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Monopoly fears pit against competitive potential

The NTT Law: Good or bad for business?

◆Focus
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STAFF WRITER

Is it better to release the decadeslong shackles on telecom giant NTT so that it can compete against global players such as Google and Microsoft? Or would that let the genie out of the bottle and lead NTT to monopolize Japan's communications market?

A ruling Liberal Democratic Party idea, first floated June, to sell the government's NTT shares to finance Prime Minister Fumio Kishida's defense spending increase has now morphed into something else — what to do with the law regulating NTT's business activities.

And it has reignited a battle between NTT and its rivals KDDI, SoftBank and Rakuten over the past few months, with a key LDP panel holding its fate — and possibly the fate of the mobile carrier industry — in its hands.

The NTT Law requires the government to own a third or more of NTT. But the proposal on how to secure increased funding for defense said that may need to be revised, with the technological and business landscape having changed greatly since 1984, when the law was enacted. The government held about 34% of the stake as of September, with this worth roughly ¥5 trillion.

The debate heated up last week after the LDP panel reportedly compiled a draft proposal that would entail the law being scrapped by 2025, with the aim of beefing up NTT's competitiveness. That move essentially saw the panel side with NTT.

Some LDP members have seen the debate as a golden opportunity to free NTT from existing restrictions and increase its international competitiveness against global tech giants in the realms of artificial intelligence and other emerging technologies.

NTT's history goes back to 1952, when state-run Nippon Telegraph and Telephone Public (NTP) was established with a mis-

sion of rebuilding and improving Japan's communications infrastructure after the severe damage caused by World War II.

With fixed phone services having become more common in the 1980s as the Japanese economy boomed, the government moved to nominally privatize NTP to create competition in the telecom industry.

Given that NTP possessed massive telecommunication infrastructure assets — built with taxpayers' money — along with advanced technologies and manpower, the NTT Law was enacted in 1984 ahead of its privatization the following year, with this restricting its activities to secure fair competition and protect NTT's assets from foreign companies.

The NTT Law applies to the main holding company as well as NTT East and NTT West, its regional fixed-line operators. The NTT group itself has more than 950 subsidiaries.

Because NTT, NTT East and NTT West have to conform to the NTT Law, they operate under strict rules that a normal private company would not be subject to. For instance, because communications infrastructure is crucial to daily life, NTT West and NTT East are obligated to provide phone access anywhere in the country, even if it is unprofitable.

The companies are also banned from changing their names, and they are obliged to disclose their research and development. In addition, as NTT East and NTT West took on the nation's communication infrastructure, built when NTT was a public entity, they are not allowed to merge into a single company.

NTT claims that the law has fulfilled its role and no longer matches the current business environment.

When the law was created, NTT monopolized the fixed landline infrastructure and related services. But now, broadband and mobile communication services have become the main field of competition.

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TOWERING ABOVE THE REST



Azabudai Hills Mori JP Tower, Japan's tallest skyscraper at 330 meters, towers over Tokyo's Minato Ward as it is unveiled to the media on Monday ahead of its opening later this week. Jiji

U.S. envoy tapped in Taiwan race

De facto ambassador named running mate of DPP's Lai Ching-te

JESSE JOHNSON
STAFF WRITER

Taiwanese Vice President Lai Ching-te, the front-runner in January's presidential election, named the democratic island's former envoy to the United States as his running mate on Monday, as a tie-up agreement by his top two rivals for the presidency crumbled.

Lai, 64, the ruling Democratic Progressive Party's candidate, wrote on his Facebook page that he would tap Hsiao Bi-khim, 52, a fluent English speaker who had been Taiwan's de facto ambassador to the United States since 2020 and has deep ties to Washington, to join him on the DPP ticket.

"I believe that Bi-khim is definitely an excellent person when it comes to Taiwan's diplomatic work today, and she is a rare dip-

lomatic talent in our country," Lai wrote.

At a news conference at Lai's campaign headquarters in Taipei later Monday, the vice president officially named Hsiao as his running mate.

Hsiao, who worked in the office of then-Taiwanese President Chen Shui-bian and later became a DPP lawmaker before becoming de facto ambassador to the U.S., resigned from her envoy post on Monday morning, Taiwan's Foreign Ministry said ahead of the announcement by Lai.

Although long seen as Lai's presumptive running mate, the formal announcement could still provide his campaign with a boost.

The pick comes less than a week after Lai's two top opposition rivals for the presidency, the Kuomintang's Hou Yu-ih and Taiwan People's Party chief Ko Wen-je, agreed to look into running on a joint ticket — a move that would present the DPP front-runner with his first credible challenge less than two months before the Jan. 13 election.

But that push appeared to falter over the weekend, with the two parties falling

to agree on which candidate would run as president and vice president. Candidates must register with the election commission by Friday.

In his Facebook post, Lai contrasted the divisions between the two leading opposition parties with his team, which he said can work together "to forge a consensus among the people of Taiwan and unite all forces to win the election."

Hsiao is a close confidante of outgoing President Tsai Ing-wen, and is reviled by China, which has called her a "die-hard secessionist" and sanctioned her twice — most recently in April for allegedly "colluding with the U.S." and intentionally provoking confrontation between the both sides of the Taiwan Strait. Chinese state-run media said her actions "fully exposed her ill-intentioned motives of seeking 'Taiwan independence.'"

China claims Taiwan is a rogue province that must be united with the mainland, by force if necessary. Beijing has ramped up military exercises and "combat patrols" around

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Argentina elects radical outsider president

NICOLAS MISCOLIN
AND WALTER BIANCHI
BUENOS AIRES
REUTERS

Argentina elected libertarian outsider Javier Milei as its new president on Sunday, rolling the dice on an outsider with radical views to fix an economy battered by triple-digit inflation, a looming recession and rising poverty.

Milei, who rode a wave of voter anger with the political mainstream, won by a wider-than-expected margin. He landed some 56% of the vote versus just over 44% for his rival, Peronist Economy Minister Sergio Massa, who conceded.

"The model of decadence has come to an end, there's no going back," Milei said in a defiant speech after the result, while also acknowledging the challenges that face him.

"We have monumental problems ahead: inflation, lack of work, and poverty," he said. "The situation is critical and there is no place for tepid half-measures."

In downtown Buenos Aires hundreds of Milei supporters honked horns and chanted his popular refrain against the political elite



— "out with all of them" — as rock music played from speakers. Some people set off fireworks as excitement spread.

"We came to celebrate this historic triumph," said Efraim Viveros, a 21-year-old student from the province of Salta. "I'm honestly ecstatic. Milei represents change, for the better. With Massa we'd have had no future, our future has returned."

Milei is pledging economic shock therapy.

Javier Milei (left) celebrates with his sister Karina Milei after winning the presidential election runoff at his party headquarters in Buenos Aires on Sunday. AFP-Jiji

His plans include shutting the central bank, ditching the peso, and slashing spending, potentially painful reforms that resonated with voters angry at the economic malaise.

"Milei is the new thing, he's a bit of an unknown and it is a little scary, but it's time to turn over a new page," 31-year-old restaurant worker Cristian said as he voted on Sunday.

Milei's challenges are enormous. He will have to deal with the empty coffers of the government and central bank, a creaking \$44 billion debt program with the International Monetary Fund, inflation nearing 150% and a dizzying array of capital controls.

Some Argentines had characterized the vote as a choice of the "lesser evil": fear of Milei's painful economic medicine versus anger at Massa and his Peronist party for an economic crisis that has left Argentina deeply in debt and unable to tap global credit markets.

Milei has been particularly popular among the young, who have grown up seeing their country lurch from one crisis to another.

"Perhaps not everything Milei says I agree

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Roundtable:

Sustainability with Ross Rowbury

Date and time:

Tuesday, Nov. 28, 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:

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Redefining impact work with AI and blockchain

Guest: Seira Yun

This serial impact entrepreneur, angel investor and full-stack developer has led teams at the Red Cross, the UNHCR and social ventures. Drawing lessons from his journey as a migrant, autistic individual and proud pansexual queer, he is passionate about social change and uses his master's in social innovation from Cambridge to merge tech with purpose.

Contact: jtc-csinfo@japantimes.co.jp Roundtable by the japan times