



Morning Alert - Tuesday, July 25, 2017

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HEADLINES

Morning news

Most broadcasters and national papers gave top play to the Lower House budget committee session on the Kake Gakuen scandal on Monday, during which Prime Minister Abe flatly denied giving any instructions to give favorable treatment to the school operator that is run by a close friend of his. NTV led with a report on record-high rainfall in Akita Prefecture.

POLITICS

Abe dismisses opposition claims of favoritism toward Kake Gakuen

All papers reported heavily on yesterday's Lower House committee meeting on the Kake Gakuen scandal, noting that Prime Minister Abe and other GOJ officials categorically denied the opposition lawmakers' allegations that in allowing the launch of a new veterinary school in Shikoku, the administration gave favorable treatment to Kake Gakuen, which is operated by a close friend of the prime minister. Abe repeatedly stated: "I have never issued instructions [to give preferential treatment to Kake Gakuen] on specific matters." The dailies said the premier was unusually "reserved" in responding to the questions from opposition lawmakers, explaining that he was apparently being extremely careful not to assume the "feisty" stance he has frequently shown in past parliamentary interpellations in view of the public's strong criticism of his "arrogance." The articles underscored that it is uncertain whether the public was swayed by Abe's low-key attitude given that in dismissing the allegations, he and the other cabinet members failed to present any hard evidence to back up their claims.

According to the papers, the issue of MOD's cover-up of daily activity logs kept by the GSDF unit engaged in peacekeeping operations in South Sudan was also taken up during yesterday's Diet debate. Abe dismissed the opposition's demand for the removal of Defense Minister Inada, who

emphasized that she never endorsed the decision by her top deputies to conceal the existence of the electronic data for the logs.

LDP in shock over results of Sendai election

Asahi and Yomiuri wrote that the ruling LDP was hit hard by the defeat of its candidate in Sunday's Sendai mayoral election since many unaffiliated voters apparently supported the successful candidate who was backed by the Democratic Party and the Japanese Communist Party. The candidate outperformed her rivals by capitalizing on mounting public discontent with the Abe administration. As an exit poll suggested that more than 80% of self-proclaimed Communist Party supporters rooted for the DP candidate, the dailies said LDP officials are alarmed by the possibility of enhanced cooperation between the two main opposition parties in the next general election. The papers added, however, that conservative-minded DP legislators are not pleased that their party is teaming up with the Communist Party.

In a related story, Mainichi reported that some LDP politicians are calling for Prime Minister Abe to replace the "core" cabinet members, such as Chief Cabinet Secretary Suga, when reshuffling the cabinet lineup on Aug. 3 so that the new cabinet can galvanize popular support. These parliamentarians argue that public dissatisfaction with the Abe administration cannot be dispelled as long as such "familiar faces" as Suga and Deputy Prime Minister Aso stay in the cabinet. The article said that although many LDP Diet members had kept silent about the Kantei when Abe was viewed as "almighty," some of them have openly begun voicing dissent amid his rising unpopularity.

SECURITY

Okinawa files litigation to derail FRF project

All papers reported on a lawsuit filed with the Naha District Court on Monday by the Okinawa prefectural government seeking the suspension of the ongoing landfill work off Camp Schwab on the grounds that the central government failed to obtain permission when demolishing rock reefs on the ocean floor. The prefectural government also asked for a temporary stay of the landfill operations until the court issues an official verdict on its argument for the need for the central government to obtain permission. Governor Onaga told the press: "The prefectural government cannot let unauthorized actions move forward."

Yomiuri speculated that the Okinawa leader chose to take a hard line while acknowledging that the court will probably rule against him with the goal of maintaining his grip on power, which has weakened considerably following the defeat of candidates close to him in several key local elections this year. As Onaga needs to reassemble his support base in preparation for the Nago mayoral and gubernatorial elections next year, he is expected to participate in a major anti-Henoko rally in Okinawa City in August.

On its part, the Abe administration is confident that it will be able to win the suit, with Chief Cabinet Secretary Suga saying: “The lawsuit is extremely regrettable. However, we will move forward with the construction while giving maximum consideration to the natural environment and local community.” The administration plans to highlight its continued commitment to reducing the base burden on the island prefecture. Sankei ran a similar story, adding that local LDP officials are insisting that the governor is “wasting taxpayer money” on litigation the prefectural government is bound to lose.

INTERNATIONAL

Comfort women foundation in peril

Most papers reported on growing pessimism about the viability of the foundation set up by the South Korean government to support the “comfort women” with Japanese funding because of the resignation of its executive director. The fate of the Reconciliation and Healing Foundation has also become uncertain since the Moon administration has decided not to finance its operations in the face of deep-seated public criticism of the Japan-South Korea comfort women agreement. Some Korean officials have concluded that the organization has already accomplished its primary mission of paying compensation to the victims. The Japanese side is afraid that the discontinuation of the foundation’s operations may undermine the basis of the comfort women pact, which called for South Korean “efforts” to remove the comfort women statue erected in front of the Japanese Embassy in Seoul. Chief Cabinet Secretary Suga commented on the resignation of the foundation’s leader by telling the press on Monday: “I am aware of reports [on the resignation], but I have not heard that its operations will be discontinued. The comfort women accord was highly valued by the international community. We would like to continue to implement it in cooperation with South Korea.”

In a related story, Mainichi wrote that the Moon administration has decided to establish at its Foreign Ministry a blue-ribbon commission tasked with conducting a review of the comfort women pact with Tokyo. The panel is expected to issue its findings in about six months.

ECONOMY

“Preferential tariffs” to be applied to products from advanced nations

Nikkei gave top play to a plan by the Finance Ministry to apply “preferential tariffs” to imports from advanced and emerging economies starting in fiscal 2019 in a bid to diversify import routes and promote free trade. Preferential tariff duty rates have only been applied to goods from developing countries until now. The lower rates will be applied to some 600 imported items, including apparel, foods, and chemical products.

