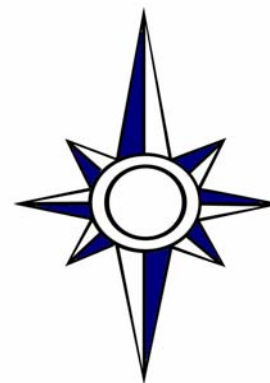


Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



Japan-Korea Relations:

With a New Japanese Leader, New Opportunities?

David Kang, Dartmouth College
Ji-Young Lee, Georgetown University

If the previous quarter was marked with little movement in the stalemate between Tokyo and Pyongyang, this quarter appears to be transitional. North Korea shut down the Yongbyon nuclear reactor and announced its intention to disable other nuclear facilities by the year's end. In Japan – Abe Shinzo who gained national popularity for his hardline approach to North Korea – stepped down in September, and Japan's new Prime Minister Fukuda Yasuo has hinted at softening Japan's stance toward the North. Arguably, the quarter's developments signaled that the pendulum of Japanese foreign policy may swing back closer toward dialogue with Pyongyang.

Abe's decision not to visit Yasukuni Shrine on Aug. 15 was welcomed by Seoul, keeping bilateral relations relatively cool compared to the wars of words that had occurred under Koizumi. History issues continued to linger between Japan and South Korea, as Seoul made noises about Japan's "lack of repentance" on its 62nd Liberation Day and the two countries continued to clash over the naming of the Sea of Japan/East Sea and over Japan's 2007 *Defense White Paper's* inclusion of the Dokdo/Takeshima islets as part of Japanese territory. But the quarter also witnessed important efforts aimed at strengthening bilateral cooperation. Tokyo and Seoul agreed to conduct joint surveys on the level of radiation in waters near the Dokdo/Takeshima islets and on daylight savings time policies. South Korea seemed reasonably happy with Fukuda as Japan's new prime minister, as he said early on that he would seek more friendly relations with China and South Korea and not visit Yasukuni Shrine. Tokyo expressed concerns over the timing of the inter-Korean summit, watchful of its possible impact on the December presidential election in South Korea, and of one-sided payoffs from Seoul to Pyongyang.

Japan-North Korea relations: Fukuda, the antithesis of Abe?

This quarter, after a half-year hiatus, Japan and North Korea held a new round of normalization talks as part of the Feb. 13 agreement, meeting alongside the Six-Party Talks in July and September as well as during the ASEAN Regional Forum (ARF). Although the overall tone of their exchanges remained contentious with no immediate progress, the normalization talks did not break down as they had previously in March, and Pyongyang saw "some progress in Japan's attitude." Of note throughout the quarter were Pyongyang's ever more vociferous criticisms of Tokyo over a Japanese court

decision regarding the headquarters of the General Association of Korean Residents in Japan (*Chongryun*), and tactics aiming to isolate Tokyo from the rest of the Six-Party Talks participants in an attempt to change Japan's hardline policy toward Pyongyang. For its part, Japan has been particularly skeptical about North Korea's moves toward the disablement of nuclear facilities, and continued to insist on progress in the abduction issue before providing any energy and economic assistance to Pyongyang.

On July 1, as North Korea prepared to shut down its main nuclear reactor in Yongbyon in accord with the Feb. 13 agreement, the North Korean Foreign Ministry raised "a serious question as to whether there is any need for Japan's continued participation in the Six-Party Talks." Behind the North's criticism was anger at Tokyo's move in the late spring to seize the headquarters of the pro-Pyongyang group *Chongryun*, after the Tokyo District Court ordered it to repay debts of ¥62.7 billion. On July 20, the same court rejected a lawsuit filed by a limited partnership company operated on behalf of the *Chongryun* that was seeking exemption from fixed asset taxes on its headquarters and two other properties in Tokyo.

Because there are no formal diplomatic relations between Japan and North Korea, the *Chongryun*, established in 1955, has been North Korea's de facto embassy. The Tokyo Metropolitan Government had recognized that their properties were being used for a state delegation and therefore exempt from taxes under the Vienna Convention. But in 2003, Tokyo Gov. Ishihara Shintaro imposed taxes of ¥42 million for that year, 10 months after Pyongyang's admission of the abductions of Japanese nationals in September 2002. According to Japan's Justice Ministry, there were 600,000 Korean residents in Japan as of the end of 2006 with about 384,000 pro-Seoul *Mindan* members and roughly 200,000 pro-Pyongyang *Chongryun* members. *The Japan Times* reported on July 10, however, that *Chongryun* has been losing members over the past five years due to North Korea's bad reputation, and that actual membership may be less than 50,000. *Chongryun* has been under surveillance from the Japanese authorities due to its alleged involvement in illegal activities including the abductions of Japanese in the 1970s and 1980s. The group has also been fundraising for the North Korean regime.

Although there was nothing unusual about Pyongyang's accusations against Japan's "black-hearted intentions," this time the level of criticism was much more pronounced and direct. While the topic appeared almost daily in North Korea's official media, there was a rare public meeting held in Pyongyang to denounce Tokyo's actions against *Chongryun*, the first such anti-Japanese gathering since the September 2002 summit that produced an agreement toward the normalization of bilateral diplomatic ties.

Meanwhile, Japanese government reaction to North Korea's claim that it had shut down the Yongbyon reactor was skeptical, expressing uneasiness about rumors that the U.S. might take the North from its list of State Sponsors of Terrorism. On July 15, *Kyodo News* quoted Japan's senior Foreign Ministry official as saying that shutting down the reactor was "no more than the first step," and that there was "no guarantee that North Korea will positively take such moves [toward disablement of all existing facilities.]" Japanese media editorials echoed a similar tone of "little optimism" toward such

progress, and urged other members of the Six-Party Talks not to drop their guard against North Korea, reminding them of the fact that North Korea was already three months behind schedule.

The bilateral meetings that followed on the sidelines of the Six-Party Talks and the ARF carried the same old stories from the previous quarters. On July 21, after the bilateral meeting on the sidelines of the Six-Party Talks, North Korea Vice Foreign Minister Kim Kye-Gwan complained that “problems will not be resolved only with pressure,” while Sasae Kenichiro reiterated Japan’s policy of not participating in energy and other aid to the North unless progress is made toward the resolution of the abduction issue. On Aug. 2, at the plenary session of the ARF, North Korea Foreign Minister Pak Ui-Chun raised issues of unresolved history under Japanese colonial rule and warned that “inhumane treatment” of the *Chongryun* members could jeopardize the Six-Party Talks. Responding to the North’s complaints, Japanese Foreign Minister Aso Taro said that Japan found North Korea’s remarks “unacceptable,” as they included details that were contrary to facts, reported *The Japan Times* on Aug. 3.

The first day of the normalization talks between North Korea and Japan, held in Ulaanbaatar Sept. 5, focused on Japan’s reparations for its 1910-1945 colonial rule of the Korean Peninsula, while the second day dealt mainly with the abduction issue. In contrast to the normalization talks held in March of this year and despite a lack of any tangible outcome, there seemed at least to be “meaningful exchanges of opinion” with a promise to meet more often to work through these bilateral issues. Japan urged North Korea to reopen the cases of 12 of the 17 abductees, all on its official list except those five who returned to Japan in 2002. The North said that the cases were now closed but did not rule out a reinvestigation in the event of “warmer relations” between the two countries. According to *Kyodo News* Sept. 8, North Korean delegate Song Il-Ho felt that there had been a change in Japan’s attitude regarding suggestions that the two countries discuss Japan’s atonement of its past colonial history. However, according to *Yonhap* Sept. 10, Song did not forget to warn Japan of “irrevocable consequences” if Japan extends financial sanctions on Pyongyang beyond the October deadline.

The highlight of the quarter came when former Chief Cabinet Secretary Fukuda Yasuo, known for his flexible approach to North Korea, was elected president of the Liberal Democratic Party (LDP) Sept. 23, replacing Abe. Fukuda had laid the groundwork for Koizumi’s visit to Pyongyang in September 2004, and is known to have clashed with Abe, then deputy chief Cabinet secretary, over how to handle North Korea. While Abe had stressed measures to pressure North Korea with his priority being the resolution of the abduction issue, Fukuda has focused more on engaging the North in dialogue. Japanese media reported that Fukuda might try to woo Pyongyang with a hint of economic and energy assistance, but some political analysts also noted that he might face strong opposition from conservative members within the LDP were he to take such a route.

Japan-South Korea relations: “We don’t need to do what other nations dislike, do we?” says Fukuda

On July 6, South Korea opened the quarter by lodging a complaint against the Japanese government and expressed “deep regret that Japan had again claimed South Korea’s sovereign Dokdo islets as its territory” in Japan’s 2007 *Defense White Paper*. The *Korea Times* editorial of July 9 wrote that the move was an attempt to “revive its militarism and colonialism.” In late August, territorial disputes over the naming of the Sea of Japan/East Sea moved to New York, as Seoul, Pyongyang, and Tokyo sent delegations to the UN Conference on the Standardization of Geographical Names. Seoul and Pyongyang have been lobbying the international community to establish the concurrent use of “Sea of Japan” and “East Sea,” while Tokyo claims that “Sea of Japan” designation had been established even before Japan’s occupation of the Korean Peninsula. At the conference, “Sea of Japan” remained the term of reference and the chair of the panel encouraged “the three countries concerned to find a solution acceptable to all of them, taking into any relevant solutions.”

In mid-September, the fight moved to Japan’s Kotoura, Tottori Prefecture, as the town decided to scratch out the “East Sea” reference from a monument that was built in 1994 to commemorate Japan-South Korea ties when Japanese locals helped Koreans who had washed ashore in a shipwreck in 1819. The monument originally referred to both the “East Sea” and “Sea of Japan,” but Kotoura officials scratched out “East Sea” in Japanese after some citizens deemed it “unnecessary.” After the protest by pro-Seoul group *Mindan* that “it is the same as saying ‘let’s stop international exchanges,’” the town announced that the new inscription would have “Sea of Japan” in Japanese script and “East Sea” in Korean script. But after the plan drew criticism, the town decided to make a new inscription that does not refer to “East Sea” at all.

On Aug. 28, Japan and South Korea reached agreement to conduct joint research about whether to adopt daylight savings time. The South Korean Ministry of Commerce, Industry and Energy said that both sides agreed on the need to work together in consideration of close economic relations and the possible impact of a unilateral move by the other country. On Sept. 3, the annual assembly of lawmakers from the two countries brought to Seoul 80 Korean lawmakers led by Moon Hee-Sang, the ruling Uri Party chairman, and 20 Japanese lawmakers led by former Prime Minister Mori Yoshiro. They discussed regional issues such as North Korea’s nuclear development program and the Free Trade Agreement (FTA) between Japan and South Korea.

Another welcome development of the quarter was a joint survey on radioactive contamination in the Sea of Japan/East Sea following up efforts in October 2006. Despite the original plan that Tokyo would carry out the survey by itself, Japan’s Vice Foreign Minister Yachi Shotaro visited Seoul to urge joint research in the disputed waters “to avoid confusion.” Seoul has agreed. According to the Aug. 19 *Yomiuri Shimbun*, Japan made an apparent conciliatory gesture, giving priority to avoiding confrontation with Seoul as it feared Japanese survey ships might be intercepted by South Korea near the disputed Exclusive Economic Zone.

As Tokyo and Seoul were eyeing the upcoming inter-Korean summit and Japanese foreign policy directions of the newly inaugurating Fukuda Cabinet, respectively, the results of an interesting tri-nation joint survey by Japan's *Yomiuri Shimbun*, South Korea's *Korea Times*, and China's *Oriental Outlook* were revealed. According to the *Yomiuri Shimbun* on Sept. 23, a poll conducted in early September asked what issues the people of Japan, South Korea, and China thought should be resolved together. Sixty-six percent of Japanese believed the three countries should work together to solve the dispute over North Korea's nuclear program; 75 percent of Chinese and 68 percent of South Korean respondents said they should promote trade and economic cooperation; while in South Korea, 47 percent of respondents said that should tackle the North Korean issue.

Upon Fukuda's inauguration as Japan's new prime minister, South Korean President Roh Moo-hyun sent a congratulatory message. In a telephone conversation that followed on Sept. 28, Fukuda and Roh agreed to work closely for future-oriented bilateral relations and decided to meet on the sidelines of the ASEAN Plus Three meetings to be held this coming November in Singapore. South Korea's conservative daily *Choson Ilbo* on Sept. 27 reported that the selection of the Fukuda Cabinet has improved prospects for bilateral ties because Fukuda might remove one of the main obstacles in the bilateral relations, visits to Yasukuni Shrine, and also because Fukuda's engagement strategies with the North would be better accepted in South Korea.

Economic relations

The trends of competition and cooperation continued side-by-side in Japan-South Korea economic relations during this quarter. In July, the World Trade Organization ruled that Japan's imposition of duties on computer chips from South Korea's Hynix Semiconductor Inc., the world's biggest memory chip maker, was illegal. In January 2006, the Japanese government had applied a 27.2 percent tariff on Hynix chips on the grounds that the company had been benefiting from export aid in the form of government-backed loans.

The signing of an "open skies" pact between the two neighbors was good news this quarter. Under the agreement signed Aug. 2, South Korean and Japanese flagged carriers can freely increase flights between the two countries except for routes between Korea and Tokyo (due to a lack of runways at Narita International Airport.). Currently, Korea's leading carriers, Korean Air and Asiana Airlines, fly a combined 330 flights per week to 25 cities in Japan, while Japanese airlines offer 92 flights weekly to Kimpo and Incheon. According to an Aug. 2 *Korea Times* report, South Korean government data from 2005 showed more than 1.9 million South Koreans visit Japan annually, while 2.4 million Japanese visit South Korea.

In August, a financial coordination meeting was held between South Korean Finance Minister Kwon O-Kyu and his Japanese counterpart Omi Koji, and they discussed ways to contain the fallout from the U.S. sub-prime mortgage problems on the regional financial market. Kwon said that the two countries faced similar challenges, such as an

aging population and business restructuring, and urged his counterpart to join hands to tackle instabilities in the global economy and financial markets. In his opening speech, Omi said that officials should try to prevent any sharp fluctuation from occurring in financial markets. The *Mainichi Shimbun* reported on Aug. 15 that Japanese stocks fell sharply, affected by global jitters over the U.S. sub-prime loan crisis and by broader concerns over the U.S. economy.

In September, Trade Ministers Kim Jong-Hoon of South Korea and Amari Akira of Japan agreed that they would meet frequently to discuss bilateral trade issues. Amari said that the two sides should try to find ways to restart the FTA negotiations that have been suspended since November 2004. The *Joongang Ilbo* on July 13 quoted South Korean Deputy Minister for Trade Cho Tae-Yul as saying that “South Korea’s relentless pursuit of free trade agreements is setting off alarm bells for the Japanese.” South Korea has recently completed an FTA deal with the U.S. and is pursuing other agreements with the EU, Canada, and China.

Meanwhile, an interesting report on the structure of South Korean trade relations was published this quarter. According to South Korea’s Customs Service, South Korea’s trade dependence on the U.S. and Japan is on the decline. With regard to trade with Japan, South Korean exports during the first seven months of this year fell by 1.1 percentage points compared to the same period last year. South Korea exported \$14.9 billion of goods to Japan, or 7.2 percent of its total exports. The downward trend occurred with imports, as well. Imports from Japan have been constantly dwindling, falling to 16.1 percent of total imports from January through July this year. By comparison, in 1991, Japan accounted for more than 25 percent of South Korea’s total imports.

Society and culture

On Aug. 15, Seoul loudly celebrated Liberation Day, while South Korean dailies were busy editorializing about how Japan “should stop beautifying its past misdeeds.” A glimpse of the day shows how “anti-Japanese” catchphrases are pervasive in South Korean society, bringing together many interest groups and NGOs with different political agendas in the streets of Jongno near the Japanese Embassy: Korea Alliance of Progressive Movements held a demonstration against Japan’s anti-North Korea policies and discrimination against Japanese-Koreans, and called for Japanese rightists to stop expanding Japan’s military; the Korean Council for the Women Drafted for Military Sexual Slavery by Japan claimed the Japanese government has been avoiding admitting its crimes in their 774th regular Wednesday demonstration; The Solidarity for Practice of the South-North Joint Declaration had a celebration event wishing for the success of the inter-Korean summit; civic groups of war veterans issued a statement that the inter-Korean summit should not be used to disturb the December presidential election and that they will take action to punish pro-North Korean collaborators.

In contrast, according to the *Yomiuri Shimbun* of July 11, the number of high schools offering Korean quadrupled from 73 in 1995 to 296 in 2005. Chinese came next, increasing by three-fold from 192 schools to 553 during the same period. An official

from the Japanese Ministry of Education, Culture, Sports, Science and Technology attributed the trend to increasing economic and cultural exchanges between the two countries. Korean language schools have also seen a growing number of students, doubling from 1,693 in 2006 to 3,854 in 2007.

On Aug. 13, South Korea's Presidential Agency decided to confiscate land that is owned by the descendants of 10 pro-Japan collaborators during Japan's colonial rule of the Korean Peninsula. This was the second move after the Investigative Commission on Pro-Japanese Collaborators' Property announced last May that it would seize 254,906 sq. meters of land owned by the descendents of nine pro-Japan collaborators. The South Korean government enacted a special law in December 2005 as part of efforts to "clear away" the colonial-era legacy. The seized property will go to independence fighters and their offspring to compensate for their sacrifices says the Commission.

The *Joongang Ilbo* July 6 reported that more North Koreans in Japan are switching citizenship to South Korea. Pro-Pyongyang Korean residents in Japan have long been "North Korea's lifeline," sending billions of yen in money and goods to their relatives in North Korea. According to Sato Katsumi, director of the Modern Korean Institute in Tokyo, although the exact figures are impossible to know, the annual total of money and supplies sent to North Korea was estimated at some 60 billion yen (\$500 million) in the early 1990s. According to the newspaper, thousands of Korean residents have made a decision to switch their citizenship to South Korea. One wave came in the mid-1990s after pro-North Korean residents had made visits to their relatives in North Korea and had seen their poor living conditions. Hundreds more switched citizenship when Hwang Jang-Yop, North Korean Workers Party secretary, defected to South Korea in February 1997. Other factors include demographic elements, since younger generations have fewer direct ties with their North Korean relatives.

The coming quarter

The final quarter of 2007 promises to be an interesting one. Not only will Fukuda have an opportunity to chart his own foreign policy toward both North and South Korea, but North Korea has a series of explicit deadlines it must meet with regard to the Six-Party Talks and denuclearization of the peninsula. Whether the North actually meets its deadlines for disabling reactors and fully accounting for its nuclear facilities will have a major impact on relations between North Korea and the world. Furthermore, how Fukuda manages relations with both North and South Korea is yet to be seen. In South Korea, the presidential election to be held in December will result in a new president by early 2008, whose foreign policies with respect to both North Korea and Japan may move in new directions. With new leadership in both Japan and South Korea, 2008 promises to be an eventful year.

Chronology of Key Events: Japan- Korea Relations July- September 2007

July 1, 2007: North Korea's Foreign Ministry raises concerns over Japan's participation in the Six-Party Talks after the Japanese government-affiliated collection agency Resolution and Collection Corp. took over the property of pro-Pyongyang group *Chongryun*.

July 6, 2007: Seoul lodges a complaint against the Japanese government over Japan *Defense White Paper's* inclusion of the Dokdo/Takeshima islets as Japanese territory.

July 11, 2007: Japan's *Yomiuri Shimbun* reports that the number of high schools offering Korean increased from 73 in 1995 to 286 in 2005.

July 14, 2007: WTO publishes its ruling that Japan illegally imposed duties on computer chips from South Korea's Hynix Semiconductor Inc.

July 15, 2007: North Korea announces that it shut down its nuclear reactor at the Yongbyon facility in line with the Feb. 13 agreement.

July 18-20, 2007: Six-Party Talks held in Beijing.

July 19, 2007: Delegates of Japan and North Korea meet on the sidelines of the Six-Party Talks and agree to make mutual efforts to resolve bilateral issues and to move the talks forward.

July 20, 2007: Tokyo District Court rejects a lawsuit filed by a limited partnership company by *Chongryun* seeking exemption from fixed asset taxes on its headquarter buildings in Tokyo.

July 21, 2007: North Korean Vice Foreign Minister Kim Kye-Gwan complains about Tokyo's pressure after the bilateral meeting on the sidelines of the Six-Party Talks.

July 29, 2007: Abe's LDP loses in the Upper House election.

Aug. 1, 2007: Second Hallyu Expo Forever, Asian Star Culture Expo (FACE) opens in Tokyo.

Aug. 2, 2007: Foreign Ministers of Japan Aso Taro and North Korea Pak Ui-Chun meet on the sidelines of the ARF.

Aug. 2, 2007: Tokyo and Seoul reach an open skies agreement.

Aug. 13, 2007: South Korea's Investigative Commission on Pro-Japanese Collaborators' Property decides to confiscate land owned by the descendants of 10 pro-Japanese collaborators during the 1910-45 Japan's colonial rule.

Aug. 15, 2007: Two Koreas commemorate Liberation Day.

Aug. 17, 2007: Japanese and South Korean governments announce that they plan to carry out a joint survey on the level of radiation in waters near the Dokdo/Takeshima islets.

Aug. 22, 2007: Finance Ministers of Japan and ROK hold bilateral financial coordination meeting and agree to cooperate to reduce instability in the global political economy.

Aug. 27, 2007: Abe reshuffles his Cabinet, naming Machimura Nobutaka as foreign minister.

Aug. 28, 2007: Japan and ROK agree to conduct joint research on daylight savings time.

Sept. 3, 2007: Lawmakers of South Korea and Japan meet in Seoul to discuss bilateral issues including North Korea's nuclear development program and FTA.

Sept. 4, 2007: Chief Cabinet Secretary Yosano Kaoru says Japan must consider providing humanitarian assistance to North Korea's flood victims regardless of political considerations.

Sept. 4, 2007: North Korea's delegate Song Il-Ho expresses expectations for upcoming normalization talks with Japan.

Sept. 5, 2007: Trade ministers of Japan and South Korea agree to meet frequently to pave ways to resume the FTA talks.

Sept 5-6, 2007: Japan and DPRK hold normalization talks and produce no agreement.

Sept. 8-9, 2007: Asia-Pacific Economic Cooperation forum is held in Sydney. ROK President Roh and Japanese PM Abe attend, but do not meet.

Sept. 12, 2007: Abe announces intention to resign, citing refusal by Democratic Party Japan leader Ozawa to agree to a meeting to discuss extension of the Maritime Self-Defense Force mission.

Sept. 13, 2007: Japan's Kotoura in, Tottori Prefecture decides that a new inscription of a monument commemorating Japan-South Korea ties will exclude a previous reference to "East Sea."

Sept. 17, 2007: Nintendo Korea says that it has filed a suit against those who violated its copyright for game software through internet sites in South Korea.

Sept. 23, 2007: Fukuda Yasuo is elected president of the LDP.

Sept. 23, 2007: *Yomiuri Shimbun* reports that a tri-nation survey shows that 77 percent of Japanese respondents think that Japan, South Korea, and China should work closely to resolve the North Korean nuclear development program.

Sept. 25, 2007: Fukuda is elected Japan's prime minister.

Sept. 27, 2007: The Six-Party Talks begins aiming at reaching an agreement over specific methods for disabling North Korea's nuclear facilities.

Sept. 28, 2007: Japan's new PM telephones President Roh and they agree to meet on the sidelines of ASEAN Plus Three meeting in November.