

Japan-Korea Relations: Improving and Maturing, but Slowly

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There have been concerns about increased friction between South Korea and Japan over history, North Korea policy, South Korea's nuclear experiments, Japan's attempt to secure a permanent seat on the UN Security Council, and Japan's new defense guidelines, among other issues. Yet the Japan-South Korean relationship continues to mature, with President Roh Moo-hyun and Prime Minister Koizumi Junichiro having a seemingly better working relationship than any previous pair of leaders, and a number of the current issues are being handled as a normal aspect of a working relationship, not as special matters. On matters other than North Korea, relations between South Korea and Japan are improving across a range of political and economic issues. Improved Japan-Korea ties may ultimately be more significant in the long run than the supposedly pressing issues of the day. In the past, South Korean leaders, and to a lesser extent, Japanese leaders, have understandably focused almost exclusively on their bilateral relations with the United States. Yet, as the region becomes more integrated, and the states become more stable, how the states interact with each other will be of increasing importance.

In this context, Japan's small steps toward a new, more muscular foreign policy were less destabilizing than they might have been a decade ago, and South Korea does not seem overly concerned, although North Korea predictably overreacted. In the past three months, Japan continued pursuit of a permanent seat on the UN, revised its defense guidelines, and began to press for more hardline actions toward North Korea. In bilateral relations, Japan and South Korea engaged in another summit, furthered economic exchanges, and saw cultural relations evolve, if not exactly improve. South Korea and Japan also cooperated on economic issues with the rest of Asia. When it comes to North Korea, the two countries may soon be following different policies, but this has not occurred yet.

Japan-DPRK Relations: All about the Abductees

With the Six-Party Talks stalled, Japanese foreign policy toward North Korea continues to remain focused almost exclusively on the issue of Japanese citizens abducted by North Korea. After months of negotiations – and North Korean prevarication – over the disposition of the remains of the abductees who have already died, North Korea and Japan are stuck in limbo. During the past three months, North Korea has provided two sets of remains to Japan that were ostensibly cremated Japanese abductees. In both cases, DNA testing showed that the remains were actually of different people. In response,

Japanese sentiment is turning in favor of imposing sanctions on the North, although Koizumi has not yet pursued that path.

In early December, DNA testing showed that remains given to Japan by the DPRK were not those of skidnapped Japanese nationals. A Foreign Ministry official said that the cremated remains, which Pyongyang claimed were those of Matsuki Kaoru, abducted by DPRK agents in 1980 at the age of 26, were actually those of four different people. Japan also concluded that the DPRK handed over other people's ashes to prove the death of Yokota Megumi, a Japanese woman abducted by Pyongyang's agents at age 13. Chief Cabinet Secretary Hosoda Hiroyuki said, "The bones belonged to a number of other people."

In response, Japanese sentiment is shifting solidly in favor of a harder line toward North Korea. Opinion polls show that 63 percent of Japanese citizens are in favor of imposing economic sanctions on the DPRK, while 83 percent of Diet members are in favor. An example of Japanese popular sentiment came in October, when 80 families and supporters of Japanese abductees gathered to protest the DPRK ferry *Mangyongbong-92*'s arrival at Niigata port.

On the issue of sanctions, Prime Minister Koizumi is resisting pressure to take quick action. In December, Koizumi stressed the importance of normalizing diplomatic ties between Japan and the DPRK even though he feels he cannot forgive the DPRK's abductions of Japanese citizens. He said that he prefers dialogue with the DPRK to economic sanctions and said he doubts if sanctions would be effective. During a trip to Hanoi, Koizumi said that he "would like to work with patience to get North Korea to respond sincerely." According to the *Asahi Shimbun*, Foreign Minister Machimura Nobutaka may travel to Pyongyang in February to press for tangible proof on the fate of 10 Japanese believed abducted. Japan has already frozen food aid to the DPRK in protest over the abduction issue, despite a recent study that showed that Japanese food and medical aid are being distributed to needy people in the country. The Foreign Ministry reported in December that Japanese supplies were being distributed to the general public, and that, surprisingly, North Korean officials distributed the containers to the public with Japan's national flag still on the containers.

Koizumi seems increasingly alone on this issue. Although some lawmakers are supportive, many are not. *Yomiuri* reported that on Nov. 30, Liberal Democratic Party Secretary General Takebe Tsutomu said, "We must be careful not to become emotional on this issue. It would be prudent to tread carefully because the North Korean issue impinges on security issues." However, many hardliners in Japan appear to be using the abductee issue as the rationale for a harder line toward North Korea, and for a more assertive Japanese foreign policy in general. Nakayama Kyoko, a former Cabinet Secretariat adviser on the DPRK abduction issue, said that Japan should consider legislation like that in the U.S. to impose sanctions against the DPRK if human rights abuses there fail to improve. On Oct. 19, Foreign Minister Machimura praised a new U.S. law aimed at improving human rights in the DPRK as the legislation urges the

country to settle its abductions of Japanese and ROK citizens. “We highly rate the legislation as it mentions the abductions,” Machimura told a press conference.

Following the House of Representatives, the House of Councilors of Japan unanimously adopted a resolution requesting that the government apply sanctions, including laws on revised foreign exchange management and special measures to prohibit the docking of certain ships. In December, both the ruling Liberal Democratic Party (LDP) and the opposition Democratic Party of Japan (DPJ) prepared to enact a North Korea Human Rights Act that includes the potential use of economic sanctions. If the new legislation passes, it will ban all aid to North Korea other than humanitarian assistance unless the regime provides a convincing explanation for the kidnapping of Japanese citizens or its human rights situation shows rapid signs of improvement. The proposal is similar to the North Korean Human Rights Act passed by the U.S. Congress in October, and would be the third Japanese law that allows for sanctions. The first two are the amended foreign exchange law that bans remittances to North Korea, and a special law banning North Korean ships from entering Japanese ports.

Predictably, the U.S. supported Japan’s consideration of sanctions, South Korea cautioned against it, and North Korea blasted it. An unnamed senior U.S. official was quoted as saying, “Every country’s leader has means to pressure North Korea to give up nuclear weapons. For example, Japan, an aid donor for North Korea, has also passed a bill to impose economic sanctions against North Korea.” In late October, *Kyodo News* reported that the chairman of the ROK’s ruling Uri Party, Lee Bu Young, met with DPJ President Okada Katsuya and cautioned against Japan resorting to economic sanctions against the DPRK. Lee said economic sanctions could prompt “something unwanted by both Japan and South Korea to happen.” In December, Pyongyang’s Foreign Ministry said any such move to impose sanctions would be tantamount to a “declaration of war.”

In a related move showing Japan’s increasingly hardline attitude toward the DPRK, on Oct. 26 Japan hosted a multinational joint military drill for the Proliferation Security Initiative (PSI) against WMD. Japan’s Maritime Self-Defense Force, together with forces from the U.S., Australia, and France, boarded and searched an imaginary ship carrying WMD. Eighteen countries sent observers. Significantly, neither China nor South Korea took part in the exercise.

For the first few years of the crisis, Japan avoided taking a clear stance on the issue. Although siding in general with the United States, Koizumi also pursued an independent line toward North Korea, traveling twice to Pyongyang to discuss the abductee issue and saying publicly that normalization was an option if the nuclear issue could be solved. The abductee issue now appears to be overtaking Japanese foreign policy to the exclusion of all else, and Japan is at a crossroads. It will either move more firmly into the U.S. camp that advocates a harder line toward North Korea, or it will continue to stay with South Korea and China, advocating slow measures and cautious engagement. This could have long-term implications for both the resolution of the North Korea crisis and for the future dynamics of the region.

Japan-ROK Relations: the Summit and Japan's New Defense Program Guidelines

While North Korean policy is stalled, bilateral relations between Japan and South Korea have continued a slow evolution. On Dec. 17, for the second time in five months, South Korean President Roh and Japanese Prime Minister Koizumi held a “working summit” over a weekend. To promote bilateral cooperation, the two leaders agreed to continue meeting twice a year in what they called “shuttle” summit talks, and Roh invited Koizumi to visit South Korea in the first half of next year. The two leaders discussed a wide variety of issues and appear to have a good working relationship. Although their respective policies to North Korea may diverge at some point, Japan and Korea are making progress on a range of other issues, most notably economic integration between the two countries, and addressing the historical relations between the two countries.

For his part, Roh is working to improve relations with Japan and China, and to move South Korea's focus away from the United States. In the week before the summit, President Roh said that the ROK needs more friends around the world and implied that the U.S. remains too influential in South Korea. “There may be some American friends who would feel sorry if I say something. But nobody should attempt to monopolize friends. All civilizations that did not have exchanges with others went into decline over time. Korea thus wants to exchange and cooperate with many other friends and develop its culture more creatively.” This was widely interpreted to mean Japan and China.

The December summit dealt with a number of issues, including the prospect for the resumption of Six-Party Talks, whether Japan would pursue economic sanctions against the DPRK, Japan's “New Defense Program Guidelines,” efforts by both governments to narrow the perception gap on Japan's past, the Japan-Korea Free Trade Agreement, visa waivers for Japanese and Korean visitors, and the doubling of flights between the two countries.

Regarding sanctions, both Koizumi and Roh urged caution and a deliberate approach. Prime Minister Koizumi said that, “I told President Roh that we must consider whether to impose sanctions after closely examining North Korea's response to the abduction of Japanese nationals by Pyongyang agents, [and] the president understands it.” For his part, Roh voiced empathy for the difficult domestic pressure that Koizumi is under, saying “I understand that Prime Minister Koizumi is cautious about imposing sanctions. I didn't say economic sanctions are totally unacceptable, but a decision should be very calmly and cautiously made as it will affect the six-nation consultations on the crisis over North Korea's nuclear program.”

The two leaders also discussed Japan's “New Defense Program Guidelines,” which were released the week before the summit. The main points of the guidelines are increased efforts to cooperate with the United States on a missile defense system, the specific identification of China and North Korea's as potential threats to Japanese security, and increased antiterror efforts. The plan was last updated a decade ago, and the new guidelines shift Japan's focus from defending Japan from a possible Russian invasion to guarding the country from possible North Korean or Chinese threats. The plan also

includes measures to ease its “Three Principles on Arms Exports,” which ban exporting all kinds of weapons. As part of a new military doctrine, Tokyo has defined its role in the event of a conflict on the Korean Peninsula, called “Operational Plan 5055,” saying Japanese forces would undertake the evacuation of civilians and conduct search and rescue missions for downed U.S. and South Korea pilots. Japan’s Maritime Self-Defense Forces (MSDF) would safeguard a sea route from the Korean Peninsula to Japan to keep a supply line open. MSDF would also patrol coastal areas adjacent to nuclear facilities in anticipation of possible North Korean commando attacks.

South Korean reaction was muted. An ROK Defense Ministry official said that, “The plan is natural. North Korean commandos are expected to operate deeply behind enemy lines in order to disrupt supply lines and disable command structures. Because Japan is serving as a base for U.S. forces it’s only logical for North Korean commandos to strike Japan if it comes to it, and this plan is a countermeasure.”

North Korea, of course, blasted the announcement. North Korea’s official newspaper, the *Rodong Sinmun*, said that, “The designation of the DPRK and countries around it as unstable and untransparent elements by the Japanese reactionaries discloses more glaringly the despicable true colors of those who are accustomed to pulling up others to attain their militarist purpose. By misleading public opinion by the above-said allegation, the Japanese military authorities seek to justify their scheme to convert the country into a military giant and get into full stride in promoting it and thereby hold the hegemonic position in Northeast Asia. They also seek to pressurize and contain their neighboring countries and realize their ambition for military expansion.”

Economic Relations

In economic issues, Japan and South Korea are increasingly both competitors and partners in the cutting-edge information technology sector. As two of the largest and most advanced Asian economies, trade and investment continue to increase, and the planned free trade area (FTA) between the two countries could have major repercussions for trade and investment in the region.

In some high-growth sectors, South Korean manufacturers have rapidly caught and sometimes even surpassed their Japanese counterparts. For example, South Korea’s manufacturers of display panels recently edged out Japanese manufacturers in four major categories: thin film transistors (TFT), liquid crystal displays (LCD), plasma display panels (PDP) and organic light-emitting diodes (OLED). South Korea caught up in all four categories despite entering these sectors between two and six years later than their Japanese competitors. In response, some Japanese companies are seeking protection. For example, *Nihon Kezai Shimbun* reported that in November, Matsushita filed for a provisional disposition to ban sales of LG Electronics PDP panels in Japan to the Tokyo District Court, claiming that LG Electronics’ Japanese corporation violated PDP patents. Matsushita also applied for an import ban of LG Electronics products.

Yet unprecedented cooperation has also occurred between Japanese and Korean manufacturers. In December, Samsung Electronics and Sony signed a cross-licensing agreement to share patents across major product lines. The agreement between the two manufacturing giants is almost unprecedented, and is expected to give both companies an edge in their attempts to play a leading role in technological standardization of next-generation DVDs.

Japan-Korea economic integration also includes foreign direct investment (FDI). Japanese firms' investments in Korea tripled to \$1.75 billion in the first three quarters this year, an increase of 290 percent from the same period last year. Japan's overall share of total FDI in South Korea also increased to 20.8 percent in the first three quarters of 2004, up from 9.7 percent in the same period last year. Most of this FDI has been focused on the electronics industry. For example, Gyeonggi Gov. Sohn Hak-gyu (where Samsung Electronics and LG Electronics plan to build liquid crystal display (LCD) plants) said Nov. 17 that Japanese companies had pledged to invest \$456 million, or 503.8 billion won in the province next year. Among 56 foreign companies that invest in Gyeonggi Province, 26 are Japanese. Japanese companies are also investing in Asan, South Chungcheong Province, and Paju.

In a related move, December saw the creation of a joint South Korea-Japan investment fund. The South Korean Small Medium Business Administration announced that it will partner with JAFCO Asia, a Japanese capital investment company, to form a \$50 million investment fund. The fund will invest in small – and medium-size – Korean businesses. JAFCO will provide 80 percent of the capital, while the Korea Trade-Investment Promotion Agency (KOTRA) will provide 20 percent.

South Korea and Japan also continue to move forward on their plans for a FTA. At the December summit, Roh and Koizumi pledged to pursue an accord on an FTA by the end of 2005. This would be a significant move in Northeast Asia, especially in light of other recent actions. It is worth noting that South Korea has been unsuccessful in its attempts to conclude an FTA with the United States, while Japan recently concluded an FTA agreement with Singapore in 2003. Although clearly in the initial stages, it is possible that the underlying trends in the region are leading away from the U.S. and toward a more regional focus.

Political and Cultural Relations

While South Korean and Japanese political and cultural relations continue to evolve, in some ways they remain depressingly familiar. On the one hand, a recent Japanese fad has become a genuine cultural phenomenon that symbolizes Japanese interest in, and changing attitudes toward, Korea. In addition, Japanese government officials for the first time publicly apologized for the sex slaves of World War II. On the other hand, Japan's high court dismissed a lawsuit by those same sex slaves, and predictably, a controversy over Japanese educational textbooks has erupted once again.

“Hanryu,” or “the Korean Wave,” has swept over Japan, and products and services emphasizing the Korean language are popping up continuously in Japan, and Korean products such as *kimchi*, *soju*, and *k’ochu* are all becoming common products in Japanese stores. The craze has been driven by the popularity of a Korean drama shown on Japanese television, “Winter Sonata.” In particular, its hunky male lead, Bae Yong-jun, has become very popular with Japanese women, who call him “Yon-sama.” *Chosun Ilbo* reported that during a December public appearance in Japan, Japanese women followed Yon-sama everywhere, even jumping on his car at one point. Bae’s co-star Choi Ji-woo is also becoming popular with her follow-up drama “Stairway to Heaven.”

So large is the craze that Sumitomo Mitsui Banking Corp affiliate SMBC Consulting, which lists the year’s top products in early December, listed “Korean products, including ‘Winter Sonata’ ” at the top of this year’s list. A survey on Japanese feelings toward their Asian neighbors showed that more Japanese than ever feel favorably inclined toward Korea. A Cabinet Office survey of 2,000 adults showed that the percentage of respondents who said they felt a sense of affinity toward Korea rose by 1.7 percentage points to 56.7 percent from last year, the highest level since the survey was first carried out in 1978.

At their December summit meeting, Koizumi told Roh that the Japanese government is planning to allow ROK tourists to enter Japan without visas by autumn next year. In return, Roh said that the ROK would extend until the end of next year the period in which Japanese nationals who visit Korea for a short-term tour can do so without requiring a visa. They also agreed to double the number of flights between Kimpo and Haneda airports. These measures have already led to increased visits between the two nations. The annual number of passengers on ferries between Pusan and Japanese cities is forecast to exceed 1 million this year for the first time since 1978, when the port city opened its international passenger terminal.

Yet not all is kimchi and sushi. On the other hand, a damage suit against the Japanese government, brought by 35 former sex slaves or soldiers, was rejected Nov. 29 after a 13-year trial. Japan’s Supreme Court upheld the lower court rulings, saying that damages done during World War II are matters beyond the expectations of the Constitution, and compensation should be considered in the context of policy.

Despite the legal setback, on Dec. 3 Japanese Chief Cabinet Secretary Hosoda apologized to former sex slaves for Japan’s sexual violence against them during World War II. At a meeting with former sex slaves Yi Yongsu, 75, from South Korea and Beatriz Tuazon, 74, from the Philippines, the top government spokesman said, “I apologize from the bottom of my heart for disgracing the dignity of women during the war.” It was reportedly the first time a Japanese chief Cabinet secretary had met former sex slaves.

And, once again, a controversy erupted over Japanese textbooks. In late November, Japanese Education Minister Nakayama Nariaki said that history textbooks used in secondary schools contain passages that are extremely self-torturing and suggest Japan has done nothing but bad things. Nakayama said, “Every country’s history has light and

shadow. While we must reflect on bad deeds, we must not conduct education on the basis of a self-torturing historical perspective that everything that has been done was bad. It is very desirable that Japanese textbooks have reduced their use of expressions such as 'comfort women' or 'forced,' and Japan must stop being cruel to itself." Deputy Chief Cabinet Secretary Abe Shinzo, a strong candidate to be the next prime minister, also argued on the same day that Prime Minister Koizumi and following prime ministers should continue Yasukuni Shrine visits. After the predictable firestorm of protest from Korea and China, Nakayama was forced to apologize for his statements, saying Nov. 30 that he regrets his inappropriate statement on the issue.

At the official level, however, the two governments continue to move forward on repairing the troubled historical relations between the two countries. Regarding the history issue, at the summit meeting in December, the foreign ministers of Japan and South Korea agreed to work together to narrow the lingering perception gap over Japan's colonial rule of the Korean Peninsula. Japanese Foreign Minister Machimura told ROK Foreign Minister Ban Ki-moon he believes 2005 will be an important year for bilateral relations as it is both the 40th anniversary of the normalization of diplomatic ties and the 60th anniversary of the end of World War II. Ban referred to Roh's hope expressed in his talks with Koizumi that Japan deal with the history issue on its own initiative and specifically sought the continuance of the joint history study being conducted by the two countries.

All in all, Japan-South Korea relations showed movement but no dramatic change. Even the defense program guidelines had less reverberations than some analysts had feared. A South Korea-Japan FTA could auger a major change in the relations of the region. And while Japan and South Korea may yet diverge on the issue of sanctions against North Korea, such a decision remains in the future.

Chronology of Japan-Korea Relations October-December 2004

Oct. 3, 2004: DPRK *Central News Agency* criticizes Japan for pursuing a permanent seat at the UN Security Council, claiming that Japan attempts to cover up its past crimes.

Oct. 4, 2004: *Mainichi Shimbun* poll reveals that as many as 66 percent of the Japanese public are in favor of imposing economic sanctions on DPRK.

Oct. 6, 2004: Japanese ruling LDP decides to appoint a team to consider the possibility of economic sanctions on DPRK.

Oct. 6, 2004: Japanese Chief Cabinet Secretary Hosoda Hiroyuki says he will consider referring the DPRK nuclear problem to the UN Security Council if the Six-Party Talks do not find their way out of the current stalemate.

Oct. 8, 2004: Embassy of ROK to Japan submits a report to the ROK National Assembly that says Japan possesses over 40 tons of plutonium. ROK Rep. Hong criticizes Japan for being concerned about ROK plutonium extraction experiments when Japan can make 540 nuclear warheads with that much plutonium.

Oct. 9, 2004: PM Koizumi says he prefers dialogue with the DPRK to economic sanctions.

Oct. 12, 2004: Deputy Secretary of State Richard Armitage and Japanese Vice FM Takeuchi Yukio reconfirm that the Six-Party Talks are the best way to resolve the crisis over DPRK's nuclear ambitions, and DPRK must return to the talks without conditions.

Oct. 14, 2004: PM Koizumi emphasizes the importance of seeking the understanding of PRC and other Asian neighbors to become a member of the UN Security Council in a speech at the Diet.

Oct. 19, 2004: Japanese FM Machimura Nobutaka welcomes the North Korean Human Rights Act in relations to the abduction issue of Japanese and ROK citizens. ROK Unification Minister Chung Dong-Young reaffirmed its government's "silent diplomacy" toward human rights issues in the DPRK.

Oct. 19, 2004: *Kyodo News* reports that Japanese ruling LDP simulation team decided to come up with a plan to impose economic sanctions on DPRK.

Oct 20, 2004: *Yonhap* reports that DPRK *Korean Central TV Broadcasting Station* accused Japan for taking part in the U.S.-led PSI interdiction exercise as "violating the spirit of the bilateral declaration."

Oct. 25, 2004: ROK ruling Uri Party chairman Lee Bu-Young arrives in Japan on a four-day visit to discuss the Six-Party Talks and a free trade agreement with Japan.

Oct. 25-27, 2004: Japan hosts PSI naval interdiction drill with ships and nearly 900 troops from the U.S., France, and Australia and observers from 18 other countries.

Oct. 28, 2004: ROK ruling Uri Party chairman Lee urges PM Koizumi to expedite negotiations to normalize relations with DPRK. Lee, meeting with DPJ President Okada Katsuya, cautions Japan about economic sanctions against DPRK.

Nov. 1, 2004: *Kyodo News* reports that Japan and DPRK will hold the third round of working-level talks over the abduction issue Nov. 9-12.

Nov. 13, 2004: ROK President Roh and Foreign Affairs and Trade Minister Ban Ki-Moon and Japanese FM Machimura agree to work on resuming the Six-Party Talks.

Nov. 15, 2004: PM Koizumi expresses "dissatisfaction" over the results of the delegation to DPRK that has investigated the fate of the abductees.

Nov. 17, 2004: *Agence France-Presse* reports that PM Koizumi intends to continue humanitarian food aid to the DPRK despite the debate over the abduction issue.

Nov. 18, 2004: *Korea Times* reports that the Japanese government promised to support the ROK at the IAEA with regard to ROK past nuclear experiments.

Nov. 20, 2004: Abe Shinzo, acting secretary general of Japan's LDP, says that Japan should consider the possibility that a regime change in DPRK will occur.

Nov. 29, 2004: Japan's supreme court dismisses suit by South Korean war victims.

Dec. 1, 2004: *Yomiuri Shimbun* reports that South Korean visitors may enter Japan without visas starting 2005.

Dec. 3, 2004: Chief Cabinet Secretary Hosoda apologizes to former Korean sex slaves for Japan's sexual violence against them during World War II.

Dec. 7, 2004: *Kyodo News* reports that PM Koizumi stressed the importance of normalizing diplomatic ties between Japan and the DPRK despite the abduction issue.

Dec. 8, 2004: DNA testing shows that the remains given to Japan by the DPRK are not those of a kidnapped Japanese national.

Dec. 8, 2004: *Asahi Shimbun* reports that 79 ROK lawmakers submitted a resolution to Parliament requesting that PM Koizumi suspend his visits to Yasukuni Shrine.

Dec. 9, 2004: *Chosun Ilbo* reports that Japanese government has suspended aid to DPRK.

Dec. 10, 2004: Japanese Cabinet approves new defense guidelines, naming DPRK and China as security concerns.

Dec. 10, 2004: Japanese Diet adopts resolution recommending Japan consider imposing economic sanctions on North Korea for failing to provide false information on abductees.

Dec. 14, 2004: ROK and Japan sign customs pact to cooperate against drugs and arms trafficking.

Dec. 14, 2004: Samsung and Sony sign cross-licensing agreement to share patents.

Dec. 15, 2004: ROK Minister of Foreign Affairs and Trade Ban urges Japan to carefully consider the possible negative effect of economic sanctions against DPRK.

Dec. 17, 2004: *Kyodo News* reports that at the summit between Roh and Koizumi, Roh urges cautious on sanctions, and both agree to study history issues