



Morning Alert - Friday, March 3, 2017

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## HEADLINES

### Morning news

NHK gave top play to a report that Tokyo Governor Koike and former Tokyo Governor Ishihara will hold separate press conferences this afternoon on the issue of soil contamination at the new Toyosu fish market. All commercial networks led with reports on the issue of Moritomo Gakuen, saying that Osaka is considering postponing its approval of the operator's new elementary school scheduled to open this April.

Major front-page items in national papers included updates on the Moritomo Gakuen scandal, the planned release by the Malaysian police today of a North Korean suspect allegedly involved in the murder of Kim Jong Nam due to a lack of evidence, a consensus forged between the ruling and opposition camps on allowing Emperor Akihito to abdicate, and Chinese President Xi's possible visit to the U.S. for talks with President Trump in early April.

## ECONOMY

### U.S. may not comply with WTO decisions

All Thursday evening papers front-paged a trade policy report submitted to Congress on Wednesday by the USTR, highlighting its declaration that the U.S. will not be bound by dispute settlement rulings issued by the WTO if they are deemed to infringe on U.S. sovereignty. The annual trade policy agenda document also stated that the U.S. will combat other countries' unfair trade practices aggressively by possibly reinstating section 301 of the Trade Act of 1974 that allows punitive measures to be unilaterally imposed. Noting that the USG is turning its back on the global free trade

system that it spearheaded after WWII, the papers expressed concern that the Trump administration's "America First" policy will spark trade friction worldwide.

This morning's Yomiuri said the USTR report was released in preparation for the planned renegotiation of NAFTA and the launch of a U.S.-Japan economic dialogue, speculating that Washington may be trying to "bluff" its trading partners by playing up its hard line. Asahi said GOJ officials are alarmed by Washington's disrespect for the WTO, quoting an unnamed senior METI official as saying that "it is necessary to explain to the U.S. that it has also benefitted from the WTO rules." Projecting the Trump administration's America First policy will derail free trade negotiations and trigger trade disputes, Nikkei quoted an unnamed Japanese trade official saying that "nobody will abide by WTO rules if the U.S. doesn't abide by them."

### **Secretary Ross vows to exercise leadership in trade talks**

Thursday evening's Nikkei reported from Washington on remarks made on Wednesday to Commerce Department employees by Secretary Ross, who said he will "play a major role in renegotiating bad trade deals like NAFTA" and that he will implement policies that put American workers first. The paper speculated that instead of USTR-designate Lighthizer, Secretary Ross will take the lead in devising and enforcing the Trump administration's trade policy.

## **INTERNATIONAL**

### **Abe to use bonds with President Trump to launch "spring diplomatic offensive"**

Nikkei wrote that Prime Minister Abe will go on a "diplomatic offensive" starting this month, saying he will visit Germany, France, and Italy in mid-March and then travel to Russia in late April. Abe is reportedly keen to serve as a "bridge" between the European leaders and President Trump by taking advantage of his close rapport with the U.S. leader with the goal of cementing G7 unity. The premier is also hoping to use his close bond with President Trump as negotiating leverage to obtain concessions from Russian President Putin on the Northern Territories dispute. However, the paper cautioned that there is no guarantee that Abe's favorable relations with the Trump administration will last, projecting that planned bilateral economic dialogue between Vice President Pence and Deputy Prime Minister Aso will probably hold the key to the outlook for the bilateral ties.

### **Trump administration may consider military option in dealing with DPRK**

Thursday evening's Nikkei and Yomiuri took up a Wall Street Journal article alleging that in conducting a review of strategy on North Korea, the Trump administration might not rule out such options as the use of military force or regime change. As this represents a turnaround from the former Obama administration's "strategic patience," China will probably react strongly to the Trump administration's hard line. Today's Yomiuri said the USG may be upping the ante against North Korea with the goal of pressuring it to halt its provocations.

## **Abe “not sure” if he should have played golf with President Trump**

Mainichi took up remarks made to ruling coalition officials yesterday by Prime Minister Abe, who commented on his personal ties with President Trump by saying: “I’m still not sure if it was a good idea for me to be so friendly and play golf with him at a time when he was being criticized by other countries.” One of the officials disclosed the prime minister’s comment.

## **Russian official comments on economic activities on disputed islands**

Asahi reported from Moscow on remarks made yesterday by a senior Russian government official in charge of the Far East, in which he said Russia is capable of conducting economic activities in the Northern Territories “without Japanese participation.” Pointing out that Russian diplomats plan to hold talks with their Japanese counterparts in Tokyo in mid-March on proposed “joint economic activities” on the contested isles, the daily interpreted this comment to mean that any Japanese economic activities there must be carried out under the scope of Russian rules and regulations.

## **SECURITY**

### **Abe keen to increase defense budget**

Asahi took up yesterday’s remarks at the Diet by Prime Minister Abe, who noted that his administration does not subscribe to the postwar policy of limiting annual defense spending to below 1% of GDP. He was quoted as saying: “My position is to secure the necessary funds to defend our country and people while taking into account the security environment in the Asia-Pacific and the state coffers. There is no upper limit of 1%.” The paper speculated that the premier may try to increase defense spending considerably by capitalizing on the Trump administration’s call for its allies to pay more for defense.

### **Five Ospreys to fly to Yokota AB**

Tokyo Shimbun wrote that five Futenma-based MV-22 Ospreys will fly to Yokota AB on Sunday to participate in a U.S.-Japan joint drill that will start the next day at training areas in Niigata and Gunma.

### **Low-level radioactive waste stored at Yokosuka base**

Tokyo Shimbun reported on a finding that cardboard boxes containing heat insulators and drainage materials contaminated with low-level radiation are currently being stored at Yokosuka Naval Base, noting that the toxic waste was generated when the USS Ronald Reagan and other Yokosuka-based U.S. warships took part in “Operation Tomodachi” off the coast of Tohoku right after the 3/11 disaster. The contaminated equipment was removed during maintenance and unloaded from the vessels by this January and has been put in storage. The level of radiation is extremely low and poses no threat to human health. Arrangements will be made by the GOJ to dispose of the equipment properly.

### **Chinese aircraft fly near Okinawa**

Most papers reported on an MOD announcement that a total of 13 Chinese military planes, including six fighter jets, flew over waters between the main island of Okinawa and Miyako Island on Thursday. As three Chinese warships were spotted in the same area, the ministry believes that they may have been taking part in a joint drill.

### **Defense attaché to be assigned to Mongolia**

Yomiuri wrote that the GOJ has decided to station a defense attaché at its embassy in Ulaanbaatar starting in late March in order to deepen bilateral security cooperation and collect military information on China and North Korea, with which Mongolia maintains friendly relations.

### **Live video of foreign ships around Senkakus to be transmitted to Kantei**

Thursday evening's Yomiuri wrote in a front-page article that the Japan Coast Guard will equip its patrol ships deployed in the vicinity of the Senkakus with data transmission systems that can send to the Kantei live footage of foreign vessels filmed by the Japanese ships so as to enable the prime minister and other top GOJ officials to make policy decisions without delay. The equipment will be installed on all 12 large patrol vessels currently operating in the area.

## **POLITICS**

### **Japan's first lady "in deep trouble" over Moritomo Gakuen**

Asahi ran a prominent article in its city news section on Prime Minister Abe's wife Akie, noting that she has become embroiled in a serious scandal on account of what critics called her "careless judgment" in accepting the post of honorary principal of a school operated by Moritomo Gakuen, which obtained a considerable discount on state-owned land. While taking up the premier's Diet remark, "My wife is a private citizen. I am not comfortable with her being treated like a criminal," the paper questioned whether the wife of a prime minister is indeed a private citizen. The article pointed out that five central government employees are assigned to assist her with "public duties." Opinion leaders called for Mrs. Abe to explain her connection with the scandal-hit school operator as a "public figure."