



Morning Alert - Tuesday, June 6, 2017

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HEADLINES

Morning News

NHK gave top play to a report that a 14-year-old boy was arrested on charges of attempted murder after throwing a 5-year-old girl from the second floor of a sports center in Hiroshima on Monday. NTV led with a report that the Japanese women's doubles team won the bronze medal in the World Table Tennis Championships. TBS and TV Asahi gave top play to follow-up reports on the Kake Gakuen scandal. Fuji TV gave top play to a report that a Japanese man and a Filipino interpreter were arrested in the Philippines on charges of murdering two Japanese nationals.

Major front-page items in national papers included a speech by Prime Minister Abe yesterday in which he voiced conditional support for China's "One Belt, One Road" economic initiative, parliamentary debate about the Kake Gakuen scandal, an interview with Palestinian President Abbas, and an update on the latest terrorist attack in London.

INTERNATIONAL

Abe expresses support for China's "One Belt, One Road" initiative for first time

All papers took up a speech given in Tokyo on Monday evening by Prime Minister Abe, who mentioned Japan's cooperation for China's "One Belt, One Road" initiative by saying: "We hope that by taking into account the shared views of the international community, the initiative will build a free and fair economic zone in the Pacific Rim in a positive manner and contribute to regional and global peace and prosperity. Japan would like to offer cooperation from this standpoint." This was the first time for the Japanese leader to express cooperation with the major international economic initiative pursued by the Xi administration.

The dailies interpreted the remarks as a message from the premier on improving ties with Beijing, as this year marks the 45th anniversary of bilateral diplomatic normalization and next year will mark the 40th anniversary of the conclusion of the bilateral peace and friendship treaty. Nikkei speculated that Tokyo is hoping that the Chinese government will accommodate Abe's wish to hold a bilateral summit with President Xi on the margins of the G20 summit in Germany in July and convene a trilateral summit with South Korea in Japan this year. The paper also wrote that Sino-Japanese reconciliation is imperative for ratcheting up the pressure on North Korea, speculating that Abe chose to support the Chinese economic initiative because the Trump administration is taking a soft approach toward China. Nikkei added that Abe's conciliatory line does not mean that Tokyo will join the Chinese-led Asian Infrastructure Investment Bank.

GOJ to enact new law on seizure of DPRK vessels

Yomiuri front-paged a GOJ idea of drafting new legislation to enable the seizure of North Korean ships whose owners are subject to UN Security Council resolutions in the event that they enter Japan's territorial waters. In establishing the new law, the GOJ reportedly has some 30 ships owned by Pyongyang-based Ocean Maritime Management Company in mind. Tokyo is also expected to revise a government decree this month to enable all seaborne DPRK cargo suspected of being intended for use in nuclear and missile development to be seized.

ECONOMY

Energy secretary comments on climate change

Asahi, Yomiuri, and Nikkei highlighted press remarks on Monday by Secretary of Energy Perry, who said the United States will continue to be a leader on the climate change issue. He made the comment in connection with President Trump's decision to withdraw from the Paris climate agreement. The DOE chief dismissed speculation that China will now take the lead on this front, but also said he hoped China would "take this as an opportunity to step forward and be a real leader." Secretary Perry emphasized U.S. commitment to addressing global warming through promoting technological innovation.

The dailies also took up the top U.S. energy official's meeting with Economic and Trade Minister Seko, during which they affirmed bilateral cooperation toward decommissioning the Fukushima Daiichi nuclear plant and promoting renewable energy. The two ministers also agreed on enhanced information sharing on the business reconstruction of Toshiba and Westinghouse.

Toshiba to give Broadcom priority in negotiating sale of semiconductor subsidiary

Asahi claimed that Toshiba is likely to give Broadcom priority over other bidders in negotiating the planned deconsolidation of its flash memory division since the consortium led by U.S. equity fund KKR and the Innovative Network Corporation of Japan (INCJ) has been unable to tender a solid bid.

Because the cash-strapped electronics giant is desperate to raise funds and is anxious to spin off Toshiba Memory quickly, Toshiba is inclined to start negotiations with the Broadcom-Silver Lake team in view of the continued delay in working out investment details by the KKR-INCJ group.

Meanwhile, Yomiuri and Nikkei wrote that Western Digital has eased its hard line and is now willing to make concessions by joining the KKR-INCJ partnership. The U.S. semiconductor manufacturer is reportedly set to stop insisting on obtaining a majority stake in Toshiba Memory and may accept Toshiba's proposal of acquiring 19.9% of the Toshiba Memory's shares. Western Digital CEO Milligan will visit Japan this week for talks with the Toshiba president.

Vietnamese leader calls for effectuation of TPP without U.S.

Several papers reported on the "Vietnam Investment Conference" held yesterday in Tokyo, during which Vietnamese Prime Minister Xuan Phuc said he would like to promote the TPP even without the U.S.'s participation by saying: "Relations between Vietnam and Japan will develop further by pursuing the TPP and an FTA." Prime Minister Abe also attended the seminar and told the participants that Tokyo is determined to pursue the effectuation of the TPP even in the absence of U.S. participation. In a related story, Sankei wrote that a TPP chief negotiators' meeting will probably be convened in Hakone for three days beginning on July 12.

SECURITY

MOD to build two new frigates

Nikkei said the Defense Ministry plans to build two new frigates for the MSDF in FY2018 for completion in four years, noting that the vessels will be 20% smaller in size and 30% less expensive to construct than conventional destroyers. The daily said as Japan needs more MSDF ships to cope with the increasingly severe regional security situation in view of China's pursuit of maritime interests in the South and East China Seas and North Korea's missile and nuclear development, the ministry has chosen less-expensive frigates in the face of budget constraints.

ROK-based U.S. fighters took off from Yokota early Sunday morning

Tokyo Shimbun wrote that seven USAF F-16s took off from Yokota AB around 6 a.m. on Sunday, noting that the departure by such a large number of fighter jets early Sunday morning was very unusual. While noting that the Osan-based aircraft left for Alaska for training, the article said local governments and residents are worried that the installation may be used by transient planes more often. A base spokesperson was quoted as saying: "The departure was changed to Sunday due to weather conditions at the destination. We are doing our utmost to honor the bilateral accord on mitigating noise and observing the designated quiet hours."

First F-35 assembled in Japan rolled out

All papers wrote that an F-35 assembled by Mitsubishi Heavy Industries was unveiled at a plant in Aichi Prefecture yesterday. Some 300 guests, including U.S. government and military officials, were invited to the rollout ceremony. The plane will be deployed at the ASDF Misawa Base after first being used in the U.S. for training Japanese pilots. The construction cost of the state-of-the-art stealth fighter was about 14 billion yen. One additional F-35 will be produced at the same plant by the end of this fiscal year.

