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HEADLINES

MORNING NEWS

NHK gave top play to a report on Prime Minister Abe's meetings with German Chancellor Merkel on Sunday and French President Hollande on Monday, during which the premier confirmed the importance of free trade. All commercial networks led with reports on former Tokyo Governor's Ishihara's testimony as a sworn witness at the Tokyo Metropolitan Assembly on the purchase of land from Tokyo Gas to relocate the Tsukiji fish market to Toyosu.

Major front-page items in national dailies included former Governor Ishihara's testimony at the Tokyo assembly and a Japan-Russia 2+2 foreign and defense ministers' meeting in Tokyo yesterday.

ECONOMY

USG opposed to Chapter 11 bankruptcy for Westinghouse

Friday evening's Yomiuri gave top coverage to the disclosure by a source involved in internal discussions at the Commerce Department that the Trump administration is opposed to Toshiba's idea of filing for Chapter 11 bankruptcy for its U.S. subsidiary Westinghouse out of concern that it would result in the dismissal of thousands of workers. Senior Commerce Department and Energy Department officials are also reportedly worried that Toshiba's possible sale of Westinghouse shares would be construed abroad as a failure for foreign investment in the U.S. They fear that this could discourage foreign businesses from investing in the U.S. at a time when President Trump is keen to create jobs at home by attracting foreign capital. According to the daily, the U.S. is annoyed by Japan's apparent failure to recognize the significance of the Toshiba debacle, as evidenced by Deputy Prime Minister Aso's remark on March 10 that Toshiba should decide this month whether to

file for Chapter 11 bankruptcy. The source said the issue could become a major test of U.S.-Japan economic cooperation, noting that it might have an adverse impact on the upcoming bilateral economic dialogue in April if it is not handled properly. The daily said on Saturday that Toshiba's business restructuring could be affected if Washington steps up its opposition to Chapter 11 bankruptcy for Westinghouse.

Saturday's Nikkei said that in addition to the Westinghouse issue, Toshiba's plan to deconsolidate its flash memory operations is a source of concern for both governments because if the unit is sold to foreign customers, core IT technology that is used for military purposes may end up in the hands of unfriendly nations, such as China. Since Chinese and other foreign firms are reportedly interested in the state-of-the-art nuclear energy technology possessed by Westinghouse, some USG officials are afraid that a foreign buyout of the troubled nuclear plant manufacturer would undermine national security interests by allowing the proliferation of expertise related to plutonium.

Noting that Commerce Secretary Ross and Energy Secretary Perry both discussed the Toshiba issue with Trade Minister Seko last week, Asahi said the unusual references to the management of a private enterprise by U.S. cabinet members indicates the Trump administration's keen interest in the fate of Westinghouse. Mainichi said the Trump administration is concerned that a Westinghouse bankruptcy could derail its two ongoing nuclear reactor construction projects in South Carolina and Georgia.

Sankei wrote that the Energy Department has guaranteed \$8.3 billion of debt for the Georgia plant, explaining that a Westinghouse bankruptcy would not only result in local unemployment but also force the USG to take on huge debts and affect electricity supply plans.

Sankei said in a separate article that public funding may be used to infuse capital into the flash memory operations that Toshiba is expected to spin off amid speculation that Chinese companies may try to purchase them. Because the Japanese government is concerned that the nation's key IT technology would be transferred to China, the Development Bank of Japan and the GOJ-financed Innovation Network Corporation of Japan may join forces with U.S. investment funds to buy out the flash memory unit, which will be auctioned in the near future. While claiming that the USG has conveyed to the GOJ that the business should be sold to a Japanese consortium, the paper said the Japanese government's excessive involvement could constrain the business restructuring plan formulated by Toshiba.

G20 statement fails to mention “opposition to protectionism”

All Sunday and Monday papers reported extensively on the conclusion of the G20 financial ministers' meeting in Baden-Baden, Germany, on Saturday, highlighting the conspicuous absence in the concluding statement of the phrase “opposition to protectionism.” Most participants, including China, reacted very sharply to Treasury Secretary Mnuchin's insistence that instead of the pledge to fight

protectionism, the phrase “fair and open trade” should be included in the final statement. As the chair of the meeting, Germany eventually chose not to adopt either phrase, but the final wording, “We will strive to reduce excessive global imbalances, promote greater inclusiveness and fairness and reduce inequality in our pursuit of economic growth,” was apparently in line with the U.S. view. The papers pointed out that a reference to measures against climate change was also dropped from the adopted statement, attributing its absence to the Trump administration’s doubts about global warming. The dailies said Finance Minister Aso did not express a strong opinion on the matter apparently out of deference to the Trump administration, with Asahi saying that Aso’s remarks sympathetic to Washington marked a sharp contrast with the comments criticizing the U.S. voiced by his European counterparts.

Noting that the G20 framework was elevated to the summit level in response to a proposal from the Bush administration in 2008, Asahi said the U.S. is now undermining one of the key postwar economic regimes. Yomiuri wrote that since G20 unity against protectionism is faltering, concerns are mounting over a setback in the free trade that has reinforced global economic growth over the past several decades. The paper added that many countries, including Japan, are bracing for the Trump administration’s aggressive pursuit of a protectionist trade policy in the name of “fairness.” Mainichi wrote that the G20’s viability as a bulwark for international economic coordination will be tested in the G20 summit scheduled for July in Hanover. Nikkei noted the fact that Secretary Mnuchin strongly insisted on fair trade even though trade issues are not part of his official portfolio show that the Trump administration is determined to reduce trade deficits.

U.S., Japan hold financial ministerial meeting

All Saturday morning papers reported from Baden-Baden, Germany, that Finance Minister Aso met with Treasury Secretary Mnuchin on Friday on the margins of the G20 conference, noting that the two officials shared the view that rapid fluctuation in the foreign exchange market undermines global economic stability. In their first bilateral meeting, the U.S. official also reportedly agreed with Aso on the importance of avoiding engaging in currency wars. The Secretary did not object to Aso’s insistence on the need to oppose protectionism.

China looms large in U.S.-Japan trade talks

Saturday’s Nikkei took up Trade Minister Seko’s meeting with Commerce Secretary Ross, noting that they spent more time discussing how to deal with China’s economic rise than Westinghouse or any other topic. The paper projected that China will be a key item on the agenda for the upcoming bilateral economic dialogue.

INTERNATIONAL

Secretary Tillerson declares end to “strategic patience”

All Saturday morning papers took up Secretary of State Tillerson's visit to South Korea on Friday, during which he made it clear that the Trump administration will no longer adhere to its predecessor's policy of "strategic patience" toward North Korea. In his meeting with senior ROK officials, the Secretary hinted at the possibility of taking military action against the ever-growing DPRK nuclear and missile threats so as to head off additional provocations amid rising political instability in Seoul.

Sunday papers reported on the Secretary's meeting with his Chinese counterpart Wang in Beijing on Saturday, noting that the two nations remained at odds over how to diffuse the tension caused by repeated DPRK provocations. In response to the Secretary's call for additional efforts to enforce UN sanctions more vigorously, the top Chinese diplomat pressed the U.S. to hold direct dialogue with the Kim regime. The two sides also failed to agree on other outstanding issues, such as the THAAD deployment in South Korea and China's militarization of the South China Sea.

DPRK conducts rocket engine test

All Monday papers reported on North Korea's announcement on Sunday that it conducted a rocket engine test, expressing concern about Pyongyang's determination to develop a new type of engine that could be compatible with an ICBM. Asahi claimed that the Kim regime is now developing a delivery system for its nuclear weapons based on the judgment that it has already acquired a certain level of nuclear capability through multiple tests. The daily suspected that the reclusive regime is preparing to conduct another missile launch in the near future.

Two U.S. generals "saved" U.S.-Japan alliance

Sunday's Yomiuri published a column by its chief Washington correspondent praising Secretary of Defense Mattis and former National Security Advisor Flynn for heading off the possible derailment of the U.S.-Japan alliance even though they are believed to have little policy expertise on Asia. The columnist claimed that the two former generals successfully persuaded President Trump not to follow through with his strong campaign rhetoric against Japan on the security front. The writer conjectured that as experts well versed in global affairs, the two retired generals quickly recognized the importance of the trans-Pacific alliance in maintaining peace in the Asia-Pacific region even though they had no working experience in the region. The reporter called for Japan to cultivate ties with more U.S. military officials in order to reinforce the bilateral alliance.

Kishida mentions USG report on human rights in meeting with Secretary Tillerson

Monday's Sankei claimed that during his meeting with Secretary Tillerson in Tokyo on Thursday, Foreign Minister Kishida took issue with the reference in the State Department's human rights report to "pressure on freedom of the press" by the Abe administration. Kishida stressed that the USG misinterpreted Minister of Internal Affairs and Communications Takaichi's repeated statements at the Diet on the possible suspension of broadcasting licenses for violating statutes mandating "politically impartial reporting," adding that the GOJ has never applied pressure on the media.

Senior GOJ official visits China

Several Sunday papers reported on Deputy Chief Cabinet Secretary Hagiuda's meeting with a high-ranking Chinese diplomat in Beijing on Saturday, noting that Prime Minister Abe's top aide visited the Chinese capital to improve bilateral ties as this year marks the 45th anniversary of diplomatic normalization. Yomiuri said the Chinese side is cautious about increasing communication with Tokyo ahead of its major Communist Party convention in the fall, noting that Beijing is not eager to hold a bilateral summit or other high-level meeting anytime soon.

Japan, Russia agree on mutual coordination to deter DPRK provocations

All Tuesday papers reported on a Japan-Russia 2+2 foreign and defense ministerial meeting held in Tokyo yesterday, during which the participants agreed to take a concerted approach in attempting to dissuade North Korea from continuing its nuclear and missile development. In the first meeting of its kind in almost 40 months, the two sides also agreed that Prime Minister Abe will visit Russia in late April for a summit with President Putin. The Russian ministers dismissed Japan's objection to the deployment of a new military division on the Northern Territories. While Foreign Minister Kishida emphasized the significance of the meeting for deepening mutual confidence in the face of the increasingly harsh regional security situation, the papers said a considerable perception gap remained over the threat posed by the DPRK and China's military rise. Yomiuri said Moscow agreed to resume the 2+2 dialogue with Tokyo with the goal of undermining G7 unity and the sanctions imposed after its annexation of Crimea in 2014.

In a related development, all Sunday papers reported on a Japan-Russia meeting on "joint economic activities" on the Northern Territories convened in Tokyo on Saturday, noting that Russian officials stressed that no economic activities will be possible unless they are conducted in accordance with Russian laws and rules. They thus dismissed a Japanese proposal for joint economic activities to be implemented under a "special system." But, in a bid to showcase Tokyo's eagerness to help Moscow improve the living conditions of the islanders with the ultimate goal of obtaining Russian concessions on the territorial front, the Japanese side put forward a range of ideas, including cruises to the islands and "remote medicine" for Russian residents.

Abe, Merkel affirm importance of free trade

All Tuesday papers reported on a summit held on Sunday in Hanover, Germany, between Chancellor Merkel and visiting Prime Minister Abe, at which the two leaders pledged stronger leadership in promoting trade liberalization. Abe told local businessmen in a speech ahead of the meeting: "Along with Germany, Japan would like to promote an open trade system." Abe and Merkel reiterated the two governments' steadfast commitment to free trade in view of Brexit and the launch of the "protectionism-oriented" Trump administration. The two leaders also agreed to forge a Japan-EU EPA at an early date.

Mainichi said while Abe is anxious to help Europe mend ties with the Trump administration strained over immigration and trade in preparation for the G7 summit in Italy in May, the prospects for this diplomatic agenda are unclear since it will be difficult for some European leaders to extend overtures to the U.S. leader on account of strong domestic opposition.

Japan, France to carry out naval training in Western Pacific

Friday evening's Nikkei front-paged joint naval training between France and Japan planned for the Western Pacific in May, noting that a French warship will pass through the South China Sea on its way to the Pacific with the goal of highlighting that the South China Sea is not controlled by China. The two nations intend to enhance security collaboration with China's maritime advancement in mind.

POLITICS

Cabinet approval plummets amid Moritomo Gakuen scandal

Monday's Yomiuri front-paged the results of its latest public opinion survey that put support for the Abe administration at 56%, down 10 points from a month ago, and nonsupport at 33%, up 9 points, noting that the drop was the largest since the second Abe administration was launched in December 2012. While attributing the plunge to the Moritomo Gakuen scandal, the daily said not many LDP officials are alarmed since more than half of the public still appears to have faith in the premier. The paper added, however, that Abe's popularity may continue to slide if he fails to provide solid accounts of his and his wife's dealings with the troubled school operator. More voters may also become skeptical of the cabinet depending on Defense Minister Inada's explanations of her ties with Moritomo Gakuen and her ministry's "concealment" of data compiled by a GSDF unit engaged in peacekeeping operations in South Sudan.

Today's Mainichi took up the recent drop in cabinet approval reported by a number of pollsters, suspecting that independent voters are becoming disillusioned with the premier over the Moritomo Gakuen scandal. However, the paper projected that the drop in support will probably not last long given that public distrust of the largest opposition Democratic Party apparently remains very strong. Sankei's latest poll put support for Abe at 57.4%, down only 1.4 points from a month ago.

Abe interested in holding snap election in late April?

Monday's Sankei gave top play to mounting speculation that Prime Minister Abe is looking to dissolve the Lower House soon for a snap election on April 23 in a bid to counter the opposition's offensive on the Moritomo Gakuen scandal. Some LDP officials are underscoring the importance of holding a general election at an early date out of fear that the ruling party will be put in a difficult position in the summer as LDP candidates are expected to have a hard time in the Tokyo metropolitan election in July since popular Tokyo Governor Koike has joined hands with the Komeito party to defeat LDP assembly members who are resistant to the governor's reform drive.

SECURITY

Abe pledges redoubled efforts to strengthen SDF capabilities

All Monday papers highlighted a speech delivered by Prime Minister Abe during the National Defense Academy's commencement ceremony on Sunday, in which he vowed to enhance Japan's defense capabilities and take on greater security responsibilities to respond to North Korea's provocations and China's maritime advancement.

Candidate opposed to field carrier landing practice wins mayoral race in Kagoshima

All Monday papers reported that a candidate opposed to the planned transfer of U.S. military field carrier landing practice to Mage Island in Kagoshima prevailed in Sunday's mayoral race in Nishinoomote, projecting that the election results may complicate the relocation initiative.

