



Afternoon Alert - Friday, January 6, 2017

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HEADLINES

Afternoon news

All TV networks gave top coverage to an announcement by Chief Cabinet Secretary Suga this morning that as a measure in response to the recent installation of a comfort women memorial in front of the Japanese Consulate in Busan, the GOJ has decided to recall its ambassador and consul general in Busan to Japan temporarily and suspend consultations on a currency swap agreement and high-level bilateral economic talks. The top government spokesman underscored that the issue of the statue is bound to have adverse effects on Tokyo-Seoul relations, adding that the GOJ will continue to urge the ROK government and district authorities in Busan to promptly remove it.

The ROK government released a comment by saying: "The Japanese measures are very regrettable. We would like to emphasize again that the ROK government is set to continue to develop bilateral relations based on mutual trust irrespective of the difficulties."

INTERNATIONAL

Abe, Biden hold teleconference

NHK reported that Prime Minister Abe and Vice President Biden spoke by phone and discussed such issues as bilateral relations and the comfort women dispute between Japan and South Korea. Abe reportedly said: "Since cooperation under the U.S.-Japan alliance has deepened in a wide range of areas in the past four years, it has developed into an 'alliance of hope' that is stronger than ever. I will never forget that this was possible because of the presence of strong supporters like you." The Vice President was quoted as saying in response: "Your speech at Pearl Harbor signified

reconciliation. We are grateful to you for exercising the leadership that is necessary in the region.” Regarding the comfort women issue, Biden stated that Washington supports the comfort women agreement and expressed strong hope that both Tokyo and Seoul will implement it steadily. Abe said in reply: “It is important for both nations to continue to implement it.”

High expectations for Hagerty as top U.S. diplomat in Japan

Thursday evening's NTV and Fuji TV highlighted mounting speculation that William Hagerty may be tapped as the next U.S. ambassador to Japan, voicing hope that he will be as “influential” as his predecessors, including Ambassador Kennedy, who can reportedly speak directly with President Obama over the phone. According to NTV, an unnamed senior MOFA official was pleased with the likely appointment of Hagerty since he appears to be a Republican “heavyweight.” Fuji-TV said the fact that Hagerty's role in the transition team involves the planning and execution of the process to select over 4,000 presidential appointees shows that he has undoubtedly earned the solid trust of Trump. The broadcaster focused on his connections with Japan, saying he is a wealthy business consultant based in Tennessee, where he once worked for the state government to attract Japanese firms. Former Boston Consulting Group Japan President Koichi Hori, who supervised Hagerty when he worked in Tokyo about 25 years ago, said: “He was a very nice guy. Gentle, friendly, compassionate, and affable.” The Japanese businessman projected that judging from Hagerty's excellent performance at the time, he will do well as ambassador to Japan.

- [Japanese business community has high hopes for Hagerty as ambassador](#) (Mainichi)

- [Trump's choice of envoy may demonstrate his giving weight to Japan](#) (Mainichi)

Trump's Toyota tweet triggers plunge in Japanese auto stocks

NHK reported that Japanese automakers' stock prices plummeted in Friday's trading in Tokyo apparently in response to President-elect Trump's tweet criticizing Toyota's plan to build a factory in Mexico. The prices dropped by about three to four percent from yesterday's levels temporarily. A market analyst said the “unprecedented” criticism by the next U.S. leader has made investors nervous about the business outlook for Japanese manufacturers. Toyota CEO Toyoda told the press yesterday that his company will not conduct a review of its planned factory construction in Mexico.

Chief Cabinet Secretary Suga reportedly commented on Trump's message by saying: “Toyota has been trying to be a good corporate citizen in the U.S.” Trade Minister Seko said: “I don't think any Japanese automakers are planning to move their assembly lines from the U.S. to Mexico or other countries.... It is important to gain understanding for Japanese auto manufacturers' business plans in the U.S. “

Abe's advisor meets with Speaker Ryan

NHK reported online that Special Advisor to the Prime Minister Kawai held talks with House Speaker Ryan in Washington on Thursday and confirmed mutual efforts to maintain a strong bilateral relationship under the incoming Trump administration. The U.S. politician reportedly mentioned the contributions made by Japanese companies to U.S. society, such as hiring American workers. The speaker also expressed hope to visit Japan in the near future. According to Kawai, the members of the Trump transition team whom he met with told him that it is important for Trump to visit Japan at an early date.

[U.S., Japan, ROK agree to continue cooperating to deal with North Korea](#)

NHK reported on the vice foreign ministerial meeting held in Washington on Thursday by the U.S., Japan, and South Korea, noting that the participants agreed that the three nations should continue to cooperate in dealing with North Korea's nuclear and missile development even after the inauguration of the Trump administration later this month. In a joint press availability afterward, Deputy Secretary Blinken said: "I believe that any future administration looking at the interests, looking at our commitments to our allies – commitments that are in our mutual interest – would continue this approach."

[Japan, France hold defense ministerial meeting](#)

NHK reported this morning that Defense Minister Inada met with her French counterpart in Paris on Thursday and confirmed the importance of resolving territorial disputes at sea through dialogue and based on international law with China's maritime operations in the South China Sea in mind. The two ministers also reportedly discussed the upcoming power transition in the United States, with the French official reportedly agreeing with Inada's comment that America's continued commitment to global peace and stability is critical because U.S. security cooperation with Japan and European NATO members underpins the world order.

The two ministers also reportedly discussed bilateral issues, such as the possible signing of an acquisition and cross-servicing agreement and joint development of an unmanned submarine to detect mines.

- **[Japan pulls ambassador to S. Korea over new "comfort women" statue](#)** (Kyodo News)
- **[Japan stresses job-creation by Toyota in U.S. after Trump tweet](#)** (Kyodo News)
- **[Toyota says planned Mexican plant will not affect US employment](#)** (Nikkei Asian Review)
- **[U.S. policies need close watch, Ghosn says after Trump hits Toyota](#)** (Kyodo News)

- [Toshiba needs more time to calculate size of loss in nuclear business in U.S.](#) (Tokyo Shimbun)
- [Chinese, Taiwanese companies to construct industrial park in DPRK](#) (Yomiuri)
- [Editorial: Progress toward a nuclear-free world must keep moving forward](#) (The Asahi Shimbun)
- [Japan, NATO agree to cooperate on antipiracy, cybersecurity](#) (Kyodo News)
- [Japan, France agree to enhance defense ties](#) (Kyodo News)
- [Russian projects in Northern Territories slowing down due to fiscal straits](#) (Sankei)
- [Abe to visit four nations next week](#) (Sankei)

SECURITY

Okinawa upset about resumption of Osprey refueling drills

This morning's Okinawa Times and Ryukyu Shimpo gave prominent front- and inside-page coverage to the strong local displeasure with the U.S. military's decision to resume Osprey aerial refueling training as early as today. Local officials, including Governor Onaga, were extremely displeased that the GOJ condoned the plan without examining the measures that have been taken by the U.S. military to prevent Osprey accidents. Some of the headlines were: "Local people's lives disregarded as central government prioritizes alliance" and "Okinawa left out of the loop." Ryukyu Shimpo briefly mentioned that a group of Okinawa prefectural assembly members visited the U.S. Embassy yesterday to deliver a letter of protest over the Osprey mishap last month.

- [Gov't to draw up defense strategy for Senkaku contingencies](#) (Yomiuri)
- [Column: Defense strategy necessary to deal with China's military expansion](#) (Yomiuri)
- [Adequacy of defense budget at 1% of GDP now being questioned](#) (Yomiuri)
- [U.S. Navy deploys anti-stealth reconnaissance aircraft to Japan](#) (Nikkei Asian Review)
- [MOD to spend 11 billion yen MOD on technological research program](#) (Akahata)

ECONOMY

American shale gas arrives in Japan for first time

NHK reported that a tanker carrying American shale gas arrived at a port in Niigata this morning, noting that this was the first such shipment ever. The imported gas will be used at a thermal plant operated by Chubu Electric Power. Co.

- **40% of major companies feel economy is “gradually recovering,” Mainichi survey** (Mainichi)
- **Major companies concerned about Trump’s policies, Mainichi survey** (Mainichi)
- **51% optimistic about incoming Trump administration, Sankei survey of 122 major companies** (Sankei)
- **Business leaders make economic forecasts for 2017** (Asahi)
- **New car sales in U.S. hit record high in 2016** (Kyodo News)
- **Editorial: Trump’s economic policy may breakup automobile production network** (Nikkei)
- **Gov. says restart of nuclear plant in Niigata to take “several years”** (Kyodo News)
- **Work style reforms: GOJ to tighten up overtime regulations** (Shukan Toyo Keizai)

POLITICS

- **Prime minister’s schedule on Jan. 5** (Nikkei)
- **Ordinary Diet session to deliberate controversial bills** (Nikkei)
- **Kishida upbeat as he becomes second longest serving foreign minister** (Yomiuri)
- **Foreign Minister Kishida expresses desire to run for LDP president in future** (Sankei)
- **Rengo, DP still engaged in war of nerves at beginning of new year** (Sankei)
- **Mainichi, Genron NPO rate success of most of Abe’s policies as “undeterminable at present”** (Mainichi)
- **Editorial: 2017 a time for PM Abe himself to change** (The Mainichi)

- [Editorial: How will Abe Cabinet produce results from its 'stable base'? / Hold more constructive talks on Constitution](#) (The Japan News)
 - [Editorial: Time to stop passing the buck on issue of social security burden](#) (The Asahi Shimbun)
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