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TODAY

NATIONAL

One Futenma strip

Tokyo pushes a single runway in Okinawa's Cape Henoko as a replacement for the U.S. Futenma base.

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ASIA-PACIFIC

Best stay healthy

North Korea's health care system is in shambles, with doctors sometimes performing amputations without anesthesia, a rights watchdog says.

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WORLD

U.N. checked fraud

The leader of the U.N. agency that roots out internal corruption steps down with no successor in sight.

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BUSINESS

Global strategy

NTT will buy South Africa's Dimension Data PLC to expand in the computer-services market.

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MARKET DATA

EQUITY INDEXES

Thursday: Close

Topix	856.80	↓ 14.13
Nikkei 225	9,685.53	↓ 109.71
Dow*	10,366.72	↑ 3.70
Nasdaq*	2,249.84	↑ 7.81

*previous trading day close

TOKYO FOREIGN EXCHANGE

Thursday: 5 p.m.

¥/\$	87.93-96	↑ .92
¥/€	112.02-05	↑ .95
¥/C	1.2738-2741	↓ .0023

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Panel votes to reopen Ozawa case

Prosecutors' decision not to charge DPJ kingpin 'unjust'

Jun Hongo
STAFF WRITER

Former Democratic Party of Japan Secretary General Ichiro Ozawa should be indicted over his alleged involvement in falsifying a 2007 report compiled by his political fund management body, an independent judicial panel concluded Thursday in yet another blow to the ruling DPJ.

The decision by the No. 1 Committee for the Inquest of Prosecution said the prosecutors' decision in February not to indict Ozawa was "unjust." Technically, however, the wording leaves open the possibility the 2007 case will be closed if the prosecutors decide once again not to indict Ozawa. However, if he is charged, he will face trial.

Three Ozawa aides were earlier charged with alleged misreporting of political funds, including in connection with money from at least one general contractor.

Ozawa, who stepped down from his position last month over political funds scandals, is also entangled in a case involving falsified fund reports in 2004 and 2005.

A special task force for the Tokyo District Public Prosecutor's Office will reinvestigate the 2007 case following Thursday's decision. "I am aware of the decision but will not comment on each specific case," Chief Cabinet Secretary Yoshito Sengoku told reporters. "I am certain the prosecutors will handle the matter appropriately. I will not comment on the impact that it may have on the government."

Ozawa, 68, has laid low following his exit from the DPJ's No. 2 post. But the DPJ's Sunday defeat in the Upper House election had pundits predicting the kingpin would gain more power within the party.

Thursday's development is likely to touch off maneuvering ahead of the DPJ presidential election in September.

The panel alleged that Ozawa had a hand in concealing the shady transfer of ¥400 million that is believed to have been used in a Tokyo land purchase.

In February, prosecutors decided not to charge him, citing a lack of evidence that Ozawa was actively involved in cooking the books, but the panel called that conclusion "unjust."

"The suspect was questioned only three times during the investigation" and should face further questioning, the panel, formed by 11 citizens selected by lottery, said in a statement.

The decision was supported by a majority of its members.

The group also found "credible" testimony, including by Mie Prefecture-based Mizutani Construction Co., that Ozawa took part in falsifying reports.

The panel cited the acknowledgment of Ozawa aides that they showed the funding reports to the secretary general before filing them, and called on prosecutors to further examine the case.

In April, a five-member judicial panel — the No. 5 Committee for the Inquest of Prosecution — looking into his 2004 and 2005 reports, found that the DPJ don "merits indictment" for his alleged false reporting of political donations. That decision was reached unanimously by the 11-member panel.

The following month, prosecutors for the second time decided not to indict over the 2004 and 2005 case — a decision they will likely reach again in the latest case.

An independent judicial panel can reach three conclusions. It can stand in favor of the prosecutor's decision not to indict, or call it "unjust," as was the case Thursday, or it can opt for the strongest position that an indictment is merited. This requires the approval of at least eight of the 11 members.

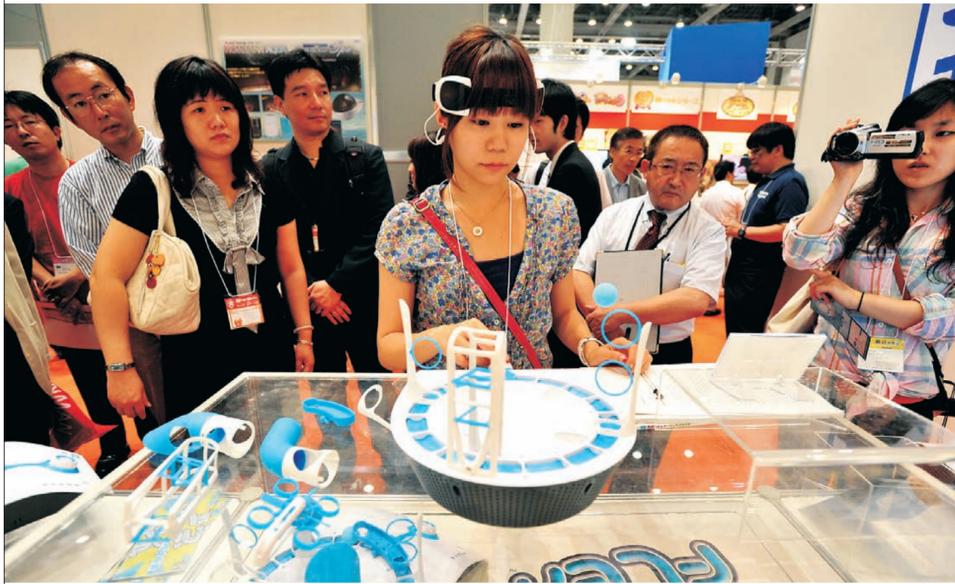
Back to square one?

KYODO

An independent judicial panel is likely to delay at least until August its decision on whether former Democratic Party of Japan Secretary General Ichiro Ozawa should be indicted over false financial reporting by his political fund management.

CONTINUED ON PAGE 2

EYE ON THE BALL



A woman wearing a "brain wave" headset tests Sega's Mindflex game to move a ball levitated by a circular fan through hoops, on the first day of Tokyo International Toy Show 2010 Thursday. Story: Page 7 YOSHIAKI MIURA

Gradual hike could generate revenue equaling 4% to 5% of GDP, restore public finances

IMF: Ratchet up sales tax to 15%

Washington
KYODO

The International Monetary Fund on Wednesday recommended Japan gradually lift its consumption tax to 15 percent, beginning in fiscal 2011, to restore the nation's public finances amid ballooning public debts.

"Fiscal adjustment should start in fiscal 2011 beginning with a modest consumption tax hike," the IMF said in a report after annual talks with the Japanese government and the Bank of Japan.

"A gradual increase of the consumption tax to 15 percent beginning in fiscal 2011 and distributed over several years, could generate 4 percent to 5 percent of gross domestic product of revenue," it said.

Noting the importance of comprehensive tax reform, the IMF said the consumption tax hike could be combined with a reduction of personal income tax allowances and corporate tax reform to stimulate domestic investment.

Prime Minister Naoto Kan's reference to a hike in the 5 percent consumption tax was seen as a major factor behind the setback suffered by his Democratic Party of Japan in Sunday's House of Councilors election.



Reformer: Prime Minister Naoto Kan leaves his official residence Monday in Tokyo. He faces an uphill battle pushing reforms and trying to revive the economy and whittle down the massive public debt. AFP-JUJI

But the IMF's message is likely to give a boost to those who want to push for debate on the consumption tax hike.

Stressing "the urgency of credible fiscal adjustment," the IMF also called for curbing spending growth in areas other than social security and reforms to entitlement programs.

"The key challenge is to bring down public debt to more sustainable levels —

through decisive and sustained fiscal action — while ensuring adequate support for the still nascent recovery and a more balanced economy," the IMF said.

"Introducing a cap on public debt would help strengthen the credibility of the fiscal consolidation plans," it said.

Japan's overall fiscal deficit swelled to 10.25 percent of gross domestic product in 2009 and the net public debt ratio

rose to 110 percent of GDP, one of the highest among developed economies, according to IMF data.

The Washington-based macroeconomic watchdog also said it looks forward to "agreement on specific measures" regarding a medium-term fiscal consolidation path that Tokyo announced last month.

The IMF also urged the BOJ to prepare for additional monetary easing steps, if necessary, to support the nation's economic recovery and combat deflation.

The IMF called the BOJ's accommodative monetary stance appropriate and welcomed various steps recently implemented by the central bank to fight deflation and boost growth.

On the overall assessment, the IMF said the Japanese economy is "gaining strength, helped by strong external demand and timely and sizable policy support."

With domestic demand gradually improving and deflation easing, the recovery is expected to continue, albeit at a more moderate pace, it said.

But the IMF also expressed caution about the economic outlook, noting the recent turmoil in Europe "has heightened risks to the outlook and Japan's vulnerability to sovereign risk."

Argentina legalizes same-sex marriage

Buenos Aires
AP

Argentina legalized same-sex marriage Thursday, becoming the first country in Latin America to grant homosexuals all the legal rights, responsibilities and protections that marriage brings to heterosexual couples.

After a marathon Senate debate until 4 a.m., 33 lawmakers voted in favor, 27 were against and three abstained. Since the lower house already has approved it and President Cristina Fernandez is a strong supporter, it will become law as soon as it is published in the official bulletin.

The law is sure to bring a wave of marriages by gays who have increasingly found Buenos Aires to be more accepting than many other places in the region.

The approval came despite a concerted campaign by the Roman Catholic Church and evangelical groups, which drew 60,000 people to march on Congress and urged parents in churches and schools to work against passage.

Cardinal Jorge Mario Bergoglio said "everyone loses" with gay marriage, and "children need to have the right to be raised and educated by a father and a mother."

Nine gay couples had already married in Argentina after persuading judges that the constitutional mandate of equality supports their marriage rights, but some of these marriages were later declared invalid.

Sen. Norma Morandini compared the discrimination gays face to the oppression imposed by Argentina's dictators decades ago. "What defines us is our humanity, and what runs against humanity is intolerance," she said.

Same-sex civil unions have been legalized in Uruguay, Buenos Aires and some states in Mexico and Brazil. Mexico City has legalized gay marriage. Colombia's Constitutional Court granted same-sex couples inheritance rights and let them add their partner to health insurance plans.

But Argentina is the first Latin country to legalize same-sex marriage nationwide, granting gays all the rights that heterosexuals have. These include many more rights than civil unions, including adopting children and inheriting wealth.

Documents detail cuts in U.S. nuclear arsenal

Washington
THE WASHINGTON POST

The Obama administration's 20-year plan for the U.S. nuclear arsenal would reduce the number of deployed and stored warheads from 5,000 to a range of 3,000 to 3,500 and significantly increase spending on the complex that maintains them, according to newly disclosed documents.

Unclassified sections of the National Nuclear Security Administration's plan show that annual costs for the weapons complex would increase from about \$7 billion in fiscal 2011 to \$8.4 billion in 2017 and more than \$9 billion by 2030.

The agency's infrastructure will support "active, logistic spare and reserve warheads," according to the plan, but it will not be "designed to have the capacity to support a return to historical Cold War stockpiles, or rapidly respond to large production spikes."

The plan does not say how many of the 3,000 to 3,500 war-

heads would be active or deployed.

The documents were made public this week by the Federation of American Scientists and the Union of Concerned Scientists, two nonpartisan groups specializing in nuclear weapons. They were sent in May to principal members of the House and Senate armed services and appropriations committees.

The stockpile plans are expected to be discussed Thursday as two Senate panels hear testimony on the new U.S.-Russia Strategic Arms Reduction Treaty (START) from the directors of the nation's three nuclear weapons laboratories.

Republican critics of the nuclear treaty have said that before they vote on ratification, they need assurance that the United States will continue rebuilding the weapons complex and refurbishing and replacing the aging nuclear stockpile, which includes several bombs and warheads that are at least 30 years old.

Just last week, Sen. Jon Kyl said that the administration of President Barack Obama was underfunding the nation's nuclear weapons complex.

"What little new funds may be available under the president's plan will not cover even pressing needs like replacing two decrepit and dangerous facilities that produce plutonium and uranium," Kyl wrote in an opinion piece in The Wall Street Journal.

The National Nuclear Security Administration's stockpile plan, however, does include \$3.5 billion for a new uranium-processing facility at Oak Ridge, Tenn., and funding for a planned \$4 billion facility to handle plutonium at the Los Alamos National Laboratory in New Mexico.

Additionally, the administration proposes spending approximately \$1 billion a year from 2021 through 2030 on refurbishing and perhaps replacing the W-78 warhead for land-based intercontinental ballistic missiles and the cur-

rently deployed version of the B-61 nuclear bomb.

Hans Kristensen of the Federation of American Scientists said that his analysis of the National Nuclear Security Administration's stockpile plan showed spending of "a whopping \$175 billion over the next 20 years for new nuclear weapons factories, testing and simulation facilities, and warhead modernizations." He described as "curious" the fact that "it will cost more to maintain fewer weapons."

"Nuclear weapons are now a liability, not an asset, so the plan to reduce the U.S. nuclear stockpile is a step in the right direction," said Lisbeth Gronlund of the Union of Concerned Scientists.

She said, however, that maintaining "a large, capable weapons complex independent of the size of the arsenal... could be a problem for deeper reductions that are needed, since it would be possible for the United States to rapidly rebuild."



Defense: An antiballistic interception missile is launched off the Hawaiian island of Kauai on Feb. 24, 2005. AFP-JUJI

NPA urges coroner ranks tripled

KYODO

A National Police Agency panel recommended Thursday that coroner ranks should be increased in the next five years from the current 221 to 653 so police will not fail to identify deaths caused by crimes.

It also proposed in its interim report that coroners carry out drug examinations check on all bodies to be examined by police.

While it is necessary to conduct a legal autopsy to appropriately determine a cause of death, the rate of examinations carried out stood at only 10.1 percent last year due to the lack of medical examiners. The panel said the rate should be raised to 20 percent as a first step.

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