



Japan-Korea Relations:  
**More Squabbling, Little Progress**

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Japan-Korea relations continued to be tense during the quarter. North Korea and Japan faced off over abductees, history, and the North's presumed preparations for a missile launch. South Korea and Japan came close to a skirmish over the disputed Dokdo/Takeshima islands, and only intensive negotiations avoided a crisis between the two countries. With Japan and both Koreas seemingly locked into their respective foreign policy approaches, it is no surprise that there was little progress and much squabbling.

**Japan-North Korea: little dialogue, lots of pressure**

Japan-North Korea relations spiraled even further downward throughout the second quarter and are characterized by two words: impasse and pressure. While there was no breakthrough over the abductee or nuclear weapons development program issues, Japan's Diet passed a bill calling for economic sanctions on North Korea if the North fails to cooperate in settling the kidnapping of Japanese citizens amid the heightened political tension over the North's preparations for a test-firing of its *Taepodong 2* missile. Of the three key issues between the two countries – the North's nuclear weapons development program, the abduction of Japanese citizens, and compensation for Japan's colonial rule – none has seen real progress, and Japan seemed to be turning toward pressure rather than dialogue in dealing with North Korea.

It was not a lack of dialogue that prevented the two from normalizing bilateral relations. The quarter started with Japan allowing North Korean delegates to visit Japan for the track II (unofficial) Northeast Asia Cooperation Dialogue (NEACD) April 9 in Tokyo. But meetings on the sidelines of the NEACD between the two chief negotiators of the Six-Party Talks, Japan's Sasae Kenichiro and the North's Kim Gye-Gwan, bore no fruit over the resumption of the Six-Party Talks or the abduction issue. The North reiterated its position that it would not return to the six-party process unless the U.S. lifts the financial sanctions imposed on it, while Japan demanded North Korea to show a more "sincere stance" in investigating the fate of the abductees.

In the meantime, the abductee issue entered a new phase as Japan's Ministry of Foreign Affairs on April 11 officially announced that the DNA test of Kim Hye-kyung, the daughter of Yokota Megumi, and South Korean Kim Young-nam's relatives showed that Yokota's husband is most likely to be Kim Young-nam, a South Korean who was

abducted by North Korea in 1978. The results are at odds with the North's assertion that Yokota married a North Korean named Kim Chol-jun in 1986. When asked about the announcement, North Korea's ambassador in charge of diplomatic normalization talks with Japan, Song Il-ho, rejected Japan's conclusion and called it an attempt to drag South Korea into the abduction debate, reported *The Japan Times* April 14.

Later that month Japan's National Police Agency obtained arrest warrants for North Korean agent Sin Guang-su and a former principal of a North Korean school in Japan for allegedly kidnapping Hara Taddaki and made a request through channels in Beijing to North Korea to extradite Sin. Hara was one of 13 Japanese citizens that the North admitted in 2002 to kidnapping to train its spies in Japanese language and culture.

Outside Japan, efforts by the abductees' relatives and of NGOs have succeeded in getting the abduction issue treated as a North Korean human rights problem, drawing wider, intensive international attention. On April 28, President George Bush met with Yokota Sakie, the mother of Yokota Megumi, who also testified at the House of Representatives with other relatives. U.S. lawmakers and officials are said to have promised to raise the issue at the G-8 Summit in July in Russia; UN Secretary General Kofi Annan said that North Korea must be held to account for the sufferings of the abductees and their families, calling on the North to return every one of those who were abducted; relatives of Japanese and South Korean abductees joined forces to ask their governments to cooperate to bring their loved ones back from North Korea as quickly as possible. According to Shimada Yoichi of the National Association for the Rescue of Japanese Kidnapped by North Korea, who testified at the congressional hearing in Washington, since the end of the Korean War, Pyongyang has abducted more than 500 people from France, Italy, and Malaysia, including 485 South Koreans.

North Korea responded by criticizing Japan and the U.S. over the meeting between President Bush and Yokota calling it an attempt to "stifle" Pyongyang. The DPRK's *Korean Central News Agency* May 2 accused Japanese politicians of using the abduction issue to "achieve their sinister political purpose" when the issue "had already found its settlement thanks to the sincere approach and efforts of the DPRK government." While Pyongyang has been further isolated from the international community over the abduction issue, it continued its campaign of denouncing Japan's "distortion of history," claiming that Japan was becoming more blatant in its moves for militarization and territorial expansion "at the tacit connivance of the U.S. and under its patronage."

Developments during the latter part of the quarter highlighted frustration felt by both countries over the deadlock, finding its expression in a series of hardline stances supported by their respective domestic constituencies. On June 9, Japan's Cabinet endorsed a bill to upgrade the Defense Agency to a full-fledged Defense Ministry to better reflect a growing role of Japan's military at home and abroad. A survey conducted March 11-12 of 3,000 eligible voters across Japan revealed that 71 percent felt that the Constitution should clarify the existence of the Self-Defense Forces, while 56 percent responded the basic law should be revised, the ninth straight year since 1998 that a majority of respondents have favored revising the Constitution. Regarding the war-

renouncing Article 9, 39 percent – the highest total in five years – thought that it should be rewritten. However, 33 percent responded it should be handled as it has been so far, while 21 percent responded that the article should be strictly upheld.

News reports about the North's presumed preparations for the test-firing of the *Taepodong 2* missile are expected to exacerbate an already troubled Japanese public perception of the threat posed by North Korea stemming from the North's 1998 missile test. According to a *Yomiuri Shimbun* report released on April 30, right before news reports about the North's alleged missile test preparations, a Cabinet Office opinion survey revealed that 45 percent of respondents felt that Japan was at risk of being involved in a war and the largest number – 63.7 percent – referred to the situation on the Korean Peninsula as the greatest concern to Japan's peace and security, while 46.2 percent cited international terrorist organizations, 36.3 percent cited China's military buildup, and 29.6 percent cited weapons of mass destruction and missiles.

Tokyo's reaction to the North's test preparations reflected experience with North Korea's 1998 missile test over its territory. While Japanese media, including national broadcaster *NHK* and *Kyodo News*, were on alert to report Pyongyang's movement, the government reconfirmed its close coordination with the U.S. in the event of a test, saying that it would immediately file a "fierce" protest with the UN Security Council and invoke economic sanctions against North Korea – a bill had been approved by the Diet earlier that month. In a televised program, Foreign Minister Aso Taro spoke of the possibility that a *Taepodong* missile launch might accidentally fall on Japan's territory and said that it would be taken as an attack on Japan. Later that day he corrected his remark in a separate TV program, saying that an accidental arrival of the missile would not invoke immediate Japanese retaliation. North Korea claims that it is not bound by its voluntary moratorium on testing long-range missiles, and the missile test crisis looks to further stiffen Japan's hardline policy toward North Korea.

### **Japan-South Korea: in-laws fight over the Dokdo/Takeshima islets**

The quarter also witnessed Japan becoming more assertive in its foreign policy, including its dealings with territorial claims, while South Korea declared that it would give up its "quiet diplomacy" toward Japan's "provocations." The DNA test results that revealed Yokota Megumi married a South Korean abductee Kim Young-nam brought Japan and South Korea together as "in-laws," but their bilateral relations deteriorated over the Dokdo/Takeshima islets. Despite Japan's much hoped-for cooperation from South Korea over the abduction issue, Seoul was lukewarm in its response, preferring not to upset North Korea. Instead, South Korean reaction to Tokyo's plan to launch a maritime exploration project in waters near the Dokdo/Takeshima islets produced heated diplomacy, resulting in negotiations in late April and mid-June. However, by quarter's end, the negotiations showed little progress, leaving many issues unresolved.

With engagement with North Korea at the center of Seoul's diplomatic efforts and the continuing chill between Japan and South Korea over history issues, Japan's DNA test showing that Yokota was married to a missing South Korean did not automatically

translate into any form of bilateral policy coordination between Tokyo and Seoul. In Japan, Chief Cabinet Secretary Abe Shinzo said the Japanese government must embark on a higher level of cooperation with Seoul to resolve the abduction issue, while major Japanese media called on South Korea to join Japanese efforts to resolve the issue.

The South Korean government was much more subdued, aiming to handle the issue directly with Pyongyang rather than pressuring it along with Tokyo. Unification Minister Lee Jong-seok set up a task force to investigate the case and said that Seoul would offer “bold” economic support to Pyongyang in the next inter-Korean ministerial talks to resolve the plight of South Koreans abducted by the North. Kim Seung-kyu, the head of the National Intelligence Service, confirmed at a National Assembly briefing that five teenage South Korean boys including Kim Young-nam were abducted by North Korea in 1978-79 and are still alive in the North, but said that the Service would ask quietly for their return and that it would not “agitate” the North, reported *Joongang Ilbo* April 28. The conservative South Korean daily *Choson Ilbo* April 11 criticized the Roh Moo-hyun government by saying “it takes Japan to find our missing people in North Korea.”

The cycle of tension regarding history issues between Japan and South Korea repeated itself this quarter. Tokyo’s plan to launch a maritime exploration project in waters near the disputed Dokdo/Takeshima islets met “stern” responses from Seoul. Political tension rocketed when the South Korean Coast Guard deployed more than 18 ships, including patrol vessels, in response to the dispatch of two Japan Coast Guard vessels to conduct a survey near the islets. President Roh accused Tokyo of imperial ambition by saying that “some people” were trying to assert territorial rights that they had won through “invasion and war,” while Chief Cabinet Secretary Abe said that there was no problem in terms of international law in conducting a scientific survey within its a country’s own exclusive economic zone (EEZ).

Seoul and Tokyo managed to avoid military confrontation through negotiation on April 21-22 as South Korea agreed to postpone efforts to rename a sea valley in the area and Japan cancelled its marine expedition. However, a televised statement by President Roh April 25 which was intended to “clarify the keynote position of the South Korean government on South Korea-Japan relations” framed Japan’s maritime survey as “an act that insults Korea’s sovereignty and national pride,” and “an act of asserting the legitimacy of Japan’s criminal history of waging wars of aggression.” South Korean daily *Joongang Ilbo* reported April 27 that President Roh’s comments offended even Japanese media that are usually sympathetic to South Korea, including *Asahi*, *Mainichi*, and *Yomiuri*. Tokyo’s general response was rather calm, choosing to interpret Roh’s statement as directed toward South Korean domestic constituencies. Prime Minister Koizumi said that Japan would respond calmly to Roh’s comments and that a bilateral summit could help smooth relations.

A two-day negotiating session on June 12-13 aimed at promoting talks on where the EEZ should be drawn were held in Tokyo, but failed to reach an agreement. Seoul’s position has hardened since the last EEZ talks six years ago. Seoul insists that the boundary should be drawn along the median line between the Dokdo/Takeshima islets and the

island of Okinoshima rather than between Ullung Island and Okinoshima. Japan has argued that the EEZ boundary should be drawn along the median line between the Dokdo/Takeshima islets and Ullung Island. As Seoul refused Japan's call to cancel a maritime survey near the disputed islets that is planned for July, it remains to be seen whether the two countries will find a point of compromise during the next quarter.

The debate within Japan over the prime minister's visits to Yasukuni Shrine continued, this time linked to the September LDP presidential election. Against that backdrop the *Nihon Keizai Shimbun* reported May 8 that Prime Minister Koizumi was considering another visit to Yasukuni Aug. 15. The Japan Association of Corporate Executives, one of four major business federations in Japan, said that it opposed the prime minister's visit to the shrine while Koga Makato, a former secretary general of LDP, was pushing the idea of separating Class-A war criminals from the rest of the war dead.

The *Japan Times* reported May 20 that the question of how to improve Japan's soured relations with China and South Korea topped the agenda for the September election. Of the leading candidates, Fukuda Yasuo, former chief Cabinet secretary, publicly announced that the next prime minister should refrain from visiting Yasukuni Shrine and received backing from business leaders. According to an *Asahi Shimbun* survey between June 1 and 16, which covered 100 major companies and 94 other regional entities including financial institutions, Fukuda was preferred to Chief Cabinet Secretary Abe because they wanted to see Japan's relations with other Asian neighbors improve. However, Abe is running ahead of Fukuda in polls of general voters and is largely expected to follow Koizumi's footsteps and continue visits to the shrine. Foreign Minister Aso Taro, who said he would run if he could collect the required 20 endorsements from party members, drew attention by saying Japan has problems in the current method of honoring the war dead at Yasukuni.

### **Economic and cultural relations**

Japan-North Korea economic relations remained almost nonexistent as Japan continued its tight control on trade with North Korea. According to the Korea Trade Investment Promotion Agency, bilateral trade fell from \$474 million in 2001 to \$193 million in 2005, marking a fall from 18 percent to 5 percent of North Korea's overall trade with foreign countries. The agency said that China's trade with North Korea increased to \$1.58 billion, or 39 percent, followed by South Korea with \$1.06 billion, or 26 percent, reported *Yomiuri Shimbun* June 18.

Japan-South Korea bilateral free trade agreement (FTA) talks made little progress this quarter other than Japanese Ambassador to South Korea Oshima Shotaro's call that Seoul should not insist on too many concessions in the agricultural sector and come to the negotiating table right away. Despite few regional FTA success stories, Japan made an ambitious proposal that the 10-member ASEAN countries, China, South Korea, Japan, Australia, and New Zealand consider an Asia-Oceania FTA pact that could rival the EU and NAFTA. The proposal is a sign that all countries in the region are beginning to examine regional FTAs more seriously.

Japan and South Korea also pushed for more regional integration on the currency side; the finance ministers of China, South Korea, Japan, and the 10 member countries of ASEAN met on the sidelines of the Asian Development Bank's annual meeting and agreed to double the total scale of liquidity support for countries with a foreign exchange crisis. The total value of currency swap arrangements under the Chiang Mai Initiative is expected to expand from \$39.5 billion to \$75 billion, and the initiative would entail collective decision making procedures, which will require intensive coordination. The finance ministers of South Korea, Japan, and China, Han Duck-soo, Tanigaki Sadakazu, and Jin Renqing, met separately and agreed to start joint research at a government level to study a single regional currency.

The increasingly integrated economies of Japan and South Korea continued to cooperate and compete. The quarter witnessed the won continuing to advance against the falling yen. The won gained 13.4 percent against the yen in the past six months, going from about 930 won to ¥100 last September to about 820 won in late March this year, hitting its lowest point in more than eight years in April.

As the Japanese economy expanded by 3.2 percent in the year that ended March 31, its fastest annual rate of growth since 1991, demand for foreign workers in the IT sector coupled with a national project called e-Japan have begun to lure South Korean workers to Japan. *Joongang Ilbo* reported May 22 that compared to the year 2004, when 61 South Korean workers came to Japan to work in the IT sector, the number surged to 315 last year, with 160 in the first four months of 2006.

On April 19, South Korean Samsung Electronics and Japanese Sony Corp. agreed to invest \$234.1 million to expand a joint venture for the production of liquid crystal display panels and to invest about 2 billion won to jointly build an eighth-generation LCD production line.

By quarter's end, an arbitration panel to resolve trade disputes between Japan and South Korea was set up within the World Trade Organization to deal with South Korea's claim over Japan's punitive tariffs levied on imports of computer memory chips made by Hynix Semiconductor Inc. During the panel sessions, the South Korean government said it plans an "aggressive claim" about the unfairness of the Japanese government. On Jan. 27, Japan placed punitive tariffs of 27.2 percent on dynamic random access chips made by Hynix, the world's no. 2 computer memory chip manufacturer.

In cultural relations, a historical reconciliation between the pro-Seoul and pro-Pyongyang Korean resident groups in Japan caught media attention both in South Korea and Japan. Reflecting thawed Seoul-Pyongyang relations in recent years, the pro-Seoul Korean Residents' Union in Japan (Mindan), and the pro-Pyongyang General Association of Korean Residents in Japan (Chongryon), which have been antagonists for the past 50 years, signed a joint statement May 17. The statement includes calls for collaboration and unity of the expatriate community in Japan, co-hosting Liberation Day ceremonial festivals, joint efforts to uphold education and national culture, and cooperation to enhance welfare status of Koreans, among others goals. Prime Minister Koizumi

welcomed the move, saying that reconciliation would be a good thing and hoped the developments would have a positive influence on Japan's relations with North and South Korea. However, by the end of June the pro-Seoul group Mindan leaders faced stern challenges from its local chapters over the May 17 agreement and were accused of signing the deal with the pro-Pyongyang group without first discussing the matter with local organizations.

### **The next quarter's outlook**

Prime Minister Koizumi has overseen a much-strengthened U.S.-Japan alliance, to the detriment of Japan's relations with its neighbors. With a new Japanese prime minister likely to take power in September, it remains to be seen how Japan's foreign policy will evolve. Negotiations between South Korea and Japan over the Dokdo/Takeshima islands are scheduled for July, as are discussions about the FTA. No negotiations between Japan and North Korea are currently scheduled, although it is quite likely that one of the issues will become relevant this summer.

## **Chronology of Japan-Korea Relations April-June 2006**

**April 4, 2006:** Japan Trade Minister Nikai Toshihiro says that Tokyo will ask China, South Korea, India, Australia, New Zealand, and ASEAN to consider a regional free trade zone.

**April 6, 2006:** *Japan Times* reports that a documentary portraying Yokota Megumi, *Abduction: the Megumi Yokota Story* won the July Prize for the Best Documentary at the 24<sup>th</sup> annual San Francisco International Asian American Film and the Audience Award for Best Documentary at the Omaha Film Festival.

**April 10, 2006:** Representatives from Japan and North Korea have informal dialogue on the sidelines of the NEACD conference over deadlocked negotiations over the North's nuclear weapons development program and the abduction issue without any progress.

**April 10-11, 2006:** Northeast Asia Cooperation Dialogue (NEACD) is held in Tokyo with delegates also from North Korea in attendance.

**April 11, 2006:** Japan's Ministry of Foreign Affairs announces that DNA tests show that South Korean Kim Young-nam is likely to be the husband of abductee Yokota Megumi.

**April 12, 2006:** Japan's Chief Cabinet Secretary Abe Shinzo says that the Japanese government must embark on a high level of cooperation with the South Korean government to resolve the abduction issue.

**April 13, 2006:** North Korea rejects Japan's DNA test conclusion that the husband of Megumi Yokota is a South Korean.

**April 13, 2006:** ROK Vice Unification Minister Shin Un-sang says that Seoul will demand the repatriation of a South Korean man living in North Korea if DNA tests prove he really is Kim Young-nam who was abducted by North Korea in 1978.

**April 14, 2006:** North Korea's Vice Foreign Minister Kim Gye-gwan says that North Korea could use the standoff in the Six-Party Talks to bolster its military "deterrent force" and demands the return of the funds in the Banco Delta Asia as a precondition for the resumption of the Six-Party Talks.

**April 14, 2006:** Seoul summons the Japanese ambassador to Seoul to question Tokyo's plan to launch a maritime exploration project near the disputed Dokdo/Takeshima islets.

**April 19, 2006:** Samsung Electronics and Sony Corp. signed a deal to invest \$234.1 million to expand a joint venture for the production of liquid crystal display panels.

**April 20, 2006:** *Choson Ilbo* reports that the South Korean government plans to launch an agency that will expropriate possessions of Japanese occupation collaborators.

**April 22, 2006:** Two-day negotiations conclude as Japan suspends its plan to send survey ships toward the disputed Dokdo/Takeshima islets area and South Korea agrees to postpone its efforts to rename a sea valley in the area.

**April 25, 2006:** ROK President Roh Moo-hyun makes a televised statement and blames Japan for having imperial territorial ambitions over the Dokdo/Takeshima islets.

**April 26, 2006:** Japan asks North Korea to extradite former agent Sin Guang-su.

**April 27, 2006:** Shimada Yoichi, vice chairman of the National Association of the Rescue of Japanese Kidnapped by North Korea, testifies before a congressional hearing in Washington, D.C. saying that Pyongyang abducted 485 South Koreans since the end of the Korean War.

**April 27, 2006:** Tokyo places former DPRK spy Sin and a suspected accomplice on an international wanted list through Interpol on charges of abducting Japanese national Hara Tadaaki in the 1970s.

**April 27, 2006:** South Korea's National Intelligence Service Director Kim Seung-gyu testifies in a closed-door meeting with the National Assembly Intelligence Committee that the husband of the Japanese abductee Yokota Megumi, Kim Young-nam and other four high school boys kidnapped in 1977-8, are still alive in North Korea.

**April 28, 2006:** President George Bush meets with Yokota Sakie, mother of Yokota Megumi.



**April 30, 2006:** *Yomiuri Shimbun* reports that 45 percent of respondents felt that Japan was at risk of being involved in a war and that 63.7 percent referred to the situation on the Korean Peninsula as a great concern for Japan's peace and security.

**May 1, 2006:** *Yomiuri Shimbun* reports that additional data-collecting satellites will be launched to watch the Korean Peninsula in July.

**May 4, 2006:** Finance ministers of Japan, South Korea, China, and ASEAN release a joint statement that they will double the liquidity support for countries within the group facing a foreign exchange crisis and promote research on a single Asian currency.

**May 13, 2006:** Parents of Yokota Megumi meet Thai Foreign Minister Kantathi Suphamongkhon in Tokyo to discuss the suspected abduction by Pyongyang of a Thai woman.

**May 16, 2006:** Japan's Foreign Minister Aso Taro says that he sees problems in the current method of honoring the war dead at Yasukuni Shrine.

**May 17, 2006:** Yokota Shigeru, Megumi's father, returns to Japan after a three-day visit to South Korea. During this trip, he met relatives of Kim Young-nam and Park Geun-hye, the leader of South Korea's Grand National Party.

**May 17, 2006:** North Korea criticizes Japan and the U.S. over the meeting between President Bush and the mother of Yokota Megumi, calling it part of the countries' campaign to "stifle" Pyongyang.

**May 17, 2006:** The leaders of the pro-Seoul group, Mindan and the pro-Pyongyang group, Chongryon of Japan hold their first meeting to resolve longstanding differences.

**June 8, 2006:** DPRK's *Korean Central News Agency* reports that Pyongyang offered to allow Kim Young-nam, a South Korean abductee married to Yokota Megumi, to meet his South Korean family at a special reunion scheduled for late June.

**June 13, 2006:** Seoul and Tokyo conclude two-day EEZ talks with no agreement.

**June 13, 2006:** Japan's Lower House passes legislation that calls for economic sanctions on North Korea if the North does not cooperate in settling issues regarding the abductions of Japanese citizens.

**June 16, 2006:** Japan's Upper House approves bill that would allow for economic sanctions against North Korea.

**June 16, 2006:** Tokyo requests Pyongyang to stop preparations to launch a *Taepodong 2* missile through the North Korean embassy in Beijing.

**June 17, 2006:** FM Aso meets with U.S. Ambassador to Japan Thomas Schieffer. They agree that Japan and the U.S. should keep in close contact to dissuade Pyongyang from test-firing a *Taepodong 2*.

**June 18, 2006:** FM Aso says Tokyo will seek an immediate meeting of the United National Security Council if North Korea fires the missile and that a consideration of sanctions is “inevitable.”

**June 19, 2006:** South Korea’s Ministry of Foreign Affairs and Trade says that the WTO has set up an arbitration panel to resolve a trade dispute with Japan over punitive tariffs levied on imports of computer memory chips by Hynix Semiconductor Inc.

**June 20, 2006:** Japan’s Ambassador to South Korea Oshima Shotaro urges the resumption of bilateral FTA talks and argues that Seoul should not demand too much in a sensitive area from the start.

**June 24, 2006:** *Asahi Shimbun* reports that business leaders prefer Fukuda Yasuo as the next prime minister in consideration of his views that take Japan’s relations with other Asian neighbors seriously.

**June 24, 2006:** The pro-Seoul group Mindan backs off from grand reconciliation due to protests from local chapters.