



Morning Alert - Thursday, December 1, 2016

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## HEADLINES

### Morning news

NHK gave top play a report that OPEC announced on Wednesday that its members have agreed to cut oil production in order to lift crude oil prices, saying that this will be the first output cut in eight years. Other top news included reports that UNESCO announced that it added 33 traditional Japanese festivals from across Japan to its Intangible Cultural Heritage list on Wednesday.

Major front-page items in national papers included the UN Security Council's adoption of a new sanctions resolution against North Korea, OPEC's decision to reduce daily oil production, a hearing yesterday by a GOJ panel of five constitutional scholars regarding the Emperor's desire to abdicate, and a plan by the central government to cut corporate taxes for small businesses in FY2017.

## INTERNATIONAL

### UN approves additional sanctions on North Korea

All papers wrote from New York that the UN Security Council unanimously adopted on Wednesday a resolution to impose tougher sanctions on North Korea, explaining that the volume of its coal exports will be severely restricted as punishment for its fifth nuclear test in early September. The sanctions resolution also calls for an all-out ban on other DPRK mineral exports, including silver, bronze, and nickel. As a result, North Korea is expected to lose as much as 25% of its annual income, or \$800 million. The papers said China continues to hold the key to the effective enforcement of the latest

punitive measures, as it still insists that the UN sanctions “must not undermine what is necessary for the daily lives of the North Korean people.”

Prime Minister Abe issued a statement on the adoption in which he said: “The international community has made it clear that it will take a stern new approach that is completely different from the current one.... We will coordinate closely with the relevant parties to ensure its effectiveness.” According to Yomiuri and Sankei, the Japanese government plans to impose stricter unilateral sanctions on Pyongyang, focusing on expanding the scope of individuals prohibited from reentering Japan after traveling to North Korea. A decision on the unilateral sanctions will be made tomorrow.

Kyodo reported that the chief representatives to the Six Party Talks from Japan and the United States are likely to visit Seoul later this month for trilateral consultations on how to enhance coordination in deterring North Korea from carrying out additional provocations.

### **Trump taps pro-Japan billionaire as next commerce chief**

Nikkei reported on President-elect Trump’s decision to nominate Wilbur Ross as secretary of commerce, noting that the renowned investor has extensive knowledge on Japan as he has been the chairman of the Japan Society since 2010 and has been involved in a range of business transactions with Japanese firms. According to a GOJ source, the Abe administration has been relying on the American businessman as a primary channel of communication with the Trump transition team. Prime Minister Abe met with Ross in New York in September. Given that Ross is a proponent of free trade who welcomed Japan’s decision to participate in the TPP in the past, the daily said the GOJ is hoping that he will persuade the President-elect to change his mind on the regional free trade deal. The paper added, however, that trade does not fall under the commerce secretary’s portfolio.

Sankei said Ross appeared live on CNBC on Wednesday and criticized America’s existing free trade agreements, including NAFTA, as “dumb.” Kyodo reported that he called the TPP “horrible.” The paper projected that if Ross and Treasury Secretary-designate Mnuchin adopt a protectionist approach based on Trump’s “America first” policy, the Japanese economy may be hit hard due to yen appreciation and trade friction with the U.S. One economic think tank reportedly predicted that Japan’s GDP may shrink by 1.12% in the worst-case scenario that could be triggered by Trump’s inauguration. The daily called for the Abe administration to intensify its lobbying of Ross in order to discourage the Trump administration from advocating protectionism.

### **Pakistani envoy expresses concern about Japan-India civil nuclear cooperation accord**

Yomiuri ran an interview with Zamir Akram, a senior Pakistani government official who is currently visiting Japan as the prime minister’s emissary for talks on Pakistan’s possible participation in the multinational Nuclear Suppliers Group. The official voiced apprehension about the recent signing of

a civil nuclear cooperation pact between Japan and India by saying: “The agreement may lead to instability in South Asia.... India has used civilian nuclear expertise to develop nuclear weapons.”

## **POLITICS**

### **LDP hoping to put casino bill to committee vote tomorrow**

All papers reported on the start of parliamentary deliberations at the Lower House yesterday of legislation to legalize gambling, noting that the ruling LDP is hoping to put the bill to a committee vote on Friday for passage by the plenary session on Dec. 6. The party is reportedly aiming to enact the legislation during the current Diet session, which has been extended through Dec. 14. The dailies said the Komeito party holds the key to the fate of the so-called integrated resort bill, as many of its lawmakers are cautious about the legislation out of concern that it will end up causing many people to become addicted to gambling. The junior ruling coalition partner may allow its politicians to vote on the legislation based on their own judgment instead of demanding that they take a unified approach.

Asahi wrote that the LDP appears to be determined to pass the bill during the current Diet term in the belief that it may be shelved indefinitely if it is carried over to next year because the Diet will probably be preoccupied with deliberations on a proposed bill to allow the Emperor to abdicate. The daily also said the Kantei is pressing the LDP to promote the legislation aggressively in order to obtain support for Abe’s signature policy of amending the Constitution from the Osaka-based Japan Innovation Party, which has strongly called for the enactment of the casino bill. The paper added that even if the legislation is passed, the GOJ will still need to enact in about a year or so a separate bill to exempt casino gambling from the gambling specified in the Penal Code.

## **SECURITY**

### **GOJ to increase subsidy for Okinawa town in exchange for helipad construction**

Mainichi wrote that the Defense Ministry has decided to increase its subsidy for the municipal government of Higashi Village in Okinawa by 20 million yen to about 66 million yen for this fiscal year in exchange for its endorsement of the construction of new helipads at the Northern Training Area. The ministry may extend additional subsidies to the community next year depending on the level of noise generated by the Futenma-based Ospreys when using the helipads.

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