



Morning Alert - Friday, April 14, 2017

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## HEADLINES

### Morning News

NHK and Fuji TV gave top play to reports that today marks the first anniversary of the Kumamoto earthquakes. NTV led with a report that the U.S. military dropped the largest conventional bomb ever used in combat on ISIS forces in Afghanistan on Thursday. TBS and TV Asahi gave top play to reports that Kim Jong Un appeared before the press during a ceremony held on Thursday to highlight the nation's economic development.

Main front-page items included stories related to the first anniversary of the Kumamoto earthquakes today, the outline of a final report on the Emperor's abdication to be released by a GOJ blue-ribbon commission, Russia's veto of a UN Security Council resolution denouncing the use of chemical weapons in Syria, and Prime Minister Abe's statement at the Diet yesterday on North Korea's chemical weapons.

## ECONOMY

### Japan to deflect U.S. call for bilateral trade talks

Yomiuri reported that Prime Minister Abe, Deputy Prime Minister Aso, and other cabinet ministers held a meeting at the Kantei on Thursday to discuss the upcoming economic dialogue with Vice President Pence next week. They affirmed that the Japanese side will propose the joint drafting of common trade and investment rules for the Asia-Pacific region on intellectual property protection, regulations on foreign capital, and state-owned enterprises. By prioritizing discussions on bilateral economic cooperation, the Abe administration intends to deflect U.S. demands to launch bilateral negotiations on the trade imbalance. As the Trump administration has withdrawn from the TPP,

Tokyo is also hoping that jointly establishing standardized trade and investment rules with Washington will help rein in the growing economic presence of China.

Mainichi also reported on yesterday's GOJ meeting, noting that the officials confirmed their intention to issue a joint statement after the economic dialogue so as to play up the two nations' commitment to enhancing the bilateral alliance through stronger economic cooperation. Chief Cabinet Secretary Suga told the press after the conference: "By further deepening and developing U.S.-Japan economic relations, we would like to demonstrate at home and abroad that the U.S.-Japan alliance is ironclad on the economic front for powerful growth and prosperity in the Asia-Pacific region."

### **Economic minister to meet with U.S. commerce chief**

Mainichi wrote that final coordination is underway for Economic and Trade Minister Seko to hold trade talks with Commerce Secretary Ross when he accompanies Vice President Pence on his visit to Japan next week. The GOJ reportedly regards their meeting as separate from the economic dialogue to be headed by Vice President Pence and Deputy Prime Minister Aso. By delinking the Seko-Ross meeting from the economic talks, the Japanese side is hoping that economic cooperation will be the key item on the agenda in next week's discussion between Pence and Aso. Nikkei ran a similar story, projecting that although Seko and Ross will probably discuss increased cooperation in the energy sector and on cybersecurity, specific trade issues, such as auto and import tariffs, will not be addressed.

### **Aso to visit U.S. in early May**

Yomiuri claimed that arrangements are underway for Finance Minister Aso to visit Washington in early May for talks with Treasury Secretary Mnuchin on currency exchange rates and the impact on financial markets of rising tensions in Syria and on the Korean Peninsula.

### **President Trump says dollar is "too strong"**

All papers took up President Trump's remarks in an interview with the Wall Street Journal, in which he said: "Our dollar is getting too strong, and partially that's my fault because people have confidence in me. But that's hurting — that will hurt ultimately." Pointing out that the President also indicated in the same interview that his administration will not designate China as a "currency manipulator" in exchange for its cooperation for defusing the tension with the DPRK, Nikkei said the U.S. leader made it clear that currency policy may be used as a diplomatic tool. The paper expressed concern that the Trump administration may ultimately bring up the dollar-yen exchange rate in future sessions of the economic dialogue with the goal of correcting the bilateral trade imbalance. The daily added that Japanese officials chose to remain silent on the President's remarks on the "strong dollar" out of fear that criticism might prompt the U.S. side to take up the currency issue in next week's economic dialogue.

### **Broadcom viewed as likely buyer of Toshiba's semiconductor operation**

Asahi asserted that U.S. semiconductor company Broadcom Ltd. is being viewed as the most likely buyer of Toshiba's flash memory division. Foxconn tendered the highest bid, but the GOJ is cautious about the possibility of the Taiwanese company buying the unit on account of its close ties with China. Two other bidders, U.S. Western Technology and ROK chipmaker SK Hynix, are reportedly lagging behind because these two semiconductor producers would face more vigorous antitrust scrutiny by regulatory authorities than Broadcom since Broadcom's present business is focused more on the design and development of semiconductors than production. Toshiba plans to hold the second round of bidding in May to select a buyer in June.

## **INTERNATIONAL**

### **Abe mentions possibility of DPRK possessing missiles equipped with sarin**

All papers took up remarks made at the Diet on Thursday by Prime Minister Abe, who commented on North Korea's relentless pursuit of ballistic missile capabilities by saying: "There is a possibility that the DPRK has already acquired the potential to deliver ballistic missiles fitted with warheads containing sarin." Chief Cabinet Secretary Suga told the press on the same day that Pyongyang appears to have several facilities that can assemble and stockpile a considerable amount of chemical weapons.

In a related front-page story, Nikkei said the GOJ convened an NSC meeting yesterday, during which Prime Minister Abe and other cabinet ministers discussed the North Korean situation. According to several sources, they exchanged views on contingency scenarios, focusing on how to protect and evacuate Japanese citizens from South Korea and deal with North Korean refugees.

### **ROK conveys apprehension about Japan's travel advisory**

Asahi wrote that the ROK government has conveyed to the GOJ its concern about Tokyo's recent travel advisory reminding Japanese tourists of the importance of keeping informed of the rising tension on the Korean Peninsula. Seoul reportedly said the warning is misleading. Although the travel advisory was reportedly issued with the deployment of the USS Carl Vinson in waters near the Korean Peninsula in mind, some GOJ officials were not convinced it should have been issued.

### **Abe to visit Scandinavia, UK after Russia**

Mainichi reported that after visiting Russia in late April for summit meetings with President Putin, Prime Minister Abe will probably travel to Sweden, Norway, Denmark, Finland, and the UK perhaps in a bid to address international concern that Tokyo is keen to extend overtures toward Moscow. London is critical of Russia's position on Syria, while the four Scandinavian nations are cautious about Russia's military policy. By visiting these countries after Russia, Abe is hoping to strike a diplomatic balance.

### **Emperor, Empress attend centennial of America-Japan Society**

TBS reported this morning that the Emperor and the Empress attended a ceremony held on Thursday evening in Tokyo to commemorate the 100th anniversary of the America-Japan Society. The network said about 500 guests attended the ceremony, including Prime Minister Abe, Mrs. Abe, and Chargé d’Affaires Hyland. The network said the imperial couple also attended a reception held after the ceremony, during which they talked with people involved in the organization from both nations.

## **SECURITY**

### **Number of ASDF scrambles spikes**

All papers reported on MOD data on ASDF scrambles in FY2016 ending in March, noting that the number was a record 1,168, up 295 from the previous year. Approximately 70% of the scrambles were in response to Chinese military planes. Noting that PLA aircraft often flew in “combat formation” and expanded their sphere of operation beyond the East China Sea into the Western Pacific, Yomiuri expressed concern about possible accidents involving PLA and SDF aircraft in the absence of a communication mechanism between the two militaries.

## **POLITICS**

### **DP leadership hit hard by Hosono’s resignation**

All papers reported on Democratic Party Deputy President Hosono’s intention to step down from his post on account of the party leadership’s reluctance to promote constitutional revision. The paper noted that in the wake of Akihisa Nagashima’s submission of his resignation to the party, Hosono’s quitting his post will deal a heavy blow to DP President Renho, as Hosono was instrumental in electing her in the presidential race last autumn. The politician stressed that he has no plans to leave the largest opposition party. The papers said these two developments signify growing discontent with Renho’s leadership among conservative-minded DP lawmakers.