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It's unclear whether measures will help boost Kishida's flagging support

PM unveils stimulus plan worth ¥17 trillion

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STAFF WRITERS

Prime Minister Fumio Kishida on Thursday revealed an approximately ¥17 trillion (\$113 billion) economic stimulus package, which includes a contentious plan to cut taxes, amid widespread skepticism about the measures within his own Liberal Democratic Party.

It remains unclear whether the measures, aimed at mitigating the impact of rising prices on households, will help boost Kishida's dwindling support rate as the government faces the need to increase taxes to fund hikes in defense and child care spending.

The package, approved by the Cabinet in the evening, also includes provisions aimed at bolstering the supply of goods and services in the market and creating the conditions for continuous pay hikes.

A supplementary budget proposal — worth a total of ¥13.1 trillion — to back the package will be submitted to parliament in the upcoming weeks for cross-party discussion.

In a news conference on Thursday evening, Kishida said the next fiscal year, which begins in April, will be crucial for establishing wage increases that exceed inflation, thereby enabling Japan to completely break away from deflation. He specifically noted the importance of spring wage negotiations between labor unions and companies.

“By combining wage hikes with the

income tax cut, I hope to create a situation where the increase in the income of the people will be higher than the rise in prices in the summer of next year,” Kishida said.

“That will be when people start to feel the synergy” of wage hikes and tax cuts, he said.

While the budget undergoes discussion in parliament, the tax committees of the LDP and its junior coalition partner, Komeito, will scrutinize the government's fiscal proposals and put together tax proposals for the next fiscal year, which starts next April.

At a time of steady inflation and wages falling in real terms, Kishida has repeatedly emphasized his intention to boost workers' disposable income to stave off the possibility of falling back into deflationary conditions. Still, the prolonged weakness of the yen has raised the cost of imports, leading to soaring prices and hitting the purchasing power of households.

Together with cuts to income and residence taxes worth a total of ¥40,000 per person, the package includes cash subsidies for households already exempted from paying the levies, with such households slated to receive an additional ¥30,000 in cash handouts on top of ongoing subsidies worth ¥70,000.

Those who don't fall into this category but, given their position just above the threshold, still earn too little to enjoy the full advantage of the ¥40,000 tax cut will benefit from as yet unclear additional support.

Unlike the handouts — which will reach

their beneficiaries relatively quickly — the tax cuts will come into force only around next June, subject to the approval of a related law in parliament next spring.

As part of this package, existing gasoline subsidies slated to finish around the end of the year will be extended through April. On top of that, investments in batteries along with additional energy allowances for electricity and gas will be included.

In an effort to improve Japan's position in the semiconductor sector — a pillar of the Kishida administration's economic security strategy — the government will set aside previously announced funds for potential cooperation with chipmaking giant Taiwan Semiconductor Manufacturing Co. in the construction of a second plant in Kumamoto Prefecture, where the first one is located.

The ¥13.1 trillion budget — slightly more than a third of the supplementary budget for 2021, which was worth ¥36 trillion — dwarfs figures seen in previous years but falls in line with a recent trend of earmarking large sums of money in additional budgets toward the end of the year.

Given the nation's significant public debt, experts have questioned the wisdom of increased spending, pointing to the importance of fiscal discipline.

In the news conference, Kishida reaffirmed his administration's goal of reaching a surplus in the primary balance — the difference between government revenue and spending



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Prime Minister Fumio Kishida speaks at a meeting with ruling coalition executives on the government's economic stimulus package at the Prime Minister's Office in Tokyo on Thursday. KYODO

on goods and services — and his hope that maintaining the positive economic momentum spurred by recent nominal wage growth would eventually benefit the nation's coffers.

In the upcoming weeks, the government will clarify how it intends to fund the measures, with Kishida so far only referring to the use of reserve funds.

The ruling parties have yet to reach a conclusion on the length of the tax cut, while opposition lawmakers have sharply criticized the government for a belated response to the rise in prices and see it as a move to entice voters ahead of a potential snap election.

“While there are various opinions on the year-end taxation debate, we'd like to reach a consensus on a plan that allows wage increases to catch up with rising prices,” Komeito leader Natsuo Yamaguchi told reporters after the meeting, expressing satisfaction with the package.

Whether the prime minister will be able to persuade the public of the benefits of the economic package remains to be seen.

According to a joint poll conducted last weekend by Nikkei and TV Tokyo, only 37% of respondents had hopes for the package, as opposed to 58% who said that they didn't have any expectations. Even LDP supporters voiced discontent regarding the tax cut, with 58% saying they didn't find it appropriate.

Asked what he thinks about the pejorative nickname “the four-eyed tax-hiker” that he has earned due to the expectation that he will raise taxes to fund spending increases, Kishida said he's focused on working for citizens and the country's economy.

“No matter what they call me, I will do what I believe is the right thing to do,” Kishida said in an attempt to dispel speculation that he pushed through the tax cut plan in order to get rid of this reputation.

When asked about a potential snap election earlier in the news conference, he said that he is not thinking about one at the moment.

10 Japanese with 8 Palestinian family members flee Gaza to Egypt

KANAKO TAKAHARA
STAFF WRITER

Ten Japanese nationals and their eight Palestinian family members were among about 300 foreign passport holders and others who fled the Gaza Strip for Egypt on Wednesday after the Rafah border was partially reopened.

Chief Cabinet Secretary Hirokazu Matsuno said Thursday that the 18 evacuated to Egypt by land, adding that they are not

facing any health problems. Doctors Without Borders' Japan office said in a separate statement that all three of its Japanese staff members working in Gaza had fled to Egypt. They may stay a few days in Egypt, the group said.

Another Japanese national who is married to a Palestinian and lives in Gaza intends to stay there with the family, Matsuno said.

At least 320 foreign citizens on an initial list of 500, as well as dozens of severely injured

Gazans, crossed into Egypt on Wednesday under a deal between Israel, Egypt and Hamas, the same day Gaza's Hamas-run government said at least 195 Palestinians had died in Israeli attacks on the Jabalia refugee camp.

Passport holders from Australia, Austria, Bulgaria, the Czech Republic, Finland, Indonesia, Italy, Japan, Jordan, the United Kingdom and the United States were evacuated.

Gaza officials said the Rafah border crossing would reopen on Thursday so more foreign

nationals could exit. A diplomatic source said some 7,500 foreign passport holders would leave Gaza over about two weeks.

Pressing an offensive against Hamas militants, Israel has bombed Gaza by land, sea and air in its campaign to wipe out the Iran-backed Islamist group after their cross-border rampage into southern Israel on Oct. 7. Israel said Hamas gunmen killed 1,400 people, mostly civilians, and took more than 200 hostages.

U.N. human rights officials said strikes on the camp could be a war crime.

“Given the high number of civilian casualties and the scale of destruction following Israeli air strikes on Jabalia refugee camp, we have serious concerns that these are disproportionate attacks that could amount to war crimes,” the U.N. High Commissioner for Human Rights wrote on social media site X.

The Gaza health ministry says at least 8,796 Palestinians in the narrow coastal

enclave, including 3,648 children, have been killed by Israeli strikes since Oct. 7.

Last month, a Self-Defense Forces plane was sent to collect 60 Japanese, 18 South Koreans and five foreign family members from Israel.

Matsuno said Wednesday that the government is making preparations to evacuate Japanese nationals from Israel again. Three SDF planes are on standby in Jordan.

Information from Reuters added

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Kim arming his neighbor
North Korea has sent 1 million artillery rounds to Russia, says South Korea | **WORLD, PAGE 5**

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U.S., Israel weigh post-Hamas Gaza peacekeepers

PETER MARTIN AND JENNIFER JACOBS
BLOOMBERG

The U.S. and Israel are exploring options for the future of the Gaza Strip, including the possibility of a multinational force that may involve American troops if Israeli forces succeed in ousting Hamas, people familiar with the matter said.

The people said the conversations have been impelled by a sense of urgency to come up with a plan for the future of Gaza now that a ground invasion has begun. A second option would establish a peacekeeping force modeled on one that oversees a 1979 Egypt-Israel peace treaty, while a third would see Gaza put under temporary United Nations oversight.

The people, who asked not to be identified discussing the sensitive matter, underscored that the conversations are still at an early stage and much could change. Some U.S. officials consider the options premature or unlikely. But U.S. Secretary of State Antony Blinken alluded to the challenge on Tuesday when he told a Senate panel that the U.S. was examining a range of options for the future of Gaza.



“We can't have a reversion to the status quo with Hamas running Gaza,” Blinken, who will travel to Israel on Friday, told the Senate Appropriations Committee. “We also can't have — and the Israelis start with this proposition themselves — Israel running or controlling Gaza.”

“Between those shoals are a variety of possible permutations that we're looking at very closely now, as are other countries,” he said.

Rescue efforts following an Israeli airstrike on the Jabaliya refugee camp in northern Gaza on Tuesday
GETTY IMAGES / VIA BLOOMBERG

White House spokesperson John Kirby said on Air Force One Wednesday that the U.S. is still talking to partners about what a post-conflict Gaza should look like, and “if that means some sort of international presence, then that's something we're talking about.” He said there are “no plans or intention to put U.S. military troops on the ground in Gaza, now or in the future.”

The State Department declined to comment on planning.

Israeli officials have said repeatedly that they don't intend to occupy Gaza, but they've also said that continued rule by Hamas is unacceptable after the Oct. 7 attack in which the group killed 1,400 Israelis and took more than 200 people hostage. There's also little evidence that the Palestinian Authority, which governs the West Bank, would be willing or able to take over Gaza. Hamas has been designated a terrorist group by the U.S. and the European Union.

Ophir Falk, a foreign policy adviser to Prime Minister Benjamin Netanyahu, said “a number of options have been raised for the day after Hamas. The prerequisite for all of

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Roundtable:
Sustainability with **Ross Rowbury**

Date and time:
Tuesday, Nov. 7, 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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Fostering sustainable change through citizen engagement and innovation



Guest: Mariko McTier
Join Mariko McTier, co-founder of Mymizu, to discuss how Mymizu is empowering citizens to co-create an unstoppable movement for sustainability, one bottle at a time.

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