



Morning Alert - Tuesday, January 31, 2017

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HEADLINES

Morning news

Most broadcasters gave top play to reports on the confusion in the U.S. and around the world caused by President Trump's executive order on immigration. NTV led with a report on the unusually warm weather in the Tokyo metropolitan area on Monday.

Major front-page stories in national papers included the repercussions triggered by President Trump's executive order on immigration, the U.S.-Japan summit meeting in Washington scheduled for Feb. 10, and TEPCO's announcement on photos taken by a robot camera at the Fukushima Daiichi Nuclear Power Plant pointing to the existence of nuclear fuel debris below Reactor No. 2.

ECONOMY

Auto trade on agenda for upcoming U.S.-Japan summit

Yomiuri led with an article speculating that President Trump will call for Japanese automakers to create more jobs in America when he meets with Prime Minister Abe in Washington on Feb. 10. According to several GOJ sources, the President expressed such hopes when he spoke by phone with Abe on Saturday. The premier is expected to ask for the U.S. leader's understanding for the considerable contributions made by Japanese companies to the U.S. economy, including the creation of almost 1.5 million jobs in manufacturing and sales. On the weak presence of the Big Three in the Japanese market compared to European automakers, Abe reportedly stated at the Diet yesterday: "There are reasons for this. The U.S. automakers don't maintain dealerships or run advertisements. There are countries whose manufacturers are producing cars with right-side steering wheels for the Japanese market."

In related stories, most papers wrote that the premier is likely to hold talks with Toyota President Toyoda on Feb. 3 apparently in preparation for the summit with the President since bilateral auto trade will probably be one of top items on the agenda. The premier is interested in learning from the leading car executive the present status of his firm's business operations in North America. According to Nikkei, the planned meeting between Abe and Toyoda is intended to demonstrate at home and abroad that the Abe administration and the Japanese business community are united in dealing with trade pressure by the Trump administration.

Asahi wrote that some GOJ officials have come to the conclusion that Japanese manufacturers may have little choice but to increase production of high-end vehicles in the U.S. to accommodate President Trump's request in order to help reduce the U.S. trade deficit with Japan and increase jobs for Americans. The paper added the GOJ may be criticized for intervening in the management decisions of companies if it presses them to increase investment in the U.S.

Nontariff barriers to become focus of trade talks

Sankei predicted that if the U.S. and Japan agree to discuss bilateral auto trade, the so-called nontariff barriers in the Japanese market, such as safety regulations and preferential tax incentives for "eco-cars" and light vehicles, will probably become the major point of contention given that there are no import tariffs in place on U.S. vehicles. Pointing out that European automakers have shipped to Japan large numbers of vehicles that are compatible with Japanese rules, the dailies insisted that these regulations should not be construed as barriers to U.S. auto imports. The paper conjectured that the Big Three have pressed the Trump administration to take a hard line toward Japan with the goal of curbing Japanese auto exports to the U.S. by taking issue with the yen's depreciation vis-à-vis the dollar.

Nikkei ran a similar story, noting that the Trump administration, backed by the Big Three, may press Japan to continue to accept a 25% tariff on their pickup truck exports to the U.S. even though the two nations agreed to eliminate it in 30 years under the TPP accord since pickup trucks are a "cash cow" for the U.S. manufacturers.

INTERNATIONAL

JAL, ANA to turn away U.S.-bound passengers from seven Muslim countries

All papers reported extensively on the turmoil and strong reaction in the U.S. and across the world caused by President Trump's signing of an executive order on immigration, highlighting that JAL and ANA decided yesterday to ask U.S.-bound customers from the seven U.S.-designated predominantly Muslim countries not to board their flights based on the judgment that their entry will probably be rejected by U.S. immigration authorities. The decision was made in line with an advisory circulated by the International Air Transport Association (IATA).

Yomiuri wrote that the GOJ has no plan to issue guidelines to flight operators on this issue on the grounds that under provisions in the Immigration Control Law, local immigration authorities are not authorized to prohibit foreign travelers from departing Japan with the exception of people for whom arrest warrants have been issued and other selected people.

According to the dailies, when asked about President Trump's executive order during a Diet committee meeting yesterday, Prime Minister Abe said: "I think the President set forth a U.S. policy in the form of executive order. I'm not in a position to comment on it." Mainichi said opposition officials chastised the premier for being evasive about the controversy. Meanwhile, most papers took up remarks criticizing the executive order on immigration by several Japanese business leaders, including Rakuten CEO Mikitani, who said on Twitter yesterday that "it is unacceptable."

Envoy to South Korea remains in Japan

Mainichi wrote that three weeks have already elapsed since Japanese Ambassador to South Korea Nagamine was recalled to Japan in protest of South Korea's failure to remove a comfort woman statue from in front of the Japanese Consulate General in Busan. The Abe administration is reportedly increasingly frustrated with the Park administration's failure to exercise initiative to resolve the standoff. The daily claimed that the power transition in the U.S. has perhaps contributed to the prolonged standoff between Tokyo and Seoul, given that it is unclear if the Trump administration will play the role of an impartial broker between the U.S.'s key Asian allies that was performed by the Obama administration.

Nikkei ran a similar story, adding that Japan has given up on convening a trilateral summit with South Korea and China for the time being in the face of the diplomatic impasse. As Beijing is not very eager to hold a trilateral summit at an early date given the prolonged absence of a strong leader in South Korea, the daily speculated that it may not be held until the autumn.

Abe diplomacy at standstill

Yomiuri wrote that Prime Minister Abe's diplomacy is confronted with major challenges, including how to manage Japan's relations with the U.S., the cornerstone of the Japanese diplomacy, since President Trump's approach toward Japan and Asia is still elusive. Tokyo's ties with Russia remain somewhat strained due to the absence of progress on the Northern Territories dispute during President Putin's trip to Japan last December. Japan's relations with South Korea have also deteriorated over the comfort women standoff, and no tangible progress is likely in Sino-Japanese relations even though this year marks the 45th anniversary of diplomatic normalization.

SECURITY

Onaga to visit U.S.

Asahi reported that Okinawa Governor Onaga will visit Washington starting today in order to press the Trump administration to abandon the existing Futenma relocation plan, quoting him as saying upon his departure from Naha airport yesterday: “I would like to meet with opinion leaders and others to obtain their understanding for my commitment not to allow the construction of the Henoko base and to oppose the Osprey deployment.” Although the governor is expected to meet about 10 people in the U.S. capital, including members of Congress, the paper said it is uncertain whether he will be able to hold talks with anyone connected to the Trump administration.

Osprey arrives at Chiba for regular maintenance

Several papers wrote that a Futenma-based MV-22 Osprey flew into GSDF Camp Kisazau in Chiba Prefecture on Monday for regular maintenance that will probably last through September. Up to ten Ospreys from Okinawa will undergo regular inspections there every year on a rotational basis.

