

## Japan-Korea Relations: It's the Economy (and Culture), Stupid

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The real action in Japan-South Korea relations this past quarter was not over North Korea but in the realm of economics and culture where a number of positive developments emerged. Meanwhile, the protracted nadir in Japan-North Korea relations has permanent, lasting effects on Japan's future security profile in the region.

### **Japan-South Korea Relations: Culture and Economics**

Seoul and Tokyo's continued coordination of policies on North Korea this past quarter was evident not only at the highest levels in meetings between President Roh Moo-hyun and Prime Minister Koizumi Junichiro and those between their subordinates, but also in Seoul and Tokyo's (ultimately unsuccessful) efforts at forging a consensus on a draft joint statement for the second round of six-party talks hoped for in December. Though the goals for Seoul and Tokyo are the same (nuclear disarmament of the North), the difference in tactics became clearer. A public indication of such differences became evident at meetings between Japanese and ROK defense chiefs in November. ROK Defense Minister Cho Young-kil stressed the importance of patience in dealing with the North, while Japanese Defense Agency Chief Shigeru Ishiba (reinforcing similar remarks made in U.S.-Japan bilaterals during the quarter) highlighted the need for "pressure" to complement diplomacy and to effect any real change in DPRK behavior.

Historical animosity reared its ugly head once again in bilateral relations this past quarter. Tokyo Gov. Ishihara Shintaro never fails to disappoint. This time he made a historically indelicate comment about Koreans seeking Japan's occupation at the turn of the century as the least worst of a bad set of alternatives for the small nation at the time. As will be addressed next quarter, Prime Minister Koizumi's "surprise" visit to Yasukuni Shrine at the beginning of the New Year elicited the predictable protests from the South Koreans (and North Koreans).

The real story this part quarter in Japan-South Korea relations, however (and refreshingly), had little to do with North Korea or history. Instead, it related to developments on the economic and cultural fronts. Most important, Seoul and Tokyo started negotiations in earnest about a free trade agreement (FTA). Agreed to by Roh and Koizumi during the Asia-Pacific Economic Cooperation (APEC) summit meetings in Bangkok, the concept of a free trade agreement dated back to March 2002 when then-President Kim Dae-jung agreed with Koizumi in principle to pursue such an arrangement.

A study group composed of academics, government officials, and business representatives was then assembled in July 2002, which presented findings in October 2003 (somewhat predictably) calling for the two governments to begin negotiations on a comprehensive FTA. These talks were launched officially at the end of the quarter (December 2003) with a target date of 2005 for their successful conclusion.

Bilateral FTAs are a new endeavor for both countries. South Korea and Japan have only one with Chile and Singapore, respectively (Japan-Mexico FTA negotiations broke down over Japan's agriculture sector). According to officials at the first set of talks hosted in Seoul, the expansive negotiations will span the ministries of finance, economy, commerce, agriculture, and energy and will include some 80 officials with each delegation led by Kim Hyun-jong, deputy minister for trade, and Fujisaki Ichiro, deputy foreign minister for economic affairs. The first set of meetings largely dealt with agenda-setting and timetables, which clearly leaves the hard work ahead. Meetings are scheduled to take place on a bimonthly basis (next talks are scheduled for the end of February in Japan), and will include negotiations on tariffs, unofficial trade barriers, the service sector, investment, government subsidies, and technology exchanges. The goal, as stated by both Roh and Koizumi, is comprehensive and substantive trade liberalization arrangements conforming with the rules of the World Trade Organization.

Such an agreement would not only enhance the prospects for economic cooperation and growth of trade and investment between the two countries, but also would be an important political milestone in the maturation of this difficult bilateral relationship. The vision of the two most democratic states in Northeast Asia becoming economically linked through an FTA would create an unprecedented Asian market-democratic bulwark. But it will not be easy. Japan's FTA negotiations with Mexico failed largely because of the politics surrounding the small, but still politically influential agricultural sector in Japan. This is little different from Korea, where the one FTA Seoul negotiated with Chile has run into substantial opposition in the National Assembly. The reason? Pears, grapes, and an agricultural sector that represents only 6 percent of the population but is represented by some 20 to 30 percent of the national legislature.

### **Cultural Contamination**

Japan-ROK FTA talks are a positive development in the relationship, nonetheless. In addition, the South Korean government agreed to lift a ban on Japanese cable and satellite television programs. To the ordinary eye, such a ban may seem absurd for a vibrant democratic OECD country like South Korea, but such bans were symptomatic of how irregular and scarred the relationship remained from its colonial past. The South maintained these bans out of concern for "cultural contamination." Steps away from this xenophobic mentality started during the Kim Dae-jung government when Seoul agreed in 1998 to a program aimed at repealing many of these policies. The removal of such restrictions this past quarter is a small but significant step toward the normalization of the relationship (a similar ban on Japanese popular music was lifted earlier).

Finally, to the delight of regular travelers in Asia, the two governments also agreed to establish shuttle flights between the two countries from their main domestic airports in

Seoul and Tokyo (Kimpo and Haneda, respectively). Operated by Korean Air, Asiana Air, Japan Airlines, and ANA, the arrangement was used during the 2002 World Cup. Arrangements such as these can only serve to promote even more exchange between the two countries, contributing to a “dynamic density” that will serve to deepen and enrich the relationship.

## **Iraq**

The quarter saw announcements from both Japan and South Korea on troop commitments to the occupation in Iraq. The South Korean decision was released in mid-December, committing 3,000 troops to be dispatched in the spring. These troops would supplement the nearly 700 troops already sent to Iraq last year, and would be a mix of engineering and combat troops. In the same month, the Japanese announced the schedule for the dispatch of its 1,000 troop commitment. Japanese Self Defense Forces (SDF) would focus on distinctly nonmilitary activities and humanitarian assistance, restoring water services, and rebuilding schools in southern Iraq. At the end of December, James Baker’s trips to the region as U.S. special envoy, focused on obtaining commitments of Iraq debt relief particularly from Japan. Japan’s official debt with Iraq stood at \$4.1 billion (the highest among of the 19 Paris Club members).

## **How North Korea Shapes Long-term Change in Japan**

Japan-DPRK relations remained poor this past quarter. With each day that the nuclear issue and abduction issue remain unresolved, the more clear becomes the link between the DPRK threat and Japan’s changing political-military profile. Few would have imagined Japan putting military satellites into orbit, firing on ships trespassing Japanese waters, or participating in search and seizure naval exercises. And yet North Korea’s threat has prompted all these actions by Japan. Critics might respond that the growing threat from China would have evoked such a response from Japan. Such a counterfactual (though plausible) is hard to prove. Moreover, there is no denying that both the timing and shape of Japan’s incremental military “normalization” are a linear function of the DPRK’s actions. There is also no denying that, even with the eventual disappearance of the DPRK threat, such changes in Japan are not likely to be rolled back.

The past quarter saw the continuation of this basic dynamic. In a significant (though understated) decision, Japan announced that it would build a missile defense system. Following a period of joint research with the United States, the decision laid to rest speculation about Japan’s political readiness to commence such a program. The reason explicitly cited in the Prime Minister’s Office statements was defense against North Korea. There are two chances, however, of Japan dismantling such a system, once erected, in the face of a future de-fanged North Korea: slim and none. No specific plans have been officially announced, but Japanese media reports a sea-based system that calls for refitting four Aegis-class destroyers with anti-missile rockets and advanced Patriot anti-missile batteries. *Kyodo News* reported that the new system will be likely deployed between 2007 and 2011 at a total cost of \$4.67 billion.

Meanwhile Japan is cutting a leadership profile in the export controls arena. This has not only been evident in Tokyo's cooperation with the Bush administration's Proliferation Security Initiative, but also in the Ministry of Economy, Trade, and Industry's (METI) convening of a regional meeting on export controls this quarter. Suzuki Takashi, director general of METI's Trade and Economic Cooperation Bureau, chaired the meetings in Tokyo attended by director general-level officials in charge of export control policies from Australia, China, Hong Kong, Singapore, South Korea, Thailand, and the U.S. The seven countries agreed to cooperate at national and subnational levels to monitor and stop the illegal trade of dangerous technologies and goods that might be used for weapons or terrorist purposes. Though many countries already have some export controls, the effort led by Japan – the first of its kind in the region – is largely aimed at streamlining and coordinating these individual sets of laws in a more effective manner.

The Diet is also likely to undertake deliberations on legislation seeking revision of foreign exchange laws that would enable Japan to impose economic sanctions on North Korea more effectively. This legislation, supported by the LDP-New Komeito bloc, is also looked on favorably by the Democratic Party which would make its passage highly likely.

These initiatives by the Japanese political leadership and bureaucracy go largely unopposed within Japan. Otherwise controversial government actions for Japanese society receive at worst grudging support because of the level of residual anger among Japanese with regard to the abduction issue. Indeed the continuing saga of these abductees and their families, combined with the almost daily revelations of other suspected cases of North Korea abductions of Japanese citizens, has created a civic-societal “mood” (if not movement) highly antagonistic toward North Korea. The Investigation Commission on Missing Japanese Probably Related to North Korea (COMJAN), established in January 2003, has investigated at least 370 missing person cases. Such groups have also lobbied Diet members, the National Police Agency, and the Defense Agency to undertake investigations into missing persons cases in which it is possible that many individuals may have been taken to North Korea.

One implication of this “North Korea-phobia” is that Japanese authorities can announce stepped-up monitoring of *Chosen Soren*-affiliated groups in Japan (as they did this past quarter) in conjunction with increased surveillance of Islamic groups, and few in Japan push back. This is a far cry from the 1970s when the Japanese government and society refused on civil liberty grounds to undertake restrictions against the *Chosen Soren* despite threats and protests from South Korea to break off diplomatic relations.

The North Koreans lately are fond of telling Americans that the U.S. and Asia should grow accustomed to the prospects of living with a nuclear North Korea. Such an outcome is undesirable and hopefully untrue. But the statement underscores an alternate proposition: as a result of North Korean intransigence, Asia will have to live with the permanent reality of a militarily more “normal” Japan that is not deterred from initiating punitive actions against others, and is also unlikely to ever roll back these capabilities.

## **Chronology of Japan-Korea Relations<sup>1</sup>**

### **October-December 2003**

**Oct. 2, 2003:** A bilateral study group commissioned during the Kim-Koizumi summit in March 2002 advocates Japan-ROK free trade arrangements.

**Oct. 2, 2003:** Japan's Defense Agency decides to develop a new type of radar with improved detection capabilities by fiscal 2006 as part of its plan to build a missile defense system.

**Oct. 3, 2003:** Deputy Chief Cabinet Secretary Yamazaki condemns North Korean claims that it has almost finished reprocessing 8,000 spent nuclear fuel rods.

**Oct. 7, 2003:** DPRK says it will not allow Japan to participate in any new multilateral talks aimed at curbing Pyongyang's nuclear weapons programs; Chief Cabinet Secretary Fukuda dismisses North Korea's demands.

**Oct. 8, 2003:** PM Koizumi praises China's role in promoting talks to resolve the North Korea nuclear crisis during ASEAN summit in Bali; Japan, China, and South Korea sign first joint declaration pledging security dialogues to promote peace and stability in Asia.

**Oct. 9, 2003:** PRC rejects DPRK's call for Japan to be dropped from talks on the DPRK nuclear standoff.

**Oct. 13, 2003:** Police in southern Japan arrest several used car dealers over the export to the DPRK of a large trailer that could be used for launching missiles.

**Oct. 16, 2003:** Cabinet-level talks between the DPRK and the ROK over the nuclear crisis. DPRK insists that Japan be excluded from any future nuclear crisis negotiations.

**Oct. 16, 2003:** At the UN, DPRK officials accuse Japan of forcing 200,000 Korean women to serve as sex slaves during World War II.

**Oct. 17, 2003:** President Bush and PM Koizumi meet in Japan in advance of APEC summit in Bangkok where discussions include policy on North Korea.

**Oct. 20, 2003:** PM Koizumi and ROK President Roh Moo-Hyun agree at a meeting during APEC summit in Bangkok to start formal negotiations this year toward a free trade agreement.

**Oct. 21, 2003:** Japanese government investigates unconfirmed reports that the DPRK test-fired a second short-range missile towards the Sea of Japan (East Sea).

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<sup>1</sup> Tianjing Zhang provided research support for the chronology.

**Oct. 27, 2003:** Japan's METI hosts first region-wide meeting on export controls of sensitive military and dual-use technologies.

**Oct. 28, 2003:** Japanese woman seeks asylum in the DPRK after swimming across a river from the PRC.

**Nov. 1, 2003:** Tokyo Gov. Ishihara claims that Koreans "chose" Japanese rule rather than face Chinese or Russian governance when Japan annexed the Korean Peninsula in 1910.

**Nov. 4, 2003:** A DPRK diplomat at the UN refers, in English, to the Japanese as "Japs" during a General Assembly discussion of its nuclear program.

**Nov. 5, 2003:** Japan protests DPRK diplomat's use of the term "Japs."

**Nov. 6, 2003:** Japan agrees to exempt visa requirements for ROK students on school excursions to Japan from March at the latest.

**Nov. 11, 2003:** Japan's Justice Ministry turns down request for refugee status by a former North Korean agent, overturning an earlier recommendation by the Tokyo regional immigration bureau.

**Nov. 12, 2003:** Chief Cabinet Secretary Fukuda states that any bilateral talks over compensating North Korea for Japan's colonial rule must include the abduction issue.

**Nov. 18, 2003:** Defense Agency chief Ishiba in meetings with Assistant Secretary of State Kelly states that "pressure" is necessary to ensure peace with North Korea

**Nov. 18, 2003:** DPRK wants Japan to pay \$40 billion in war compensation. DPRK deputy ambassador to the UN asks Japan to stop what he termed "terrorist" acts, referring to harassment of pro-Pyongyang Korean residents in Japan.

**Nov. 18, 2003:** North Korean ferry *Mangyongbong-92* arrives at Niigata port amid protests by abductee groups.

**Nov. 19, 2003:** *Korean Central News* reports that Japanese rightist are raising terrific outcries for "Japan-U.S. security alliance" under the pretext of the DPRK military threat. The commentary accuses Japanese rightists of intending to reinvade with U.S. backing.

**Nov. 20, 2003:** ROK, U.S., PRC, Russia, and Japan agree in principle that the six-party talks should be regularly held until DPRK nuclear problem is entirely solved.

**Nov. 21, 2003:** Mongolian Prime Minister Enhbayar says that he has conveyed to the DPRK's leaders that Japan is placing top priority on resolving the issue of abductions of Japanese citizens, and is seeking a comprehensive solution to security issues.

**Nov. 26, 2003:** ROK Defense Minister Cho and Japan Defense Agency chief Ishiba hold consultations on North Korea.

**Nov. 27, 2003:** Terakoshi Akio, whose father disappeared while fishing in the Sea of Japan in 1963, files a criminal complaint with prefectural police against a North Korean agent whom he claims murdered his dad and dumped his body.

**Nov. 28, 2003:** Japanese Foreign Ministry official states that Japan might be willing to put a higher priority on resolving North Korea's nuclear issue over the abduction issue in advance of a possible second round of six-party talks.

**Nov. 28, 2003:** Trade Ministry official states that Japan has prioritized Mexico, South Korea, and ASEAN in its strategy for negotiating free trade agreements.

**Nov. 30, 2003:** Japan fails to launch rocket carrying spy satellites.

**Dec. 3, 2003:** U.S. warns the DPRK not to delay or postpone six-party talks, after Pyongyang balked at Japan's bid to keep the abduction issue on the agenda.

**Dec. 4, 2003:** ROK and Japanese negotiators meet ahead of a three-way meeting involving the United States.

**Dec. 9, 2003:** U.S. Congressional Research Service report surmises that Japanese funding to DPRK in conjunction with diplomatic normalization, could be used for Kim Jong-il's regime and military.

**Dec. 17, 2003:** Japanese announce that South Korean trade deficit with Japan rose to a record \$16.72 billion in 2003.

**Dec. 17, 2003:** ROK Foreign Minister Yoon Young-Kwan says publicly for the first time he had effectively given up on hopes for resuming six-party talks this year.

**Dec. 18, 2003:** Senior Vice FM Abe says it may not be necessary to complete a joint statement for six-party talks before participants meet for the next round.

**Dec. 19, 2003:** A senior U.S. official says it is too early to say diplomatic efforts had failed.

**Dec. 19, 2003:** *Kyodo News* reports at least 50 documented incidents in more than 20 countries since 1976 link the DPRK to drug trafficking.

**Dec. 19, 2003:** Chief Cabinet Secretary Fukuda releases a statement officially announcing that Japan will build a missile defense system.

**Dec. 21, 2003:** Press reports state that six-party talks unlikely in December as Japan, the ROK and the U.S. are unable to reach agreement with the DPRK and PRC over the outlines of a joint statement.

**Dec. 22, 2003:** South Korea and Japan launch first round of government-level negotiations aimed at reaching a bilateral free-trade agreement.

**Dec. 23, 2003:** Japan's Justice Ministry says it will maintain vigilant surveillance of the pro-Pyongyang General Association of Korean Residents in Japan (*Chongryun*) as part of its heightened antiterrorism campaign.

**Dec 27. 2003:** Pro-North Korean Chosen High School in Osaka for the first time plays in the national high school rugby championship tournament in Japan.

**Dec. 30, 2003:** South Korea announces it will lift its ban on Japanese cable and satellite TV programs.