



Morning Alert - Tuesday, March 28, 2017

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HEADLINES

Morning News

All broadcasters and most national dailies gave prominent top play to reports that seven high school students and one teacher who belonged to a mountaineering club died in an avalanche that occurred in Tochigi Prefecture on Monday.

ECONOMY

Westinghouse to file for Chapter 11 bankruptcy today

Most papers claimed that Westinghouse is likely to file for Chapter 11 bankruptcy on Tuesday (U.S. time), with Yomiuri explaining that the U.S. nuclear plant manufacturer will seek bankruptcy protection before Toshiba convenes a stockholders' meeting on Thursday so as to allow the Japanese conglomerate to explain to its stakeholders how it plans to deal with the Westinghouse failure. The electronics giant reportedly believes that it has become necessary to swiftly file for bankruptcy in order to elicit shareholders' consent at the Thursday meeting for its business restructuring plans, including the sale of its flash memory operation. According to Asahi, Toshiba will bear 300 billion yen in additional losses as a result of the bankruptcy filing, while Nikkei said the Japanese firm is committed to guaranteeing almost 800 billion yen of Westinghouse debt. Nikkei also said it is critical for Toshiba and the GOJ to address the Trump administration's concerns about the fate of Westinghouse.

Noting that Toshiba is seeking assistance from the Korean Electric Power Group as a sponsor for the post-Chapter 11 reorganization of Westinghouse, several papers speculated that the Korean firm will be reluctant to accept the request in part because of political instability at home. Asahi wrote that

while Toshiba plans to hold an auction tomorrow for its semiconductor division, it has already turned down possible bids by Chinese funds based on the assessment that the GOJ will probably invoke statutory authority to block the sale of the unit to a Chinese entity due to national security considerations.

POLITICS

FY2017 budget legislation enacted amid Moritomo Gakuen scandal

All papers reported on the enactment on Monday of a set of bills related to the FY2017 budget, predicting that intense parliamentary discussions will continue on the so-called “conspiracy” legislation, the Moritomo Gakuen scandal, and data concealment by the Defense Ministry. The opposition bloc is likely to step up its criticism of the Abe administration over these issues. However, Asahi speculated that the Kantei and the ruling coalition will try to take a “wait and see” attitude toward the Moritomo scandal based on the assessment that the public is not particularly critical of the administration, as evidenced by the results pointing to steady approval for the Abe cabinet of several nationwide public opinion surveys that were conducted after the president of Moritomo Gakuen made controversial statements about the premier and his wife during sworn Diet testimony last week. Because the polls also showed that the public still has doubts about the Democratic Party and other opposition groups, the premier reportedly feels encouraged by the voters’ confidence in his administration.

However, Sankei emphasized that the public is still largely dissatisfied with the lack of a convincing explanation from the premier about his and his wife’s relationship with the Moritomo Gakuen president and the substantial discount that the school operator obtained when purchasing state-owned land.

In a related story, Sankei claimed in its front-page that Prime Minister Abe has decided not to dissolve the Lower House for a snap election in April in order to head off potential criticism that the premier took a political gambit in an attempt to deflect public attention from the Moritomo Gakuen scandal. Some LDP officials have reportedly been calling for a general election in the spring instead of the autumn or later based on the judgment that the LDP Tokyo chapter will perhaps have a difficult time in the Tokyo metropolitan assembly election scheduled for July because popular Tokyo Governor Koike has been criticizing the party for being reluctant to support her reform initiative. However, Abe has chosen not to heed such views in the belief that the ruling party may lose a large number of seats if the election is held at this juncture on account of the school scandal.

SECURITY

Suga hints at seeking damages from Okinawa governor if Henoko plan is impeded further

Most Monday evening papers reports on remarks made to the press on Monday by Chief Cabinet Secretary the Suga, during which he hinted at the possibility that the GOJ will seek damages from Okinawa Governor Onaga if he continues to sabotage construction off Camp Schwab for Futenma relocation. On Onaga's public statement on Saturday that he will revoke his predecessor's approval of the landfill work, Suga said it is conceivable that the central government will adopt legal measures, including executing its right to seek damages, if the governor "abuses" his authority further.

Today's papers said the central government will be forced to shoulder tens of millions of yen in additional costs per day if the construction work is suspended. Asahi said the governor is poised to revoke the approval while taking into account the possibility of the central government filing a lawsuit seeking compensation, which he may be required to pay out of his personal funds.

INTERNATIONAL

UN discussions start on proposed international ban on nuclear weapons

All papers reported from New York on the commencement at the UN headquarters on Monday of multilateral negotiations on the Nuclear Weapons Convention, noting that all five nuclear powers and many of the nations protected under the U.S. "nuclear umbrella" are set to boycott the talks. The papers quoted U.S. Ambassador to the UN Nikki Haley as telling the press: "We have to be realistic.... Is there anyone who thinks that North Korea would ban nuclear weapons?" She said North Korea would be "cheering" for such a ban. While Japan is expected to take part in the opening session, it will express opposition to the proposed treaty.

U.S. Supreme Court dismisses appeal on comfort woman statue in California suburb

Sankei reported that the U.S. Supreme Court on Monday dismissed an appeal filed by Japanese residents in California asking the top court to review a lower court ruling upholding the installation by the city of Glendale of a comfort woman memorial in a city park. The Supreme Court was not swayed by the plaintiff's arguments that were partially supported by the Japanese government, which submitted to the court in February an "amicus curiae brief" claiming that the statue "interferes with and disrupts U.S. foreign policy."

