



Morning Alert - Monday, April 17, 2017

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## HEADLINES

### Morning News

Most networks and national papers gave extensive top play to the failed missile launch by North Korea on Sunday morning. NHK reported on Vice President Pence's visit to South Korea, quoting him as saying before American soldiers on Sunday: "This provocation from the North is just the latest reminder of the risks each one of you face every day.... Our commitment to this historic alliance with the courageous people of South Korea has never been stronger." The network said the Vice President is expected to meet with South Korea's Acting President Hwang Kyo-ahn today to discuss North Korea.

## INTERNATIONAL

### DPRK stages provocation despite U.S. pressure

All Monday papers highlighted Sunday's missile launch by North Korea, noting that the projectile apparently exploded only seconds after it was fired. Since the launch came just hours before Vice President Pence's arrival in South Korea, it was probably intended to keep the Trump administration in check since the U.S. is apparently prepared to take military options if necessary to halt Pyongyang's relentless pursuit of weapons of mass destruction. Sankei conjectured that the Kim regime might have purposely planned for the launch to fail so as not to provoke the U.S. unnecessarily. Asahi speculated that Pyongyang carried out the launch based on the judgment that the Trump administration would not retaliate against any provocation short of an ICBM launch or nuclear test. Nikkei speculated that the DPRK may be trying to determine what constitutes the "red line" for the U.S. to take retaliatory military action.

The papers highlighted the Vice President's remarks last night reaffirming the U.S. defense commitment to South Korea, as well as a teleconference between Secretary of State Tillerson and a top Chinese Communist Party official, during which they apparently exchanged views on the failed launch. The local media also reported that the GOJ lodged a protest through its embassy in Beijing. The GOJ is reportedly bracing for another launch based on the assessment that Kim Jong Un appears to be determined not to back down in the face of stronger U.S. military pressure. Nikkei predicted that Prime Minister Abe will confirm a coordinated response to North Korea when he meets with Vice President Pence tomorrow. While in Japan, the Vice President will visit the USS Ronald Reagan at Yokosuka Naval Station and deliver a speech there to issue a warning to North Korea against raising tensions in the region.

### **President Trump promised to hold consultations with Abe on North Korea**

Saturday morning's Asahi claimed that during a teleconference with Prime Minister Abe on North Korea earlier this month, President Trump said that all options are on the table and that he will "hold consultations with the premier on everything" when pursuing measures "stronger than sanctions." Although the U.S. leader stopped short of specifying what measures he was referring to, the GOJ believes that they may include a cyberattack to neutralize the DPRK's missile capabilities.

Sunday's papers took up U.S. media reports on the conclusion of the Trump administration's review of its North Korea policy, noting that Washington has decided to pursue "maximum pressure and engagement" to seek the denuclearization of the Korean Peninsula. The U.S. has also reportedly chosen not to seek a "regime change" in the DPRK. With regard to "maximum pressure," all Saturday morning papers reported extensively on the U.S. military's use of a GBU43 bomb on ISIL strongholds in Afghanistan, speculating that the massive ordinance air blast (MOAB) bomb was perhaps utilized partly to send a warning to North Korea.

In a related front-page story, Sunday's Yomiuri wrote that China and Russia have both dispatched spy ships to the East China Sea to monitor the USS Carl Vinson strike group probably in response to the U.S.'s purported preparations for launching a military strike against North Korea.

### **DPRK displays ICBM at military parade**

All Sunday papers reported extensively on a massive military parade staged by North Korea in Pyongyang on Saturday, highlighting the various missiles that were displayed during the event, including what appeared to be a new type of ICBM. The papers speculated that the Kim regime displayed the missiles to demonstrate its resolve not to succumb to U.S. military pressure.

### **Abe uses tougher language on North Korea**

Saturday morning's Nikkei wrote that Prime Minister Abe has recently been using stronger language when making statements on North Korea than before, noting that his tough rhetoric may perhaps reflect President Trump's "seriousness" about confronting Pyongyang's escalated provocations.

In a related story, Saturday morning's Yomiuri wrote that Foreign Minister Kishida is likely to visit the U.S. in late April to attend a UN conference on North Korea, noting that cabinet ministers of 15 Security Council members will attend the meeting that was proposed by the United States in order to ratchet up the pressure on the reclusive state in view of its continued provocations.

### **Defense chief to visit Vietnam**

Monday's Nikkei wrote that Defense Minister Inada will travel to Vietnam in early May for talks with her counterpart to strengthen bilateral security cooperation amid China's continued moves to militarize the South China Sea.

### **Feasibility study group to be sent to Northern Territories**

Saturday morning's Mainichi front-paged a GOJ plan to dispatch to the Northern Territories a feasibility study group on the proposed "joint economic activities" in mid-May. Tourism and fisheries industry professionals will participate along with GOJ officials in order to explore possible business opportunities.

## **ECONOMY**

### **Senior USG official comments on "economic dialogue"**

Saturday morning's Asahi reported on a press conference on Thursday by an unnamed high-ranking USG official, who commented on the upcoming bilateral economic dialogue with Japan by saying: "Vice President Pence's goal is to create a framework for high-level discussions for the next several months. He is unlikely to discuss specific industries in the upcoming talks."

In a related story, Saturday morning's Yomiuri said that in the planned economic dialogue this week, the GOJ is hoping to focus on infrastructure investment by Japan in the U.S. and elsewhere, such as high-speed railway between New York and Washington, in order to play up the country's contributions to U.S. economic growth. The paper said, however, that the Trump administration may not be very enthusiastic about the high-speed rail initiative because the project was pursued under the Obama administration as part of efforts to address global warming. Since President Trump is reportedly skeptical about climate change, some GOJ officials are worried that the USG may not be very receptive to Japan's offer of financial and other support for the initiative. The daily added that some Japanese companies have qualms about the government's heavy involvement in private-sector business deals.

Yomiuri also said in its Sunday edition that Japanese officials are pleased that Kenneth Juster, Deputy Assistant to the President for International Economic Affairs, is not expected to attend the dialogue. They believe that the Vice President will not be able to conduct substantive discussions on specific trade issues without the participation of the key economic advisor. Saturday's Mainichi and Monday's Asahi carried similar articles, with Asahi speculating that although USTR-designate

Lighthizer was known for taking a hard line toward Japan when he served as deputy USTR during the Reagan administration, he is unlikely to take a tough stance toward Tokyo on autos since he is aware that Japanese automakers have made considerable investments in the U.S.

### **U.S. decides against designating China as currency manipulator**

All Sunday papers focused on the Treasury Department's release on Friday of a foreign exchange policy report, noting that the Trump administration opted against designating China as a currency manipulator. They speculated that Washington made the decision in exchange for eliciting greater cooperation from China for defusing the tension in North Korea. Yomiuri explained that the decision ran counter to the President's campaign pledge to designate China as a currency manipulator, criticizing the administration for using foreign exchange policy as a "political instrument" to obtain China's support in dealing with the defiant DPRK regime.

The papers also said the Treasury Department report put Japan, China, Germany, and other countries on a currency watch list. These nations are bracing for the possibility of the Trump administration taking up the subject in bilateral talks since the President has repeatedly complained of the dollar's appreciation against their currencies.

### **Local farmers apprehensive about economic dialogue**

Sunday's Yomiuri wrote that although Vice President Pence is unlikely to take up specific sectors such as agriculture and autos, Japanese farmers are concerned that the USG will eventually put pressure on the GOJ to open up the agricultural market since the U.S. probably believes that the liberalization of the highly-protected Japanese market will be effective in reducing its trade deficit with Japan on account of American products' strong competitiveness. In contrast, the U.S. may have difficulty demanding the opening up of the Japanese auto market because no import duties are imposed on U.S. cars and they are viewed as lacking appeal for Japanese consumers. Farm industry officials are concerned that their market may become a primary target and are worried that the GOJ may be forced to make more concessions under the bilateral economic talks than it did with the Obama administration under the TPP.

### **U.S., Japan to draft common rules on use of customer data by companies**

Today's Yomiuri wrote that the USG and the GOJ are expected to put together common rules concerning the control and utilization of customer information by commercial enterprises so as to allow them to use such data for cross-border marketing more efficiently.

### **Japan to seek effectuation of TPP without U.S.**

Saturday morning's Nikkei led with a piece claiming that the Abe administration is set to pursue the effectuation of the TPP without U.S. participation based on the judgment that the Trump administration will not oppose such a move. By continuing to promote the multilateral regional free trade initiative, Tokyo is also hoping to check the Trump administration's trade bilateralism.

## **Foxconn asks Apple to invest in Toshiba spinoff**

All Saturday morning papers wrote that Foxconn has asked Apple Inc. and Softbank to join forces with it in purchasing Toshiba's flash memory division, noting that although the Taiwan-based electronics giant apparently tendered the highest bid, the GOJ is negative about Toshiba Memory potentially being acquired by a firm connected to China. By asking for the two major U.S. and Japanese companies' financial support, Foxconn is aiming to address the GOJ's concern. However, Softbank is reportedly hesitant toward the proposal.

## **SECURITY**

### **Osprey safety record declines**

Monday's Tokyo Shimbun led with data provided by Marine Corps that apparently pointed to a decline in the safety record of the MV-22 Osprey. Class A mishaps involving the tilt-rotor aircraft occurred 3.44 times per 100,000 flight hours during the period from October 2011 through September 2016, as opposed to 1.93 times from October 2003 to April 2012. The paper quoted a USMC spokesperson as saying: "There is no noteworthy change in the safety and reliability of the Osprey since its mishap rate is not much different from that of other planes operated by the Marines." The daily underscored the latest statistics contradict the GOJ's explanation made ahead of the Osprey deployment at MCAS Futenma in October 2012 that the aircraft has been proven to be safe as evidenced by its low mishap rate.

### **GOJ to start bank protection work off Henoko soon**

Saturday morning's Asahi reported in a front-page article that the Abe administration has decided to commence bank protection work for land reclamation off Camp Schwab this week since the installation of underwater fences to prevent the spread of dirt has been completed. Defense Minister Inada may visit Okinawa next weekend to inform Governor Onaga of the start of the work. The operation will mark a major step for the FRF construction since it will involve placing massive amounts of concrete and other materials on the ocean floor.

### **SDF to create internal rules on provision of ammunition to U.S.**

In relation to the parliamentary approval of the updated ACSA with the U.S. on Friday, Saturday morning's Nikkei said the SDF plans to establish internal rules to limit the scope of ammunition to be provided to the U.S. military. Ammunition for weapons such as pistols, rifles, and machineguns will be offered "only in emergencies" for the purpose of protecting personnel. However, cluster bombs and depleted uranium bullets will not be supplied.

## **POLITICS**

### **Support for Abe rises amid tension over DPRK**

Yomiuri published the results of its latest public opinion poll that put support for the Abe cabinet at 60%, up four points from a month ago, and nonsupport at 29%, down four points. The daily attributed the rise in public confidence in the premier to the growing tensions on the Korean Peninsula, pointing out that over 90% of respondents expressed concern about the situation and that 64% approved of the administration's response.

### **Ruling coalition keen to score victory in Uruma mayoral race in Okinawa**

Sunday's Yomiuri wrote that the ruling LDP and the Komeito party are strongly committed to supporting the incumbent leader in the upcoming mayoral election next Sunday in Uruma, Okinawa. Since candidates supported by the ruling coalition have already prevailed over candidates backed by Governor Onaga in two mayoral races in Okinawa this year, the Abe administration is anxious to score another victory with the goal of defeating the defiant Okinawa leader in the gubernatorial race next year.

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