



Morning Alert - Wednesday, July 5, 2017

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HEADLINES

Morning news

Most networks gave top play to reports that the Japan Meteorological Agency has issued an emergency warning for Shimane Prefecture, which has been hit by record rainfall, saying that residents should be prepared to evacuate in case of mudslides and floods. TV Asahi and all national papers led with reports on North Korea's claim that it successfully test-launched an "ICBM" for the first time on Tuesday.

INTERNATIONAL

DPRK claims it successfully launched an ICBM

All Wednesday papers reported extensively on North Korea's claim on Tuesday that it successfully launched an "ICBM," noting that the projectile hit an unspecified target within Japan's exclusive economic zone (EEZ) in the Sea of Japan after flying some 933 km for about 40 minutes. The "Mars 14" rocket, which was allegedly launched on a lofted trajectory, reached the highest ever altitude for the missile at 2,802 km, and landed in waters some 300 kilometers west of Akita Prefecture.

According to military analysts, if the missile were launched on a normal trajectory, it could have reached Hawaii. In announcing the launch, the DPRK state media said: "As a major nuclear power that possesses, in addition to nuclear weapons, ICBMs that can hit targets anywhere in the world, North Korea will fundamentally end the threat of a nuclear war waged by the U.S. and defend peace and stability on the Korean Peninsula and in the region."

PACOM and the Russian Defense Ministry both reportedly speculated that the projectile in question was an intermediate-range ballistic missile. However, NHK later reported online on a statement

issued by Secretary Tillerson, in which he said: "The United States strongly condemns North Korea's launch of an intercontinental ballistic missile." The network said an unnamed USG official also said the DPRK projectile in question may have been a two-stage ICBM.

Mainichi said the GOJ made an announcement on the missile test only 12 minutes after the launch and almost 30 minutes before it landed in Japan's EEZ. However, because the impact point was projected to be well outside the nation's territorial waters, the GOJ chose not to invoke the "J-Alert" missile warning system.

U.S., Japan, South Korea to discuss growing DPRK threat

All papers wrote that the U.S., Japan, and South Korea will discuss the growing threat posed by North Korea when their leaders meet in Hamburg later this week on the sidelines of the G20 summit. Prime Minister Abe commented on the latest launch by saying: "North Korea ignored repeated warnings by the international community. The launch clearly points to a growing threat posed by North Korea. We will step up the pressure with strong trilateral unity." Defense Minister Inada told the press: "The threat posed by North Korea is growing because it may have acquired more advanced technology."

According to Nikkei, MOFA Asian and Oceanian Affairs Bureau Director General Kanasugi spoke by phone with U.S. Special Representative for North Korea Policy Yun yesterday and agreed to increase the pressure on North Korea. President Trump reportedly posted tweets on the Kim regime's latest provocation, saying: "North Korea has just launched another missile. Does this guy have anything better to do with his life? Hard to believe that South Korea... and Japan will put up with this much longer. Perhaps China will put a heavy move on North Korea and end this nonsense once and for all!" The dailies said the U.S. response to North Korea's "ICBM launch" appeared to be rather slow perhaps because it occurred on the eve of the Fourth of July. Nikkei said the Trump administration's goal of urging China to ratchet up the pressure on North Korea to make concessions on the missile and nuclear fronts by mid-July appears to be elusive in the face of Pyongyang's continued defiance.

The papers said South Korea will perhaps have no choice but to increase pressure on North Korea since yesterday's provocation indicates that the Kim regime has no interest in responding to the overtures extended by President Moon, who has been stressing the importance of dialogue since taking office in May.

Prime Minister Abe is also looking to hold summits in Germany with Chinese President Xi and Russian President Putin in the hope of enlisting their support for tightening the noose around Pyongyang.

Discord emerging between U.S., China

All Tuesday morning papers took up a teleconference on Sunday between President Trump and his Chinese counterpart Xi, highlighting the Chinese leader's remarks that bilateral relations are being "affected by several negative elements." Xi was apparently expressing displeasure with the Trump administration's recent stepping up pressure on Beijing, including the latest arms sales to Taiwan and "secondary sanctions" imposed on a Chinese firm conducting transactions with North Korea. The dailies said Washington is becoming increasingly frustrated with Beijing for not offering enough cooperation in defusing the tension on the Korean Peninsula, projecting that the diplomatic honeymoon between the two major powers may be coming to an end.

In a related story, Tuesday evening's Asahi front-paged the disclosure by a USG source that the Trump administration has already decided to step up pressure on China, noting that Washington is considering imposing "secondary sanctions" on more than a dozen additional Chinese enterprises and individuals. President Trump has reportedly concluded following the U.S.-China Diplomatic and Security Dialogue in mid-June that Beijing has not done enough to restrain the DPRK.

U.S. requests postponement of 2+2 meeting

Tuesday morning's Asahi claimed that the USG has asked the GOJ to postpone a bilateral foreign and defense ministerial meeting scheduled for July 14 in Washington because Secretary of State Tillerson is considering accompanying President Trump on a visit to France on the same day. The article claimed that coordination between Tokyo and Washington for the 2+2 session has not gone smoothly, attributing this to the Trump administration's delay in appointing senior DOS officials. Mainichi and Sankei filed similar reports, with Sankei projecting that the meeting may be postponed until the fall given that the U.S. side will be on summer break. Today's Yomiuri said Japan has now proposed holding a 2+2 meeting on July 17 or shortly after that since Foreign Minister Kishida will attend a UN meeting in New York on that day.

Nominee for South Korean ministerial post calls for renegotiations of comfort women pact

Yomiuri, Sankei, and Nikkei reported from Seoul on remarks made on Tuesday at the parliament by a college professor who has been tapped by President Moon as the minister of gender equality and family. The nominee commented on the comfort women agreement with Japan by saying: "This is a matter that can be renegotiated.... As it was an inappropriate accord that failed to take the victims into account, I think readjustment will be necessary to fully incorporate the victims' opinions. Since the pact is problematic, we need to produce results by resuming discussions." The nominee said, however, that she cannot declare the pact "totally invalid" since diplomacy must be mutually beneficial.

China gathering intelligence on planned trilateral naval drill by Japan, U.S., India

Sankei reported from New Delhi on a local media story alleging that a Chinese intelligence collection vessel is currently operating in the Indian Ocean, speculating that the warship may be tasked with monitoring the Malabar naval exercise to be undertaken by the U.S., India, and Japan next week. More than a dozen PLA Navy fleets have been reportedly spotted operating in the Indian Ocean in the past two months.

POLITICS

LDP, Komeito affirm unity in national politics

All Tuesday morning papers reported on a meeting on Monday between Prime Minister Abe and Komeito Chief Representative Yamaguchi, during which the two leaders affirmed their parties' unity in the Diet following the LDP's crushing defeat in the Tokyo Metropolitan Assembly election. In a series of meetings on Monday, the premier repeatedly mentioned his "remorse," stressing that he and the ruling party need to recognize the voters' strong criticism of the administration for being too "arrogant." According to today's papers, in an apparent bid to demonstrate the premier's sincerity, the Kantei and the LDP have agreed to accept the opposition bloc's demand for parliamentary debate on the Kake Gakuen scandal next Monday. Former Vice Education Minister Maekawa, who has insisted that his ministry was pressured by the Kantei to allow the launch of a veterinary school in Shikoku by Kake Gakuen, which is run by a close friend of Abe, will be summoned as an unsworn witness.

The papers said the Tokyo election results showed that the LDP will not be able to wage a strong election campaign without coordinating closely with its junior partner Komeito, which chose not to cooperate with the LDP in the Tokyo race. An unnamed senior LDP official said: "It has become crystal clear that the LDP cannot win without Komeito's support. We have no choice but to accept that its influence is growing." Nikkei speculated that the nation's conservative voters may be lured away from the LDP to the Tomin First party effectively led by Governor Koike, whose political orientation is reportedly just as conservative as Abe's.

Yomiuri said the Kantei is planning to step up its diplomatic offensive to restore Abe's grip on power by arranging a trip to Europe soon to conclude an EPA with the EU and holding summits with the leaders of the U.S., China, South Korea, and Russia. However, Nikkei claimed that Abe's diplomacy toward such strong leaders as President Xi and President Putin may lose momentum in correlation with the weakening of his power base, quoting an unnamed former cabinet minister as saying: "Diplomacy is an extension of domestic politics. Effective diplomacy cannot be conducted in the absence of a firm political foundation at home."

Asahi said Abe's weakened leadership may stand in the way of his signature policy on amending the Constitution, quoting former Defense Minister Ishiba, who is expected to run in the next LDP

presidential election, as saying on Monday: "There are LDP lawmakers who disagree with the premier's intentions." However, Abe's close associates are determined to stick to his plan of releasing the party's draft constitution by the end of this year in the belief that backtracking would further undermine the prime minister's grip on power. In an interview with Mainichi on Monday, the premier stressed that there is no change in his plan to submit an LDP draft on constitutional revision this year. The daily conjectured that Abe is insisting on this timeframe based on the assessment that constitutional amendment will become impossible if the ruling coalition loses a two-thirds majority in both chambers, as the next general election must be held by December 2018 at the latest.

DP leadership worried that lawmakers will bolt following election setback

Tuesday's Yomiuri said that in view of the Democratic Party's lackluster performance in the Tokyo Metropolitan Assembly election, DP President Renho and other party leaders are concerned that disgruntled lawmakers may choose to abandon the party to join the Tomin First party led by Tokyo Governor Koike in preparation for the next general election. Noting that Upper House lawmaker Kenzo Fujiki submitted his letter of resignation from the party on Monday, the daily said other likeminded politicians may follow suit. However, hardly any DP lawmakers are calling for Renho to step down to take responsibility for the party's poor showing based on the judgment that doing so would leave the voters with the impression that the largest opposition party is in turmoil again.

Cabinet support declines

Tuesday morning's Asahi front-paged the results of its latest nationwide public opinion poll that put support for the Abe cabinet at 38%, down 3 points from a month ago, and nonsupport at 42%, up five points. This was the first time in almost 18 months that disapproval of the Abe administration exceeded approval. Only 18% of nonaffiliated respondents expressed support for the premier.

ECONOMY

Japan, Europe alarmed by possible U.S. restrictions on steel imports

Nikkei wrote that during the upcoming G20 summit in Hamburg, Germany, the Trump administration's idea on limiting foreign steel imports for national security reasons may become a focal point of discussions. The paper noted that Japan, Europe, and Canada are strongly opposed to the protectionist move, which is based on Section 232 of the Trade Expansion Act, on the grounds that it would run counter to WTO rules. The article said these trading partners are worried that a decision by the Trump administration to impose punitive tariffs on foreign steel imports based on the decades-old law would trigger a trade war.

Japan mulls lowering tariffs on European cheese

Tuesday's Asahi and Mainichi wrote that in the ongoing EPA negotiations with the EU, Japan may decide to phase out duties on soft cheese from Europe in a bid to obtain European concessions on Japanese auto imports. Japan is reportedly prepared to reduce tariffs on certain European products

to levels lower than those agreed on under the TPP. Mainichi claimed that in an attempt to achieve a breakthrough, Tokyo is mulling establishing quotas under which a certain amount of specified European cheese products can be imported at reduced tariffs. Nikkei claimed today in a front-page article that the EU has agreed to phase out the current 10% duty on Japanese auto imports in seven years, while Japan is likely to set up a low-tariff quota of some 50,000 tons of soft cheese from Europe.

Today's papers reported that Foreign Minister Kishida is expected to hold talks with European Commissioner for Trade Malmström in Brussels today so that Prime Minister Abe can reach a rough consensus on an EPA with EU President Tusk and European Commission President Juncker during their planned summit on Thursday. The papers said the two sides are apparently getting closer to a deal, with the EU releasing a statement on the summit on Tuesday saying: "An announcement on a rough consensus is anticipated" during the meeting.

Meanwhile, yesterday's Sankei conjectured that the LDP's recent historic election loss in Tokyo may affect the GOJ's negotiating position in the free trade talks with Europe, explaining that some ruling officials are opposed to making major concessions on cheese out of fear that this would further alienate the nation's farmers from the LDP.

"TPP 11" to hold chief negotiators' meeting in Hakone

Mainichi and Sankei wrote that the chief negotiators of the 11 TPP members are planning to assemble in Hakone next week for a three-day session on how to effectuate the landmark regional free trade accord quickly without U.S. participation.

