



Morning Alert - Friday, March 31, 2017

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## HEADLINES

### Morning News

Most networks gave top play to reports that former South Korean President Park was arrested early this morning over corruption allegations. TV Asahi led with a report that the body of Kim Jong Nam arrived in Beijing after North Korea and Malaysia agreed to exchange the body with nine Malaysian diplomats who had been detained in North Korea.

Most national papers led with an announcement by the Education Ministry that 43 retired ministry officials have been reprimanded retroactively for securing highly paid positions in the private sector by relying on arrangements made by the ministry's human resources division. Other main front-page items included an agreement reached between Malaysia and North Korea to transfer the body of Kim Jong Nam to Pyongyang in exchange for the release of the nine Malaysian diplomats.

## ECONOMY

### Toshiba stockholders support spinoff of semiconductor division

All papers reported that Toshiba's plan to deconsolidate its lucrative flash memory business was approved yesterday during a shareholders' meeting. While the electronics giant is hoping to sell the unit to the highest bidder among 10 companies, including Western Digital, the GOJ is cautious about the possibility of the operation being sold to a company from China or another unfriendly nation because of national security concerns. According to Yomiuri, an unnamed executive of Sharp, whose parent firm Taiwan-based Foxconn Technology is reportedly interested in purchasing the Toshiba semiconductor operation, expressed apprehension about the government's opposition by saying: "Japan is a nation of free trade. The GOJ's position runs counter to economic globalization."

Nikkei said the American private equity firm Silver Lake Partners and the American semiconductor company Broadcom have each offered over 2 trillion yen for the flash memory unit. The paper added that Toshiba has conveyed to the Defense Ministry that its semiconductor operations involving defense equipment, such as aircraft radar, will be retained in response to GOJ concerns about the potential transfer of critical military expertise amid the rising regional tension triggered by North Korea's provocations and China's maritime advancement. Toshiba has reportedly explained to the ministry that key engineers in the flash memory unit will also be retained even after it is spun off.

As for Westinghouse's filing for bankruptcy protection, Yomiuri said concern is mounting in the U.S. about the possibility of thousands of workers being laid off as a result of the business failure.

### **U.S. to impose anti-dumping duties on Japanese steel**

Sankei and Tokyo Shimbun published a Kyodo piece from Washington on the Commerce Department's announcement on Thursday that it has decided to impose punitive tariffs on steel imports from Japan, South Korea, Taiwan, and several other nations on the grounds that they have been imported at excessively low prices. The report quoted Commerce Secretary Ross as saying: "Saving the U.S. steel industry, which has suffered from dumping and excess production by foreign manufacturers, is extremely important for the U.S. economy."

## **INTERNATIONAL**

### **U.S. legislature calls for reinstatement of DPRK as state sponsor of terrorism**

Several papers reported from Washington that the House Foreign Affairs Committee on Wednesday passed a bill urging the executive branch to reinstate North Korea as a state sponsor of terrorism. The legislation will likely be endorsed by the House of Representatives as well as the Senate. Nikkei wrote that Congress appears to be supporting the Trump administration's policy of taking a tougher approach toward the Kim regime, quoting Chairman Royce as saying: "I was pleased to hear Secretary of State Tillerson's comment that the administration is reviewing its response to Kim Jong Un's dangerous provocations." The daily stressed that this remark reflected strong resentment toward Pyongyang among members of Congress.

### **Russia proposes joint economic initiatives on contested islands**

Yomiuri reported that during a Tokyo meeting on March 18 between the vice foreign ministers of Russia and Japan on "joint economic activities" on the Northern Territories, the Russian representative put forward 26 ideas, including the establishment of fisheries processing factories, construction of wind power and geothermal generation plants, and renovation of housing complexes. Since many of the proposed programs overlap with those put forward by the Japanese side, the GOJ is hoping to agree on commencing feasibility studies when Prime Minister Abe meets with President Putin in Russia in late April.

In a related development, several dailies wrote that Japanese Vice Foreign Minister Sugiyama met with his Russian counterpart in Tokyo yesterday, noting that during the bilateral “strategic dialogue,” the two sides agreed to make progress on the joint economic activities in the upcoming summit between Abe and Putin. Nikkei speculated that Abe will probably visit Russia on April 27.

### **Kishida to visit Turkmenistan**

Yomiuri stated that Foreign Minister Kishida plans to visit Ashgabat, Turkmenistan, on May 1 to attend a foreign ministerial meeting between Japan and five Central Asian countries, projecting that the participants will discuss border control to prevent the infiltration of Islamic extremists and North Korea’s nuclear and missile development. Japan is reportedly hoping to strengthen cooperative ties with the resource-rich nations.

## **SECURITY**

### **Article 9 and high costs stand in way of acquiring “enemy strike capabilities”**

Asahi highlighted a set of recommendations submitted to Prime Minister Abe on Thursday by an LDP panel on the SDF’s possible acquisition of capabilities to strike enemy bases, noting that although the ruling party and the Abe administration are keen to introduce advanced missile defense systems and other state-of-the-art equipment to counter North Korea’s relentless pursuit of missile and nuclear expertise, several issues must be addressed first. The paper underscored that the GOJ needs to confirm the constitutionality of possessing strike capabilities since the nation has upheld the SDF’s “exclusively defense-oriented” posture for decades. The paper also cited high procurement costs and the effectiveness of THAAD, as well as potential concerns by neighbors, as additional impediments to procuring equipment for destroying enemy missile bases.

### **Gap remains between GOJ and landowner on value of island off Kagoshima**

Yomiuri wrote that the GOJ has entered negotiations with a Tokyo-based realtor regarding the proposed purchase of Mage Island in Kagoshima as a site for the relocation of U.S. military field carrier landing practice from Iwo Island. According to the daily, the owner is demanding almost 10 times more than the GOJ’s initial offer of about 4 billion yen for the land.

### **Satellite images to be utilized to monitor suspicious ships**

Thursday evening’s Nikkei gave top play to a report saying that the Japan Coast Guard has launched a study on the use of satellite images to conduct surveillance of unidentified vessels in waters around Japan. By relying on satellite data, JCG patrol boats will be able to monitor larger areas to identify and track down suspicious ships more swiftly.

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