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Top spokesman believed to have taken kickbacks

# Kishida walks tightrope over funding claims

ERIC JOHNSTON  
STAFF WRITER

Prime Minister Fumio Kishida was forced to walk a political tightrope after it was reported Friday that Chief Cabinet Secretary Hirokazu Matsuno received ¥10 million (\$69,300) in kickbacks — the latest revelation in a widening political funds scandal.

Matsuno, who belongs to the Liberal Democratic Party's largest faction, which was led by former Prime Minister Shinzo Abe, avoided directly responding to specific allegations during parliamentary questioning by the opposition on Friday.

Kishida also deflected questions about the chief cabinet secretary.

While Matsuno, who is facing opposition party calls to step down, has said he has no intention of resigning, the allegations will no doubt further damage Kishida. His administration is already grappling with an investigation by Tokyo prosecutors into suspicions that for years LDP factions underreported revenue received from fundraising party

ticket sales and passed the nonreported money on to faction members.

In the Lower House on Friday, Yukio Edano, a Constitutional Democratic Party of Japan lawmaker and a former chief cabinet secretary, pressed Kishida and Matsuno on the reports that the top government spokesperson had received ¥10 million in kickbacks, and whether Kishida had spoken to Matsuno about the funds.

But the prime minister fudged his response, saying only that he promised to treat the allegations seriously.

"There are various reports (about Matsuno). We have to take appropriate measures to deal with the real situation. However, there is a risk that my response to your points at this moment may affect the investigation. I will refrain from giving you an answer," Kishida said.

Pressed over how he handled the off-the-books money, Matsuno also avoided a direct reply.

"I'm aware that criminal charges have been filed against my faction in relation to politi-



Prime Minister Fumio Kishida and Chief Cabinet Secretary Hirokazu Matsuno attend a Cabinet meeting in Tokyo on Friday. Jiji

cal funds and that an investigation is currently underway in relation to these charges," he said after a brief, testy exchange with Edano.

Last month, it was reported that between 2018 and 2021, five factions, including Kishida's, amassed ¥40 million in party ticket sales that was not reported as required by law. Other factions, including those headed by LDP Vice President Taro Aso, LDP Secretary-General Toshimitsu Motegi and former Secretary-General Toshihiro

Nikai, also gave kickbacks, the reports said.

Attention became more focused on the Abe faction after a Dec. 1 article in the Asahi Shimbun said that it had failed to report ¥100 million in party ticket sales between 2018 and last year. Tokyo prosecutors are investigating the scandal, including where the money from Abe faction members went and the role of senior faction leaders such as Matsuno in its disbursement.

Matsuno is believed to have received kick-

backs from the faction totaling more than ¥10 million over the last five years, Kyodo News reported. The money was allegedly used as a slush fund, as it was not included in Matsuno's political funds balance report.

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Unpacking the scandal rocking the LDP to its core

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## Economic contraction clouds path ahead for BOJ

YOSHIAKI NOHARA  
BLOOMBERG

Japan's economy shrank at the sharpest pace since the height of the pandemic, an outcome that complicates the policy path for the Bank of Japan amid soaring speculation it is edging closer to scrapping the world's last negative rate regime.

Gross domestic product contracted at an annualized 2.9% in the three months through September from the previous quarter as households reined in spending, revised figures from the Cabinet Office showed Friday.

The updated figure marked the deepest drop since spring 2020 and compared with a preliminary reading of minus 2.1% and consensus estimates of a slightly narrower contraction.

The revised results confirm that Japan's economic recovery from the pandemic lost momentum during the summer, with the outlook also shaky as overseas economies slow and sticky inflation weighs on domestic consumption.

Separate monthly data indicated more weakness in the current quarter, with household spending falling 2.5% in October from a year earlier, an eighth straight drop. Nominal wage gains of 1.5% in the month still left pay increases well short of the inflation that is weighing on consumer spending.

Taken together, Friday's figures complicate the calculus for the central bank as authorities wait for more evidence that a positive wage-price cycle is in place before stepping back from a massive stimulus experiment of more than a decade.

They also offer little respite for Prime Minister Fumio Kishida as he battles record low poll ratings amid criticism over a fundraising scandal and his measures to tackle the impact of inflation.

"The revised data and the spending report show signs of weakness for consumption," said Nobuyasu Atago, chief economist at Rakuten Securities Economic Research Institute. "It's risky for the BOJ to end the negative interest-rate policy when the economy is already getting worse."

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## Japan-born U.S. national continues citizenship fight

ANIKA OSAKI EXUM  
FUKUOKA  
STAFF WRITER

For Yuri Kondo, a Japan-born American citizen, her legal fight against Japan's ban on dual nationality is not just about her.

On Wednesday, her lawsuit against the government over the constitutionality of the ban was dismissed by the Fukuoka District Court.

The decision has implications for possibly tens of thousands of others who have both a Japanese passport and another from a different country despite the ban. And for them, she's ready to keep fighting.

"It's the greatest thing I've done," she said.

The 76-year-old lawyer became a U.S. citizen in 2004, and filed the lawsuit in 2022 after being flagged by government officials as having more than one nationality, putting her Japanese citizenship status in limbo.

Wednesday's ruling states that Kondo no longer has Japanese citizenship because she became a U.S. citizen, dismissing her plea to recognize that she is still a Japanese national. Her team intends to appeal against the decision to a higher court.

Having spent nearly four decades living in the United States, Kondo never imagined herself taking legal action in the country of her birth. In fact, the day she filed her lawsuit was the first time she'd gone to a Japanese court.

In its most recent estimate from 2018, the Justice Ministry said that around 925,000 people potentially had dual nationality. Kondo believes that if the figure is correct, there may now be over a million people at risk of losing their Japanese citizenship as she did.

Several hundreds of those people have reached out to her over 25 years, even before she filed her suit, which has now garnered

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Yuri Kondo ANIKA OSAKI EXUM



**The management buyout effect**

Surge has amplified best rally in a decade for Japanese stocks | **BUSINESS, PAGE 3**

**NOTICE:** Due to a newspaper holiday on Dec. 10, there will be no issue of The Japan Times / The New York Times International Edition on Dec. 11. The press holiday is to provide time off for delivery personnel.

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## Amid concerns, EU takes strong stance in Beijing

◎Analysis

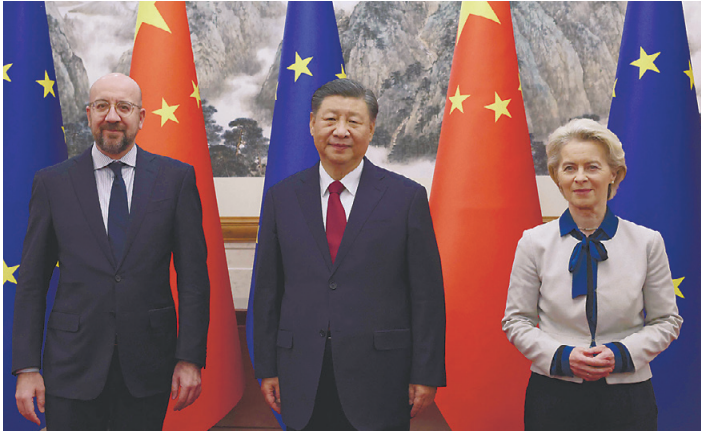
GABRIEL DOMINGUEZ  
STAFF WRITER

The European Union's top officials had a strong message when they met Chinese leaders Thursday in the two sides' first in-person summit in four years: Things must change if they are to get better.

Europe's top two officials, European Commission President Ursula von der Leyen and European Council head Charles Michel, visited Beijing with a list of economic grievances, calling on Chinese leader Xi Jinping to improve market access for products from the bloc's 27 member states and address a trade deficit that has ballooned to more than \$400 billion — a situation Brussels views as "unsustainable."

"If you just look at the last two years, the trade deficit has doubled. This is a matter of great concern for a lot of Europeans," von der Leyen said during a news conference alongside Michel, who struck a similar tone.

With €2.5 billion (\$2.48 billion) in goods traded per day, the EU-China relationship is "one that matters," Michel said.



"But we need to make our trade and economic relations more balanced, reciprocal and mutually beneficial," he added, with Brussels pushing to "resolve irritants" and level the playing field with its largest economic partner.

The main factors behind China's massive trade surplus, said the officials, involve a lack of market access for European companies, Beijing's preferential treatment of domestic companies, as well as manufacturing over-

**Chinese leader Xi Jinping meets European Commission President Ursula von der Leyen and European Council President Charles Michel in Beijing on Thursday.** EUROPEAN COUNCIL PRESS SERVICE / VIA AFP-JIJI

capacity in China for products such as steel and electric vehicles that have flooded foreign markets.

In October, Brussels launched an anti-subsidy probe into EV imports from China, arguing that their price is being "kept artificially low" owing to "huge state subsidies," a move that has been heavily criticized by Beijing.

Meanwhile, the EU officials, who met Chinese Premier Li Qiang in a separate session, made it clear that Brussels intends to "de-risk" economic ties with Beijing.

The aim, they said, is to reduce "excessive dependencies" and increase supply chain resilience, a process that Beijing appears to want to hinder — or at least delay — as the EU already plans to restrict the flow of sensitive tech to China.

"Beijing is concerned that the EU de-risking strategy will reduce China's influence and limit its development toward a tech superpower," said Roderick Kefferputz, director of the Heinrich-Boll-Stiftung European Union think tank.

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**Roundtable:**

Sustainability with Ross Rowbury

**Date and time:**

**Tuesday, Dec. 12, 2023**

**10:30 to 11:40: Talk session**

**11:50 to 13:00: Lunch and discussion**

**Location: The Japan Times**

Audience participation limited to 10 people.

To join, use the QR code or visit:

**https://peatix.com/event/3778560**



How the Japan Times is shaping the narrative for environmental progress



**Guest: Chris Russell**

Senior News Editor at The Japan Times

Chris Russell is a senior news editor at The Japan Times, and in that role he helps shape the paper's business coverage and jointly oversees the Our Planet page focused on the environment and climate change. He also finds time to write stories of his own, covering everything from U.N. climate negotiations to Tokyo's club scene.

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