



Morning Alert - Monday, July 23, 2018

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HEADLINES

Morning news

NHK and most commercial networks led with reports on the severe heat wave in Japan. NTV gave top play to the announcement of the names of the mascots for the 2020 Tokyo Olympics and Paralympics.

Major front-page items in national dailies included the G20 meeting in Argentina over the weekend, the high cost of deploying Aegis Ashore batteries in Akita and Yamaguchi Prefectures, changes in scheduling for some events in the 2020 Tokyo Olympics to accommodate TV audiences in America, and alleged misconduct by the Japanese branch of the British company Lloyd's Register Quality Assurance in providing management certification for ISO programs.

INTERNATIONAL

Secretary Pompeo calls for full implementation of sanctions against North Korea

All Sunday papers wrote that Secretary of State Pompeo met on Friday with the ambassadors of the UN Security Council members and urged them to enforce the existing sanctions resolutions on North Korea in order to achieve its denuclearization. The top U.S. diplomat reportedly said the U.S. hopes that one day North Korea will be at the United Nations "not as a pariah, but as a friend," but "it will take full enforcement of sanctions for us

to get there.” The Secretary’s message was reportedly directed at China and Russia, which have apparently relaxed border controls to allow trade with the DPRK. The papers also highlighted comments by U.S. Ambassador Nikki Haley, who also attended the meeting. “We continue to reiterate we can’t do one thing until we see North Korea respond to their promise to denuclearize,” she said. “We have to see some sort of action. And so, until that action happens, the Security Council is going to hold tight.”

In a related report, Nikkei expressed concern that denuclearization talks between Washington and Pyongyang will become prolonged due to North Korea’s uncompromising posture. The daily opined that North Korea feels no need to compromise based on the assessment that it can obtain concessions from the U.S. such as the easing of economic sanctions and a declaration on ending the Korean War as long as the Trump administration continues to pursue dialogue. A source involved in U.S.-Japan relations reportedly stated: “The nuclear threat posed by North Korea will become more serious since the nation is being given time to improve its nuclear technology.”

Mainichi filed a similar report, noting that the U.S. and the DPRK are engaging in a “war of nerves” over the pace of the denuclearization talks. The paper focused on the lack of concrete achievements toward denuclearization since the historic Singapore summit between President Trump and Kim Jong Un on June 20. The daily wrote that the Kim regime appears to be determined to prioritize issuing a declaration on ending the Korean War over taking denuclearization steps.

China samples natural resources in waters off Okinawa using unmanned vehicle

Monday’s Sankei front-paged an article claiming that a Chinese maritime research vessel apparently used a remotely operated underwater vehicle (ROV) to collect samples of natural resources when it conducted a survey in waters west of the main island of Okinawa recently. The Chinese vessel allegedly undertook unauthorized research in Japan’s EEZ despite a warning from the Japan Coast Guard. The daily conjectured that the survey was intended to reinforce Beijing’s claim to natural resources in an area that China insists is part of its continental shelf.

Defense Minister Onodera to visit South Asia next month

Sunday’s Yomiuri wrote that Defense Minister Onodera plans to travel to India and Sri Lanka in late August for talks with his counterparts in order to keep China’s maritime

advancement in check by seeking their support for Prime Minister Abe's "free and open Indo-Pacific" initiative.

SECURITY

Japan to pay more than estimated cost to deploy Aegis Ashore

Sunday's Mainichi highlighted the disclosure by a GOJ source that the cost of the two Aegis Ashore batteries that the Defense Ministry plans to procure from the U.S. will probably be 20-30% higher than the original estimate of about 80 billion yen each. As the ministry has also reportedly decided to employ the very expensive SSR radar system developed by Lockheed-Martin for the ground-based missile defense platform, the daily predicted that the overall procurement cost for the two Aegis batteries will probably reach around 250 billion yen. The ministry plans to request a portion of the envisaged procurement cost in the FY2019 budget.

Today's Sankei published a similar story, claiming that the total cost of the Aegis Ashore deployment, including expenses for the construction of relevant facilities such as ammunition depots and the procurement of dozens of updated SM-3 interceptors, could amount to 600 billion yen. This figure is reportedly three times higher than the initial estimate. A large amount of funds will also be needed to reinforce the two SDF camps in Akita and Yamaguchi that are expected to host the state-of-the-art ground-based missile defense platforms because the current facilities are regarded as vulnerable to missile and terrorist attacks. The daily quoted a Defense Ministry source as saying that in cost the Aegis Ashore introduction is tantamount to building two advanced military bases.

Japan fails in bid to sell air defense radar system to Thailand

Sunday's Nikkei reported that a Spanish firm outbid Japan's Mitsubishi Electric for a contract to supply the Royal Thai Air Force with air defense radar to be installed in the northern part of the nation. This is reportedly the second time that a bid by Japan to sell its defense equipment abroad has failed following its unsuccessful bid to sell submarines to Australia in 2016 after the GOJ relaxed its weapons export regulations in 2014.

Patrol boats to be deployed off Fukui to defend against attacks on nuclear plants

Sunday's Sankei reported on a Japan Coast Guard plan to station in FY2019 two large patrol vessels off the coast of Fukui Prefecture, where more than a dozen nuclear reactors are located. Since there are additional nuclear power plants in other prefectures along the

Sea of Japan, the deployment of the patrol boats is expected to enhance the protection of the nuclear reactors from maritime terrorism.

ECONOMY

Japan, EU, others voice opposition to U.S. auto tariffs

All Saturday morning papers reported from Washington on a hearing on the proposed auto tariffs organized by the Commerce Department on Thursday, noting that not only officials from Japan, the EU, and Canada, but also those from various U.S. industries expressed opposition to the Trump administration's idea to impose additional tariffs on foreign autos and auto parts. In voicing concern about the duties, a GOJ representative reportedly stressed Japanese automakers' considerable contributions to the U.S. economy made by. However, unlike Canadian and EU officials, who noted that they will probably retaliate with corresponding tariffs if the U.S. goes ahead with the proposed initiative, the Japanese official reportedly did not mention possible countermeasures.

The dailies alleged that despite mounting opposition at home and abroad, President Trump appears to be inclined to impose auto tariffs ahead of the November midterm elections. Mainichi said the GOJ is bracing for the possibility because "President Trump has followed through with almost all of his election campaign promises," in the words of a GOJ source.

In a related story, Saturday morning's Nikkei wrote that during a seminar organized by Keidanren last week, many local business leaders expressed strong concerns about the U.S. auto tariffs. The daily opined that trade friction between the U.S. and China and other nations triggered by the Trump administration's hardline policy could prompt Japanese companies to become cautious about investing overseas.

POLITICS

Cabinet support drops sharply in Nikkei poll, unchanged in Yomiuri survey

Today's Nikkei front-paged the results of a public opinion poll that put support for the Abe administration at 45%, down 7 points from a month ago, and nonsupport at 42%, up 5 points. The daily attributed the plunge to the passage of unpopular bills, such as those related to casino implementation and adding six seats to the 242-seat Upper House.

On the other hand, Yomiuri's latest survey put support for the cabinet at 45%, unchanged from the last month, even though a large majority of respondents were negative about the enactment of the aforementioned bills.

Casino implementation legislation clears Diet

All Saturday morning papers highlighted the enactment by the Diet of the GOJ-sponsored casino implementation legislation on Friday, projecting that as many as three gambling facilities may be opened in the first half of the 2020s at the earliest. The prefectural governments of Osaka, Wakayama, Nagasaki, and Hokkaido have reportedly expressed interest in hosting casinos in the hope of attracting investment and jobs to boost moribund local economies. Sankei said foreign casino operators, including MGM Resorts International and Las Vegas Sands, are stepping up their efforts in cooperation with local governments to launch gambling businesses in Japan. The papers said that sufficient debate was not conducted on the issue of gambling addiction in the course of the Diet deliberations on the legislation.

In a related development, according to the latest public opinion polls taken by Yomiuri and Nikkei, more than three out of five disapproved of the enactment of the casino legislation.

