



Morning Alert - Monday, April 24, 2017

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HEADLINES

Morning news

NHK and TV Asahi gave top play to reports on the presidential election in France, saying that Marine Le Pen and Emmanuel Macron will compete in the runoff set for May 7. TBS led with a report that an American man was taken into custody by North Korean authorities on Friday. Fuji TV carried a South Korea's Yonhap News report that Acting President Hwang Kyo-ahn expressed the view that North Korea may carry out provocations around April 25, the anniversary of the Korean People's Army. NTV led with a follow-up report on the robbery of 380 million yen in Fukuoka last week.

Major front-page items included the first round of the French presidential election and joint training between two MSDF warships and the USS Carl Vinson Strike Group.

INTERNATIONAL

U.S. Navy, MSDF commence joint training in Philippine Sea

All Monday papers reported extensively that two MSDF warships joined the USS Carl Vinson strike group in waters east of the Philippines on Sunday to begin a joint drill that will probably last for several days as the San Diego-based nuclear flattop continues its northern transit toward the Sea of Japan to hold North Korea in check. The exercise is reportedly designed to improve combined maritime response and defense capabilities and increase combined maneuvering proficiency. Rear Adm. James Kilby, the commander of Carrier Strike Group 1,

said: "The relationship between the JMSDF and the United States is better than ever." Noting that the drill is a "flexible deterrent option" meant to bolster and reassure allies and deter potential

aggressors, Asahi said Washington and Tokyo are ratcheting up the pressure on Pyongyang based on the “peace through strength” policy. The paper speculated that the drill may be extended to the Sea of Japan.

The dailies reported earlier on the disclosure by Vice President Pence in Sydney on Saturday that USS Carl Vinson will arrive in the Sea of Japan within the next several days in order to demonstrate that the U.S. maintains “resources, personnel, and presence” in the Asia-Pacific region.

Abe, Trump to speak by phone on North Korea

Monday’s Yomiuri claimed that Prime Minister Abe is likely to hold a teleconference with President Trump today in view of the possibility of North Korea conducting a nuclear test on Tuesday to mark the 85th anniversary of the foundation of the DPRK Army. The two leaders are expected to confirm bilateral coordination to deter North Korea and urge China to exercise its influence over the defiant neighbor. The daily reported separately that Secretary of State Tillerson, Foreign Minister Kishida, and their ROK counterpart are set to hold talks in New York on the margins of a UN Security Council meeting to exchange views on the DPRK situation.

In a related piece, Saturday morning’s Mainichi wrote that arrangements are being made for President Trump and Prime Minister Abe to hold on the sidelines of the G7 summit scheduled for May 26-27 in Italy a meeting to discuss North Korea. The two leaders will also probably exchange views on the bilateral economic dialogue and the President’s proposed trip to Japan in the fall.

Abe reiterates commitment to resolving abductions

All Monday papers reported on a rally held yesterday on the abduction of Japanese citizens by North Korea, quoting Prime Minister Abe as saying: “My determination to resolve the abductions under my leadership has not been shaken one iota... I’ve been telling the U.S. administration that this is an extremely important subject that must be solved at all costs.”

Vice foreign ministers of Japan, India, and Australia to meet in Australia

Sunday’s Yomiuri wrote that the vice foreign ministers of Japan, India, and Australia will gather in Australia later this month to discuss regional security, including China’s militarization of the South China Sea and North Korea’s missile and nuclear provocations. This will be the third trilateral session of its kind to be held since the last one 14 months ago.

Japanese, Indian militaries to conduct joint training

Sunday’s Sankei front-paged the disclosure by a source involved in Japan-India relations that the GSDF and ASDF will conduct joint drills with their Indian counterparts, noting that since the two navies have already carried out bilateral training and trilateral drills with the U.S., additional exercises by the army and the air force will further strengthen the bilateral defense collaboration between Japan and India to counter China’s maritime advancement in the Indian Ocean and the South China Sea.

Poll shows U.S., Europeans feel affinity toward Japan

Sunday's Asahi and Yomiuri published the results of an international public opinion survey on views of Japan. The survey was conducted in the U.S., France, the UK, Thailand, China, and South Korea. Almost 92% of Thais said they feel an affinity toward Japan, followed by Americans at 84.5%, the French at 81%, and the British at 69%. The figures for Koreans and Chinese were 30% and 23.4%, respectively. The same trend was observed for the question of whether Japan is "trustworthy."

SECURITY

Government website offers guidance on how to respond to missile attacks

All papers reported on Saturday that the GOJ posted on the Cabinet Secretariat's website on Friday guidance on what to do in the event of a ballistic missile attack on Japan, to growing concern among Japanese about escalating tensions on the Korean Peninsula. The guidance instructs residents to take cover underground if possible, or to duck, cover, and stay away from the windows in a building. The website also offers tips on how to prepare for a possible attack involving biological or chemical weapons. The central government also organized a conference on the same day for crisis control managers of prefectural governments to instruct them on how to evacuate local residents in case of a missile attack. GOJ officials urged the participants to conduct evacuation drills to ensure the safety of residents in such an emergency.

GOJ preparing evacuation plans for Japanese nationals in South Korea

Saturday morning's Nikkei reported that the Abe administration is drawing up contingency plans in preparation for a possible military conflict on the Korean Peninsula, focusing on how to evacuate the almost 57,000 Japanese citizens residing or travelling in South Korea. Information on an imminent contingency would be conveyed swiftly to encourage Japanese nationals to evacuate using chartered planes or ferries. Because the ROK government might be reluctant to allow SDF aircraft and vessels to be deployed for evacuation even under a military contingency, the GOJ may ask the U.S. military for cooperation in airlifting Japanese evacuees.

ECONOMY

Aso says Japan to explain TPP's merits to U.S.

Saturday evening's Asahi front-paged press remarks in Washington on Friday by Finance Minister Aso, who commented on the U.S.-Japan Economic Dialogue by saying: "There is no guarantee that the U.S. will be able to obtain a better deal in a bilateral arrangement than under the TPP. We will explain which arrangement would be better for both nations." Aso acknowledged that during his meeting in Tokyo last week, Vice President Pence said the Trump administration attaches importance to bilateral free trade negotiations.

Ross urges Seko to ensure Westinghouse completes nuclear plant construction

Saturday morning's Mainichi claimed that during his meeting with Economic and Trade Minister Seko in Tokyo last week, Commerce Secretary Ross called for Toshiba to make sure that the ongoing construction of four nuclear reactors by its subsidiary Westinghouse in the U.S. is completed without fail. The paper claimed that the U.S. official was issuing a warning against the bankruptcy of the nuclear plant manufacturer having adverse effects on the U.S. economy.

In a related development, Sunday's Mainichi reported on a phone interview with Southern Company CEO Fanning, who said that although the utility firm wants Westinghouse to continue the ongoing construction of its two nuclear reactors in Georgia, the initiative may be cancelled depending on future negotiations with the plant manufacturer and its parent company Toshiba. He also said he is convinced that the matter will be taken up in the bilateral economic dialogue in the context of deepening mutual cooperation in energy and infrastructure investment, adding that the initiative is an "important subject for the national interests of both nations."

Health minister discussed drug issues with Secretary Ross

Saturday morning's Asahi reported that Health Minister Shiozaki disclosed on Friday that when he met with Commerce Secretary Ross briefly last week, they discussed issues related to pharmaceuticals. While noting that the U.S. pharmaceutical industry has reacted sharply to the GOJ's decision to lower by half the prices of costly innovative drugs, the daily said Shiozaki stressed that the Secretary did not make specific requests. The paper added that the Health Ministry is determined not to allow the issue of government-set drug prices to be taken up in bilateral economic talks with the U.S. in the belief that it is purely a domestic matter.

G20 keen to counter protectionism advocated by U.S.

All weekend dailies reported on the conclusion on Friday of the G20 conference of financial ministers and central bank governors held in Washington, explaining that the participants forged a broad consensus on the importance of promoting free trade to ensure global economic growth amid rising concern about the protectionist approach pursued by the Trump administration in the name of "fair and balanced trade." Asahi said despite this agreement, concern remains about the U.S. administration's inclination toward protectionism.

According to the dailies, the G20 members also agreed to avoid engaging in currency wars. However, they stopped short of issuing a joint statement because a similar accord was reached by the same members about a month ago in Germany. Nikkei wrote that although Treasury Secretary Mnuchin did not bring up the strong dollar during the meeting, the Trump administration is probably determined to curb the dollar's rise in the long run. Yomiuri said the fact that Mnuchin agreed on the importance of free trade and "stable currency exchange" shows that the Trump administration may be shifting toward putting its "America First" policies on the backburner to embrace international economic coordination.

In a related development, all Monday papers wrote that the IMF members dropped a pledge to fight trade protectionism from the closing statement for their spring meeting that ended in Washington on Saturday, perhaps out of deference to the Trump administration.

U.S. to take hard line on foreign steel imports

Most Saturday morning papers reported on an executive order signed by President Trump regarding possible retaliatory measures against Chinese steel imports, noting that it signifies that Washington will take a tough approach toward foreign trading partners. Pointing out that his recent decision not to designate China as a “currency manipulator” had eased foreign apprehension about a possible trade war, Sankei said the executive order points to the U.S. leader’s insistence on protectionism.

Japan decides to pursue “TPP 11”

Sunday’s Nikkei highlighted the Abe administration’s decision to seek the effectuation of the TPP without U.S. participation, speculating that the premier thinks reinforcing unity among the remaining 11 TPP members under Tokyo’s leadership will help to lure the Trump administration back to the regional free trade accord in the future. Senior GOJ officials conveyed Abe’s decision to Deputy Assistant to the President for International Economic Affairs Juster when they visited Washington in March in preparation for the bilateral economic dialogue. By announcing Japan’s intention to pursue the effectuation without the participation of the U.S. following the completion of the bilateral economic dialogue with Vice President Pence, Japan sent the message to Australia, New Zealand, and other signatories that the Trump administration has been properly informed of Japan’s trade policy.

U.S. equity fund to join hands with Japanese entities to purchase Toshiba division

Several Sunday papers wrote that U.S. equity fund KKR is likely to team up with the Innovation Network Corporation of Japan (INCJ) and the Development Bank of Japan (DBJ) to acquire the flash memory unit to be sold off by cash-strapped Toshiba. This U.S.-Japan partnership appears to be a promising candidate given that it probably will not trigger antitrust issues and will prevent Japan’s key technological base from being obtained by a firm connected to China. Pointing out that Western Digital Corp. which has been operating Toshiba Memory plants for years in collaboration with the Japanese electronics giant, is strongly opposed to the sale of the business to a rival semiconductor firm, the papers said the U.S. company may join the KKR-INCJ-DBJ consortium.

POLITICS

LDP-backed candidate wins Okinawa municipal election

All Monday papers reported that the incumbent prevailed in Sunday’s mayoral election in Uruma City, Okinawa, noting that this was the third straight victory in the island prefecture this year by a candidate backed by the ruling LDP over one supported by Governor Onaga. As the defiant

Okinawa leader is set to seek reelection in the gubernatorial race next year, the ruling party was buoyed by this development since it may point to a weakening of Onaga's grip on power.

Support for Prime Minister Abe rises

According to the latest public opinion survey conducted by Kyodo over the weekend, approval for the Abe cabinet increased by 6.3 points to 58.7%, while disapproval stood at 31.5%. The pollster included mobile phones users in the survey for the first time. Mainichi front-paged the results of its poll that put support for the administration at 51%, up 1 point from the previous month, and nonsupport at 30%, down 1 point. Some 64% called for additional "diplomatic efforts" to defuse the tension on the Korean Peninsula, whereas 21% advocated stronger military pressure.

