



Morning Alert - Thursday, February 9, 2017

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HEADLINES

Morning news

NHK led with a report that President Trump has been stepping up his criticism of a federal court in Washington that issued a temporary restraining order against his travel ban. TBS reported that Softbank announced a plan to create 8,000 jobs in the U.S. TV Asahi reported that former Tokyo Governor Ishihara has agreed to testify as an unsworn witness over soil issues at the Toyosu fish market. NTV and Fuji TV led with the forecast for snow in the Tokyo region today.

Yomiuri, Mainichi, and Nikkei led with Prime Minister Abe's departure this evening for Washington for talks with President Trump. Asahi's top item was data on U.S. military R&D subsidies offered to Japanese scientists from 2008 to 2016.

INTERNATIONAL

Abe to depart for U.S. tonight

All papers wrote in front- or inside-page articles that Prime Minister Abe will leave for the U.S. tonight for a summit with President Trump at the White House on Friday afternoon (Washington time), noting that he will then board Air Force One with the President to travel to West Palm Beach, Florida, and stay there overnight. The premier and his wife Akie will spend almost two full days with the President and the First Lady, playing golf and possibly having five meals together. The dailies said as the U.S. is rolling out the red carpet for Abe, the GOJ is hopeful that the premier will be able to build strong personal bonds with the U.S. leader. Deputy Prime Minister Aso and Foreign Minister Kishida will accompany Abe for separate talks with Vice President Pence and Secretary of State Tillerson, respectively.

Trade issues may top the agenda

All papers noted that the GOJ is concerned about what subjects the President will bring up in his summit with Abe, projecting that the premier may be pressed to agree to hold bilateral free trade talks, “correct” the auto trade imbalance, and raise the value of the yen. The prime minister is aiming to deflect U.S. trade pressure by presenting a range of proposals, such as launching a forum for economic talks co-chaired by Vice President Pence and Deputy Prime Minister Aso to discuss the establishment of trade and investment rules. Yomiuri wrote that the GOJ will dismiss any demands from the President for adopting a currency clause in a bilateral trade agreement, adding that Abe will instead underscore the importance of pursuing free trade. Nikkei said the Abe administration is determined not to accept a possible U.S. proposal on sealing a bilateral FTA.

Abe keen to elicit President's statement on Senkakus

On the security front, the prime minister will try to elicit from the President a statement reaffirming his administration’s commitment to the defense of Japan, including the Senkaku Islands, by underscoring Japan’s efforts to take on greater defense roles, such as its generous host nation support and the enactment of the comprehensive security laws that significantly expand the scope of SDF operations, including logistical support for the U.S. military.

Asahi said although the Abe administration succeeded in enlisting support for its security policy from Secretary Mattis and Secretary Tillerson, who have both confirmed that the Senkakus fall under the scope of the U.S.-Japan Security Treaty, White House Chief Strategist Bannon and President Trump may not necessarily subscribe to the “pro-Japan” narratives echoed by the two secretaries. Regarding growing speculation that President Trump will strongly urge Abe to make concessions on the trade front in exchange for easing pressure in the security arena, Abe reportedly told his associates: “There will be no problem as long as security and economy are not linked. I am confident that there will be no such linkage.”

Seko chooses not to visit U.S.

Most papers wrote that METI Minister Seko has decided not to accompany the premier on the U.S. tour this time because the confirmation process for his counterpart Commerce Secretary-designate Wilbur Ross has been stalled. The minister may consider visiting Washington at a later date after Ross’s Senate confirmation.

ECONOMY

Japan’s direct business investment in U.S. tops 17 trillion yen

Most papers reported on trade data released by the Ministry of Finance yesterday, noting that one-fourth of Japan's foreign direct investment, or 17.6 trillion yen, was made in the U.S. Yomiuri noted that because the figure demonstrates the Japanese business community's strong interest in the U.S. market, the GOJ is hoping that President Trump will understand the considerable contributions made by Japanese firms to the U.S. economy.

On the other hand, Mainichi took up separate MOF data pointing to a surge in Japan's current account surplus in 2016, up almost 26% from the previous year, on account of the trade surplus that was recorded for the first time in six years, noting that the U.S. may further step up pressure on the GOJ to correct the bilateral trade imbalance, especially in the auto sector.

Ishihara holds talks with New Zealand's trade minister

All papers reported on visiting New Zealand Trade Minister McClay's meeting with Economic and Fiscal Policy Minister Ishihara on Wednesday, during which they discussed the outlook for the TPP following the U.S.'s withdrawal. While confirming the importance of the regional free trade pact, the two officials did not discuss the possibility of effectuating it without the U.S.'s participation.

SECURITY

Japanese scientists received 880 million yen in research funds from U.S. military

Asahi front-paged the finding that a total of 880 million yen in research funds was offered by the U.S. military to Japanese scientists at universities, NPOs, and venture firms in nine years through 2016. The subsidies and grants were provided for basic research primarily in the IT sector, such as AI, cyber-defense, lasers, and superconductivity. The funds were reportedly given without the involvement of the Japanese government. While noting that the recipients were accorded wide discretion regarding the use of the funds, the article said the results of the military-financed research may have been used for defense purposes.

In an accompanying article, the daily explained that the U.S. military has offered generous funding to Japanese scholars with the goal of obtaining "game-changing" military expertise in such fields as stealth and information processing so as to maintain its overwhelming military supremacy, given that high-tech civilian technology is now readily available to its foreign rivals and even terrorist organizations.

Inada's comments on "combat" in South Sudan provoke criticism

All papers reported that the opposition bloc reacted strongly to Defense Minister Inada's remarks at the parliament yesterday concerning the security situation in South Sudan last summer as recorded in daily reports filed by the GSDF engineering unit deployed there on the UN peacekeeping mission. Concerning the SDF's description of "combat involving tanks and artillery" between government forces and rebels that took place near the SDF camp in the capital city of Juba, Inada said although

it is true that combat occurred “as defined in the dictionary,” it still should not be interpreted as combat as defined by the PKO Law, which stipulates that SDF peacekeeping operations must be halted in the event of combat in the deployed theater. The minister stressed that because the use of the word “combat” in the stricter definition would raise questions in terms of Article 9 of the Constitution, the GOJ chose to describe the combat in question in South Sudan as an “armed clash.”

F-35s conduct training in Okinawa

Sankei took up an announcement made by the III MEF yesterday that the Iwakuni-based USMC F-35s have begun drills over Okinawa this week, noting that the details of the exercises were withheld for operational security. The state-of-the-art stealth fighters will reportedly continue training in the island prefecture on a regular basis.

