



Morning Alert - Monday, April 3, 2017

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## HEADLINES

### Morning News

NHK gave top play to a report that one week has passed since the fatal accident in which a group of high school students were hit by an avalanche in Tochigi. NTV and Fuji TV led with reports that Japanese figure skater Yuzuru Hanyu won his second men's world championship on Saturday. TV Asahi led with a report that Moritomo Gakuen President Kagoike sent a letter of protest to the LDP members who indicated that he lied in his Diet testimony. TBS reported that the body of a Vietnamese girl who was found murdered in Chiba has been sent to Vietnam.

Major front-page items in national papers included a plan by the central government to pay a portion of the security costs for the Tokyo Olympics in 2020, METI's plan to draft guidelines for encouraging companies to share business-related "big data" for the development of innovative products and services, and updates on last month's fatal avalanche in Tochigi Prefecture.

## ECONOMY

### President Trump signs executive orders to probe "unfair trade practices" by Japan, China

All weekend papers reported extensively on two executive orders signed on Friday by President Trump calling for extensive investigations into countries that have trade surpluses with the U.S. to see whether they are engaging in unfair trade practices and currency manipulation. The orders called for the submission of reports on Japan, China, Germany, Mexico, and others within 90 days. In announcing the orders, the President hinted at the possibility of implementing retaliatory sanctions by saying: "They're cheaters. From now on, those who break the rules will face the consequences

and they'll be very severe consequences." The dailies projected that the results of the probes will probably be used by the Trump administration to apply pressure on major trading partners to reduce their trade surpluses in the NAFTA renegotiations and U.S.-Japan economic dialogue.

The papers said Washington is upping the ante on the trade front ahead of Chinese President Xi's planned trip to Florida this week. The dailies said Japanese officials are alarmed by rising protectionism in the U.S., pointing out that although they had been hoping to focus on the importance of bilateral economic cooperation in the planned economic dialogue in mid-April so as to deflect U.S. pressure for reducing trade deficits, they are now bracing for the possibility of the U.S. demanding specific measures to open up the Japanese market to American autos and agricultural products.

In a related development, Saturday evening's Nikkei wrote that Commerce Secretary Ross said on a TV show on Friday that he will visit Tokyo in mid-April to participate the U.S.-Japan economic dialogue. The paper predicted that the bilateral trade imbalance will be one of the main items on the agenda for the talks since Ross is the Trump administration's chief trade negotiator.

Meanwhile, most papers wrote from Washington on a report on trade barriers released on Friday by the USTR that referred to "substantial barriers" in Japan's agricultural market. The report noted that American producers of such items as rice, sugar, wine, and oranges are having difficulty making inroads into Japan. The document also criticized Japan's automotive market by saying: "A variety of nontariff barriers impede access to Japan's automotive market."

### **Trump anxious to display hard line on trade to make up for domestic policy failures**

Several Sunday papers speculated that by signing the controversial executive orders, the Trump administration wanted to emphasize its tough stance on trade in order to recoup the public support that had been lost due to a series of policy debacles, including the failure to repeal "Obamacare" and court injunctions on the executive orders on immigration. Nikkei said that because the President can impose sanctions on trade partners without congressional involvement, the Trump administration is playing up its protectionist line to demonstrate strong leadership for its key labor-oriented constituencies in the Midwest.

### **Major U.S. IT firms keen to purchase Toshiba's semiconductor operation**

Saturday morning's Yomiuri front-paged a report saying that Google, Apple, and Amazon have tendered bids for Toshiba's planned sale of its flash memory business, speculating that the three U.S. companies appear to be interested in obtaining key semiconductor technology for use in smartphones, automated driving, and cloud services. The daily said in a separate piece that some 10 companies tendered bids on March 30, with Taiwan-based Foxconn Technology offering over 2 trillion yen for the unit, followed by U.S. Silver Lake Partners and U.S. Broadcom. While speculating

that these companies may join forces to acquire the key technological base, the article added that the Development Bank of Japan and the Innovation Network Corporation of Japan may ask U.S. Western Digital, which has maintained close business ties with Toshiba, to buy out the flash memory division.

In a related report, Saturday morning's Nikkei wrote that Toshiba President Tsunakawa met with U.S. utility firm Southern Company CEO Fanning to confirm close communications and coordination for the continued construction of two nuclear reactors in Georgia undertaken by Westinghouse.

### **Japan to explore TPP effectuation without U.S. participation**

Saturday morning's Sankei led with the finding that the GOJ is looking into steps to effectuate the TPP without U.S. membership, explaining that it may emulate the GATT model of 1948 under which selected signatories chose to seal a separate protocol to effectuate the landmark international trade agreement given that the remaining 15 countries were not able to ratify the original deal expeditiously. The article said Japan may propose this approach in a TPP trade ministerial to be held in Vietnam in May on the sidelines of an APEC conference.

### **Conclusion of Japan-EU EPA still a distant goal**

This morning's Yomiuri reported on the start of negotiations today in Tokyo between Japan and the EU concerning a bilateral economic partnership agreement, projecting that even a rough consensus during this session will probably be difficult due to a rift over Japanese tariffs on European agricultural imports and European duties on Japanese automobiles. The daily said it will not be easy for either side to make concessions at this juncture since major national elections are planned in France and Germany, and Japan has not yet enacted a bill to enhance the competitiveness of domestic agriculture.

## **INTERNATIONAL**

### **U.S. imposes additional sanctions on DPRK**

All Saturday evening papers reported that the Treasury Department added 11 North Korean individuals and one organization to its list of those subject to financial sanctions on Friday on the grounds that they have been involved in financing the development of weapons of mass destruction. Their assets in the U.S. will be frozen and they will be prohibited from doing business with U.S. companies. Noting that this was the first punitive step taken against Pyongyang by the Trump administration, the articles quoted Secretary Mnuchin as saying: "The latest sanctions are aimed at disrupting the networks and methods that the Government of North Korea employs to fund its unlawful nuclear, ballistic missile, and proliferation programs."

### **Japan running into difficulties dealing with new ROK government**

Saturday morning's Mainichi wrote that following the arrest of former ROK President Park, the GOJ is not sure how to deal with the new government to be launched after the presidential election in May. Many of the candidates are reportedly critical of the bilateral comfort women agreement and Japan's demand for the removal of the comfort woman statue installed in front of the Japanese diplomatic mission in Busan. GOJ officials are reportedly divided over when Japanese Ambassador Nagamine, who was recalled to Japan in January, should be allowed to return to Seoul. While some argue that he should stay in Japan until the ROK takes concrete actions on the Busan statue, others insist on his swift return ahead of the launch of the next administration based on the judgment that having him explain Tokyo's position to the presidential candidates might help to improve bilateral ties. Prime Minister Abe will reportedly make a decision in the near future on the timing of Nagamine's return.

### **Japan, China aiming to hold summit in July**

Today's Tokyo Shimbun took up the disclosure by several diplomatic sources that Japan and China are likely to hold vice foreign ministerial talks in Tokyo this week with the goal of arranging a summit between President Xi and Prime Minister Abe on the margins of the G20 conference scheduled for July in Germany. The Chinese side will be represented by a senior diplomat who may be appointed as the next ambassador to Japan, and Deputy Foreign Minister Akiba will represent Japan. They will also reportedly exchange views on such issues as North Korea's nuclear and missile development and a proposed trilateral summit with South Korea.

### **Taiwan conducted numerous research operations within Japan's EEZ last year**

Sunday's Sankei wrote in its top story that according to the Japan Coast Guard, Taiwan carried out eight underwater research operations within Japan's exclusive economic zone in 2016. This was reportedly the highest level ever. Noting that the operations were conducted in the vicinity of the Senkakus and the nation's westernmost island of Yonaguni without obtaining Japan's consent, the article said Taipei appears to be growing increasingly assertive in pursuing its maritime interests.

## **SECURITY**

### **Henoko construction to continue regardless of permit expiration**

Saturday morning's Asahi, Yomiuri, and Mainichi reported that the central government is determined to go ahead with the construction work for Futenma relocation even though the Okinawa prefectural government's permit for crushing rock reefs off Camp Schwab expired on Friday. The papers quoted Chief Cabinet Secretary Suga as saying on Friday that the construction will continue. Yomiuri projected that once the installation of underwater fences to prevent the spread of dirt is completed, the Defense Ministry is likely to begin bank protection work in mid-April. The dailies stressed that Okinawa Governor Onaga will probably revoke the landfill permit and may consider filing a new lawsuit calling for an injunction to halt the planned construction.

### **U.S. military mentioned Futenma relocation prior to 1996 SACO accord**

Sunday's Mainichi led with the discovery of a U.S. military document from 1992 by an Okinawa academic that mentioned the need to "examine the construction of a Futenma replacement facility" due to various operational constraints on the Marine installation, such as the local environment and culture. The document, which was drafted, by the Department of the Navy, also stated that MCAS Futenma would be an "inappropriate" location for the future deployment of the Ospreys. The daily said this shows that the U.S. military had been considering the possibility of Futenma relocation long before the two governments officially agreed on the relocation in 1996.

## **POLITICS**

### **LDP, Komeito at odds over when to start Diet debate on anti-conspiracy bill**

Saturday morning's Yomiuri wrote that the ruling LDP is displeased with its junior partner Komeito's reluctance to start parliamentary deliberations on the "anti-conspiracy bill." The paper noted that although the LDP is demanding that the deliberations be started on April 6 to ensure the bill's passage during the current Diet session, Komeito is insisting on prioritizing deliberations on other bills that were carried over from the previous Diet session. The article said the rift between the two parties may deepen in the run-up to the Tokyo metropolitan assembly election in July, because Komeito's Tokyo chapter has decided to forgo electoral cooperation with the LDP and team up with the political group led by Tokyo Governor Koike.

## **OPINION POLLS**

### **Large majority "satisfied" with current state of Japan**

Most Sunday papers reported on the results of a Cabinet Office public opinion survey showing that some 66% of respondents said they were satisfied with the current state of Japan, up 4 points from a year ago to the highest level since 2009. Asked about the areas in which Japan is heading in the wrong direction, over 28% cited "defense," up 4 points from the previous poll. The dailies speculated that more Japanese are alarmed by the increasingly tense security environment due to North Korea's nuclear and missile development and China's maritime advancement.

## **SOCIETY**

### **Two aquariums cancel association membership in protest of ban on Taiji dolphins**

Monday's Nikkei wrote that two aquariums in Kanagawa and Yamaguchi withdrew from the Japanese Association of Zoos and Aquariums (JAZA) on Friday in response to the organization's decision in 2015 to prohibit its members from buying dolphins caught by the so-called "drive hunt" method practiced by fishermen in Taiji, Wakayama Prefecture. They reportedly explain that drive

hunting is legal. Sankei ran a similar story, claiming that two additional facilities have also cancelled their JAZA membership so that they can obtain Taiji dolphins.

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