while Lower House members Yoshitaka Ikeda and Yaichi Tanigawa are believed to have received around ¥40 million each.

Investigating the scandal is an unusually large team of Tokyo prosecutors. They have already questioned lawmakers'

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#### Nippon Steel defends buying U.S. Steel at a premium

BLOOMBERG

Nippon Steel has defended the whopping premium it's paying for United States Steel, as the Japanese company seeks to reinforce its position as a global titan amid a weak domestic outlook.

The surprise \$14.1 billion acquisition announced Monday would create the world's second-biggest steel producer with plants stretching from Slovakia to Osaka and Pennsylvania.

The deal represents a 142% premium to U.S. Steel's share price on the last day of trading before it announced its strategic review, and is nearly double the roughly \$7.25 billion offered by fellow U.S. steelmaker Cleveland-Cliffs in August.

"We want to complete a global network for a new era in the industry," Eiji Hashimoto, Nippon Steel's president, told media outlets in Japan on Tuesday, adding that the U.S. is an economic leader. "We believe that there is sufficient economic rationale."

This is the biggest move so far by Nippon Steel, Japan's biggest steelmaker, to shift focus abroad as demand at home dwindles. Japan's crude steel production has been on a downward trend, with output falling to about 96 million tons in fiscal 2021 from about 122 million tons in fiscal 2007.

For Nippon Steel, the transaction provides a large foothold in the American steel industry when U.S. demand is poised to benefit from rising infrastructure spending. U.S. Steel is a key supplier to the lucrative automotive market in particular.

The Japanese company has been seeking growth overseas as it faces a slowdown in demand at home, combined with a weakening yen and a surge in competition across

Cliffs indicated that it was refocusing on share buybacks as a use of capital — choosing to walk away rather than doubling down on its pursuit. European giant ArcelorMittal, which had also been reported as a potential

buyer, gained 5.3%.

The deal announced Monday would create a steel giant with plants stretching from Slovakia to Osaka and Pennsylvania.

The combined firm would be the world's second-biggest steelmaker with more than 86 million tons of capacity, leapfrogging 

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## BOJ holds off on policy normalization despite growing pressure

**KAZUAKI NAGATA** STAFF WRITER

The Bank of Japan maintained its dovish stance in its last policy meeting of the year, although markets have been exhibiting a belief that the central bank is edging toward policy normalization.

The Tuesday meeting had been expected to be a nonevent until BOJ Gov. Kazuo Ueda said earlier this month that his job would be "more challenging from the year-end to next year."

Ueda's comment during a parliamentary

session on Dec. 7 increased expectations that the central bank might send some signals of a policy change at its December meeting. This speculation sharply accelerated the yen's appreciation, with the currency gaining against the dollar to the ¥141 range from the ¥147 level prior to the remark.

Asked whether he had intended to hint at an earlier normalization, Ueda said in a news conference Tuesday that his remark was about his general stance as he heads into his second year, adding that he needs to further brace himself for the challenges of managing monetary policy.
While some people are speculating that

the BOJ might scrap its negative rate policy in January, such a scenario now seems "quite unlikely," said Toru Suehiro, chief economist at Daiwa Securities, with the central bank's statement from the Tuesday meeting effectively including no hints of a change.

It is said that while surprises can help monetary easing work more effectively, "monetary tightening is basically bad for the economy, so a surprise is not really desirable in theory," he said. Because the negative rate policy causes complications for banks, "I think the BOJ will lay the groundwork for banks to make

preparations (for a change)," Suehiro said. In the news conference, Ueda hinted that the BOJ still needs more time to make a decision, saying that although the BOJ is growing more convinced that the stable and sustainable 2% inflation target is in sight, "we still need to make sure that the virtuous cycle of wage (growth) and price (hikes) will be stronger in the future."

Many economists believe that the BOJ

is looking to make major moves and shift away from a decadelong monetary stimulus, such as by ending the negative interest rates and yield curve control (YCC) program, in April.

Waiting until that month will give the central bank time to monitor the wage growth trend that emerges from labor union negotiations next spring, allowing the BOJ to confirm that the 2% inflation target is in sight.

Although the inflation rate has topped 2% for nearly two years, that is largely due

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### Aiming to safeguard shipping U.S.-led force to patrol Red Sea in response to Houthi attacks | WORLD, PAGE 6

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## Trilateral data sharing on N.K. missiles begins

**JESSE JOHNSON**STAFF WRITER

Japan, South Korea and the United States on Tuesday fully activated a trilateral real-time system for sharing data on tracking North Korean missiles, as Pyongyang confirmed that it tested a solid-fueled intercontinental

ballistic missile a day earlier.

"The launch of the real-time sharing mechanism will make it possible to share missile warning data among the three countries on a continuous basis," their defense chiefs said in a statement. "This marks a new page in defense cooperation among our three nations."

The three partners also jointly established a multiyear plan for trilateral military drills, part of a November agreement reached by their defense chiefs as Seoul, Tokyo and Washington seek close security ties to better defend from and deter North Korea's growing nuclear and missile threats.

The statement said the multiyear joint exercise plan "will enable the three countries to conduct their training in a more systematic and efficient manner by regularizing it in the future."



"Amid a very difficult security environment, including the situation in North Korea, cooperation among the three countries is indispensable for regional peace and stability," it added.

The announcement came just hours after North Korea confirmed that it had test-fired one of its most powerful intercontinental ballistic missiles in a "launching drill" that leader Kim Jong Un said had "sent a clear signal to the hostile forces," the official Korean Central News Agency reported Tuesday.

A North Korean Hwasong-18 intercontinental ballistic missile is launched from an unknown location in this undated image released Tuesday. KCNA/VIA

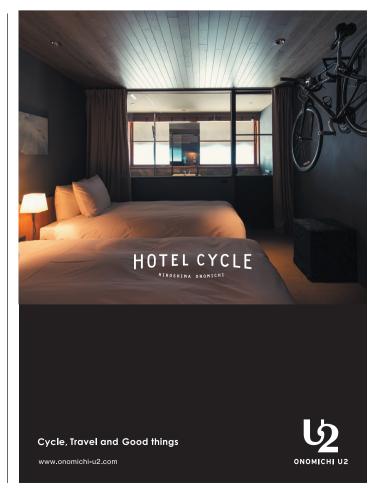
REUTERS

Monday's flight test of the solid-fueled Hwasong-18 ICBM saw the weapon fly for about 73 minutes before splashing down into waters outside Japan's exclusive economic zone, approximately 250 kilometers west of Hokkaido's Okushiri Island, according to the Japanese Defense Ministry.

The drill, KCNA said, was aimed at reviewing "the combat readiness of the DPRK's nuclear war deterrence and confirm its mobility, combat capability and reliability." DPRK is the acronym for the North's formal name, the Democratic People's Republic of Korea.

Kim, who oversaw the test with his young daughter and senior officials, warned that it had demonstrated the actions North Korea would take "when Washington makes a wrong decision against it," with the strongman ordering "new important tasks for accelerating the development of the DPRK's nuclear strategic forces."

The missile was launched on a "lofted" trajectory, meaning it had been fired on a steep vertical path, hitting a maximum altitude of more than 6,000 km and traveling around 1,000 km, according to Tokyo. In its report,



The Japan Times

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