



Morning Alert - Monday, March 5, 2018

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## HEADLINES

### Morning news

NHK led with an extensive report on President Trump's plan to impose steep tariffs on steel and aluminum imports this week. TV Asahi led with a report that South Korea will send envoys to North Korea today, saying that attention will be focused on whether the envoys will be able to meet with the North Korean leader. TBS reported on the results of its weekend survey, which found that 51% of respondents disapprove of the new "highly skilled professional" work system in labor reform legislation under which overtime regulations can be eased for specialists. NTV led with a follow-up report on allegations that Olympic wrestler Kaori Icho was allegedly harassed by her coach. Fuji TV reported on Japanese Olympians who won world cup events over the weekend.

Major front-page items in national papers included the German Social Democratic Party's agreement to launch a "grand coalition" government with the Christian Democratic Union led by Chancellor Merkel, a GOJ idea to ease regulations to allow more freedom when testing autonomous driving systems, and the planned visit to Pyongyang today by a high-level South Korean delegation.

## ECONOMY

### Concern growing about trade friction in response to U.S. steel tariff

All Saturday morning national dailies gave prominent coverage to the Trump administration's announced plan to impose heavy tariffs on foreign steel and aluminum imports, expressing strong apprehension about a potential "trade war" since China, the EU, and others are already threatening to retaliate by adopting countervailing duties. All the dailies speculated that these announced tariffs are probably intended to please steelworkers in the Midwest in a bid to ensure a Republican victory in the midterm elections in November.

On Monday the national papers focused on the escalation of the exchange of words between the U.S. and China and the EU over the steel trade dispute, highlighting a Chinese spokesperson's comment that although Beijing does not want a trade war with the U.S., it will "not sit idly by" if Washington takes steps that damage Chinese interests. The papers also took up a tweet by President Trump saying that "if the EU wants to further increase their already massive tariffs and barriers on U.S. companies doing business there, we will simply apply a tax on their cars which freely pour into the U.S."

The Japanese press voiced qualms that the planned tariffs might unleash protectionist sentiments around the world. In an analysis piece, Nikkei opined that the U.S. will pay a heavy price by forcing American consumers to pay more for cars and other products. Yomiuri wrote that nations worldwide were perplexed by Washington's unilateral measure to restrict steel trade without specifying the nations and products to be targeted.

In a related development, Saturday evening's Nikkei and Tokyo Shimbun took up remarks made on TV on Friday by Commerce Secretary Ross, who indicated that no country will be exempted from the proposed punitive tariffs by saying: "What was announced by the President is a very broad concept." He stressed that the proposed duties will only have a "trivial" effect on domestic prices. Other papers highlighted a briefing over the phone on Friday by an unnamed senior White House official who said: "The President made it clear that this would be an across the board tariff and there would be no exclusions in terms of countries. One problem with the exclusions is that it's a slippery slope and you don't know where to stop."

### **Japanese government, industries alarmed by proposed U.S. restrictions on steel**

All weekend papers reported heavily on the opposition shared by GOJ officials and business leaders to the planned U.S. tariffs on steel and aluminum, potentially including Japanese products. According to Sunday's papers, Trade Minister Seko spoke by phone with Secretary of Commerce Ross on Saturday and conveyed strong concern. While explaining that Japanese steel and aluminum have no impact on U.S. national security, the GOJ minister reportedly requested that Japan be exempted from the trade sanctions by saying: "As Japanese steel is indispensable to American and Japanese companies, this will have adverse effects on the U.S. economy and the employment situation."

In an analysis piece, the Asahi opined the GOJ has been put in an awkward position because it has strived to build a positive relationship with the Trump administration with the goal of being a "bridge" between Washington and the rest of the world. According to the paper, an unnamed senior METI official voiced qualms that the punitive U.S. tariffs on Japanese and European products will have adverse effects on trilateral coordination to defend against violations of international trade rules by China and other nations. Nikkei wrote that Japan may choose to join hands with the EU if it files a lawsuit with the WTO.

Asahi added Japanese steel and aluminum manufacturers are reportedly concerned that they could lose their competitive edge to foreign producers if those producers shift to exporting inexpensive products to Asia as a result of being excluded from the American market.

## SECURITY

### **Japan to cover cost of retrieving fuel tanks jettisoned by U.S. aircraft**

Sunday's Mainichi wrote that the Japanese side is expected to cover the full cost of the recovery and disposal of the two fuel tanks that were dumped into a lake near Misawa AB last month by a USAF F-16, explaining that MSDF personnel were mobilized for the retrieval based on the SDF Law. Approximately 90% of the tanks' fragments have already been recovered. The SDF Law reportedly does not include a provision that would allow Japan to charge the U.S. military for the recovery operation. While projecting that the GOJ will also probably provide a portion of the compensation that the U.S. plans to pay to local fishermen due to a SOFA clause, the daily noted that Japanese taxpayer money will be used because the U.S. has an obligation to defend Japan based on the bilateral security treaty.

### **Japan to give up on developing indigenous fighter**

Today's Asahi claimed in a front-page article that the GOJ is inclined to abandon its plan to domestically develop a jet to replace its aging ASDF F-2 fighters, noting that Tokyo is set to submit to the USG this week a request for information from American defense contractors on the capabilities of the aircraft that Japan hopes to procure. The GOJ has reportedly given up on producing an indigenous fighter since it would be extremely costly and Mitsubishi Heavy Industries and its subsidiaries, which were expected to play a leading role in the development, are running into difficulties developing the MRJ passenger plane. While the GOJ is aiming to seek international partners to jointly develop the F-2's successor, the daily said some MOD officials are calling for using the F-35A, which the GOJ has already decided to procure as the successor to the ASDF F-4 fighter. "We cannot develop a F-2 successor without listening to the views of our ally, the U.S.," an unnamed senior MOD official said.

### **Defense Minister Onodera hints at converting SDF destroyer into aircraft carrier**

All Saturday morning papers highlighted remarks made at the parliament on Friday by Defense Minister Onodera, who noted that the ministry is conducting a feasibility study on converting the MSDF's Izumo destroyer into an aircraft carrier that can accommodate F-35Bs. He added that the feasibility study also involves the use of fixed wing and rotary drones aboard the Izumo. Opposition lawmakers reacted sharply, saying that the Constitution prohibits Japan from possessing an aircraft carrier.

### **Papers on USS Fitzgerald collision to be sent to prosecutors' office**

Saturday morning's Mainichi wrote that Japan Coast Guard authorities based in Shimoda, Shizuoka, are expected to send to the local prosecutors' office papers pertaining to the fatal collision last June

between the USS Fitzgerald and a Philippine-flagged cargo ship off the coast of the Izu Peninsula. According to the article, certain crewmembers of both ships, including those who were standing watch on the bridge at the time of the collision, will face charges of professional negligence resulting in death and injury and endangering maritime traffic through negligence. The paper added that the U.S. has primary jurisdiction with regard to the Fitzgerald. Sunday's Sankei published a similar report.

### **Ruling coalition goes all out to support incumbent in mayoral race in Okinawa**

Saturday morning's Asahi wrote that a number of ruling officials have been visiting Ishigaki in Okinawa to support the incumbent mayor in the election set for March 11, saying that the planned deployment of a GSDF unit on the island is a major campaign issue. According to the daily, Mayor Nakayama is supportive of the plan and his two opponents are against it. The ruling coalition is set to provide all-out assistance to the incumbent based on the belief that his victory might thwart the reelection in the gubernatorial election this autumn of Okinawa Governor Onaga, who supports one of the opposition contestants in the Ishigaki race.

Other papers ran similar stories, with the regional Tokyo Shimbun saying that the Ishigaki race appears to be a "proxy war" between the Abe administration and Governor Onaga.

## **INTERNATIONAL**

### **Foreign Minister Kono plans to visit U.S. this month**

Saturday evening's Nikkei wrote that coordination is underway for Foreign Minister Kono to visit Washington this month, potentially from March 16 through 18, to discuss North Korea's nuclear and missile development with Secretary of State Tillerson and Defense Secretary Mattis. He is reportedly hoping to confirm the importance of applying maximum pressure on Pyongyang and is likely to ask the U.S. to hold joint military exercises with South Korea after the PyeongChang Paralympics end in mid-March. Other papers ran similar reports on Sunday.

### **Japan, U.S. flexible about holding "preliminary talks" with DPRK**

Monday's Nikkei wrote that the GOJ and USG are now taking a flexible stance on holding "preliminary chats or talks" with North Korea. The paper explained that although Tokyo and Washington are firmly rejecting "negotiations" and "dialogue" unless the DPRK agrees to denuclearization, they are hopeful that Pyongyang may be tempted to come to the table for discussions in the face of stronger pressure from the international community. Nikkei noted that the GOJ is worried that South Korea's eagerness to increase communications with its defiant neighbor may disrupt trilateral coordination, adding that Tokyo is paying careful attention to a planned visit to Pyongyang today of a high-level ROK delegation led by two senior Blue House officials.

On the South Korean delegation's trip, today's papers wrote that the Moon administration is anxious to arrange a meeting between its envoys and Kim Jong Un. After returning to Seoul on Tuesday

afternoon, the delegation members are expected to visit Washington to report on their communications with the DPRK side.

In a related development, Sunday's Yomiuri took up a statement released on Saturday by a North Korean Foreign Ministry spokesperson, who said the Kim regime is ready to resolve the nuclear and missile issue peacefully and diplomatically through dialogue. The official stressed, however, that such talks should be held without preconditions.

### **G20 foreign ministerial meeting likely to be convened in Aichi**

Saturday's Sankei wrote that the GOJ is considering organizing a G20 foreign ministerial meeting in Aichi Prefecture in 2019, adding that ministerial sessions on tourism, labor, and digital affairs will probably be held in Hokkaido, Ehime, and Ibaraki Prefectures, respectively.

## **SCIENCE**

### **Ministers agree on greater international cooperation on space exploration**

All Sunday papers except Asahi reported on the conclusion of the International Space Exploration Forum in Tokyo on Saturday, noting that representatives from 45 nations and space organizations agreed on international cooperation on potential joint space expeditions to the Moon, Mars, and other planets. In a joint statement issued after the conference, the participants confirmed the importance of international cooperation and preserving the space environment for future generations.

Yomiuri said a consensus was forged among the attendees to shift their focus on space cooperation from the International Space Station (ISS) to exploration of the Moon and Mars. According to Nikkei, Acting Assistant Secretary of State Jonathan Margolis said regarding a U.S. lunar exploration project that "there is a possibility that interested parties other than those taking part in the ISS program and commercial industries may join." Sankei said many nations are taking cautious approaches to the U.S.-led lunar exploration project for now based on the assessment that participating in it in the early stages may entail a huge monetary contribution to the multibillion dollar project.