



Morning Alert - Thursday, June 22, 2017

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HEADLINES

Morning News

NHK, NTV, and Fuji TV gave top play to reports that bullet train services in certain areas were suspended for about five hours yesterday due to a power outage. TV Asahi led with a report that Mayuko Toyota, a female member of the LDP, is suspected of engaging in “power harassment” against her secretary. TBS gave top play to a report that former Morimoto Gakuen President Kagoike suddenly appeared at Prime Minister Abe’s wife Akie’s restaurant in Tokyo on Wednesday evening to return the one million yen he claims to have received from her as a donation.

Most national papers gave prominent front-page coverage to stories on 14-year-old shogi player Sota Fujii’s latest achievement and Toshiba’s plan to sell its flash memory division to a consortium of a Japanese bank, a U.S. equity fund, and a South Korean chip manufacturer.

ECONOMY

Japan desires swift conclusion of EPA with EU

All papers took up a teleconference on Wednesday between Foreign Minister Kishida and European Commissioner for Trade Malmström, at which the two officials agreed to expedite ongoing negotiations to conclude a bilateral EPA quickly. The dailies said the ongoing free trade talks will be elevated to the cabinet minister level, noting that Agriculture Minister Yamamoto is likely to visit Europe next week for talks with EU Commissioner for Agriculture Hogan to break the impasse over tariffs on farm products. Asahi said Prime Minister Abe is keen to conclude an EPA expeditiously to call public attention to his accomplishments in Abenomics amid rising public discontent over his administration’s handling of the Kake Gakuen scandal. It added that the LDP farm clique, farmers in

rural areas, and agricultural lobbyists are alarmed by the Abe administration's push to seal a trade liberalization arrangement with Europe.

In a related development, Yomiuri reported that the EU and Japan will probably eliminate mutual import duties on apparel and textiles, explaining that since many European brand name clothing manufacturers use high quality Japanese textiles, the proposed abolishment will further boost European apparel imports at lower prices. Sankei wrote that Japan is looking into the possibility of instituting safeguard import restrictions for a surge in European beef imports, adding that Japan is hesitant to accept a EU demand for the current 38.5% duty on European beef to be reduced to 9%, equivalent to the level that Japan agreed to lower the tariff to in 16 years under the TPP deal.

METI played key role in Toshiba's selection of U.S.-Japan-ROK consortium

All papers reported on Toshiba's decision to negotiate exclusively with a consortium of Japanese, U.S., and South Korean entities on the sale of its semiconductor operation, noting that Japanese participants led by the state-backed Innovation Network Corp. of Japan are expected to hold almost two-thirds of Toshiba Memory shares in a bid to maintain a key manufacturing base at home and prevent the outflow of high-tech expertise. They added, however, that the planned sale may not go ahead as planned as Toshiba's joint chip production partner Western Digital appears to be determined to block it.

Mainichi and Sankei wrote that METI has pressed Japanese members of the consortium and Toshiba executives behind the scenes to come up with a viable buyout plan for Toshiba Memory. The daily claimed that the ministry was urged by the Kantei to block a buyout bid by Taiwan's Foxconn Technology so as to prevent a firm that is close to the Chinese government from obtaining key semiconductor technology. Mainichi added that the government's heavy involvement in the deconsolidation of Toshiba Memory may lead to serious problems in the electronics giant's desperate bid to rebuild its fragile business foundation.

INTERNATIONAL

Japan, South Korea affirm coordination on DPRK

All papers reported that Foreign Minister Kishida spoke by phone for the first time with his South Korean counterpart Kang Kyung-wha, saying the two officials agreed to take a concerted approach with the U.S. to deal with North Korea's nuclear and missile provocations. Kishida asked for the Moon administration to honor and implement the 2015 bilateral comfort women agreement. In reply, Kang said: "The fact is that a large majority of Koreans and the victims cannot embrace it. The issue must be resolved wisely through mutual efforts." However, Kang did not mention a possible review of the pact. The two officials agreed to arrange a trilateral foreign ministerial meeting with China in Tokyo in late July.

Meanwhile, Asahi wrote that Japanese officials were “disturbed” by ROK President Moon’s remarks made during an interview with the Washington Post in which he pressed Japan to offer an “official apology” to the comfort women. Sankei took up Chief Cabinet Secretary Suga’s comment yesterday regarding the ROK leader’s demand for an apology, quoting the government spokesman as telling the press that “Japan expressed heartfelt apology and remorse in the comfort women accord that stipulated the final and irreversible settlement” of the dispute.

Japan to accede to terrorism convention next month

Sankei projected that the GOJ will be able to join the United Nations Convention against Transnational Organized Crime (UNTOC) as early as mid-July following the implementation of the recently enacted anti-conspiracy law on July 11. MOFA plans to expedite domestic procedures, such as the designation of a “central authority” to be responsible for mutual legal assistance with other signatories, so that the documentation necessary for accession can be submitted to the UN secretary general without delay.

POLITICS

LDP begins discussions on Abe’s proposal for constitutional revision

All papers reported that the ruling LDP on Wednesday commenced official discussions on Prime Minister Abe’s proposal to revise Article 9 of the Constitution. The papers noted that although many lawmakers voiced support for altering the provision, some were doubtful about the idea of adding a new clause specifying the existence of the SDF while preserving Paragraphs 1 and 2 intact. They insisted that the premier’s proposal is incompatible with the party’s draft constitution framed in 2012 that called for thorough revision of Article 9. Asahi speculated that the sharp plunge in Abe’s public approval emboldened many LDP politicians to voice opinions critical of the his proposal.

SECURITY

Nippon Yusen comments on Fitzgerald accident

Mainichi highlighted remarks made during an annual shareholders’ meeting yesterday by Nippon Yusen President Naito concerning Saturday’s fatal collision between the USS Fitzgerald and MV ACX Crystal, a Philippine-flagged merchant ship chartered by the firm. Noting that the cargo vessel’s owner, a Kobe-based company, was responsible for Crystal’s operations, Naito underscored that since Nippon Yusen is not a direct party to the accident, the company will not be held liable for damages even if the U.S. side asks for compensation. He refrained from commenting on the cause of the accident by citing ongoing probes by the Japan Coast Guard and other investigative authorities.

GOJ spent 15 times more than originally planned for helipad construction in Okinawa

Wednesday evening's Tokyo Shimbun reported on the finding that the GOJ spent almost \$84 million in connection with the construction of four helipads for the U.S. military in the Northern Training Area, 15 times the original estimate of \$5.5 million. The paper noted that \$56 million was spent on security, such as hiring security guards to deal with protesters.

