



Japan-Korea Relations:
Pyongyang's Belligerence Dominates

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The second quarter of 2009 saw a rapid increase in tensions between North Korea and all its neighbors, and this tension dominated relations during the quarter. In rapid succession, North Korea tested a long-range intercontinental ballistic missile (which failed), a nuclear device (successfully), dared anyone to start a war with it, and then dispatched a ship suspected of carrying small arms on a route most believed destined for Myanmar. Japan led the way in responding to North Korea, introducing harsher sanctions and calling for wider international moves to punish Pyongyang. Seoul-Tokyo relations moved closer as leaders in both capitals agreed on how to react to North Korea and both leaders welcomed the Obama administration's moves for UN sanctions.

Japan-North Korea relations: face-off

Despite strong warnings from Japan and other countries involved in the Six-Party Talks, Pyongyang went ahead with a missile launch on April 5 and went even further on May 25 to conduct its second nuclear test. Not surprisingly, this quarter's Japan-North Korea relations were basically hostile with little movement within the broader situation of a "bellicose North Korea vs. the international community." Together with the U.S. and South Korea, the Japanese government played a leading role in pushing for the UN Security Council (UNSC) Resolution 1874, as well as imposing tougher unilateral sanctions against Pyongyang. Under these measures, North Korea is placed under even harsher financial restrictions than had been imposed by both the UN and Japan, most notably the monitoring and potential inspections of its ships and aircraft suspected of carrying illicit weapons related to the country's missile and nuclear weapons development programs.

Given that it was Pyongyang's 1998 *Taepodong* missile launch and its first nuclear test in July 2006 that have played an important role in fueling Japan's moves toward remilitarization, a key question becomes: how will Tokyo and the Japanese public respond this time to the North's bellicose behavior in terms of Japan's evolving military posture? Developments over this past quarter indicate that Tokyo is likely to step up efforts to counter nuclear threats from Pyongyang, which will involve not only diplomacy but also improvements in its military capabilities.

The quarter highlighted Japan's nascent missile defense system and presented the perfect opportunity for some to make their case that Japanese missile defense is "like a child reaching middle school age" and thus in need of major improvement and a much bigger budget. Thus far,

Japan has invested over 1 trillion *yen* in the missile system. According to the April 4 *Asahi Shimbun*, the Japanese government deployed nine *Aegis* destroyers to track the North's rocket, with seven of the destroyers equipped with interceptor missiles. This was a much higher level of preparedness than had been the case for the North's missile launches in 1998 and 2006. In 1998, when North Korea fired a *Taepodong-1* missile, Japan's Maritime Self-Defense Force (MSDF) had one *Aegis* destroyer to track it. At Pyongyang's 2006 launch of a *Taepodong-2*, the MSDF deployed one destroyer and the U.S. sent two.

Despite the Aso administration's repeated emphasis on a rapid, effective response, probably in the hope of improving its approval rating, two false alarms over the timing of the North's missile launch highlighted the poor performance of its crisis management and left it "egg-faced." The second false alarm was televised nationwide through *NHK* and other media outlets. The Self-Defense Force's difficulty dealing with the April launch caused many people to question how prepared it really is and how ready it might be to manage a military crisis.

Some hawkish Japanese politicians attempted to take advantage of this quarter's North Korean provocations to break the taboo against nuclear weapons and to stir up discussion about constitutional revision. On April 19, former Finance Minister Nakagawa Shoichi suggested that Japan consider possessing nuclear weapons to deal with the threat from North Korea, saying that in pure military terms "nuclear counters nuclear." Earlier in February, he *did* stir a sensation with his drunk, slurring remarks at a news conference in Rome and was forced to resign afterward (http://www.youtube.com/watch?v=o8GGT_IqMWE). Similarly, another hawkish politician, head of Liberal Democratic Party (LDP) Organization Headquarters Sakamoto Goji made remarks that indicated support for Japan's nuclearization, only to backtrack later. A day after Sakamoto's comments, Chief Secretary Kawamura Takeo told reporters that nuclear weapons are not an option for Japan, reconfirming Japan's non-nuclear principles. Of major media, Japan's conservative daily *Yomiuri Shimbun* argued in an April 3 editorial that the ruling and opposition parties should renew debate on constitutional revision, citing the latest *Yomiuri* survey that 51.6 percent of respondents supported revising the constitution, while 31.6 percent opposed it.

Although the above incidents do not represent the general political atmosphere within Japan regarding its nuclear policy, it is likely that intensified national security concerns stemming from North Korean behavior will give credence to those who argue that Japan needs to spend more on defense. Defense Minister Hamada Yasukazu said that Japan should consider deploying an early warning satellite into space independent of the U.S. to detect the launch of a ballistic missile and the government is said to be considering the suggestion. *Kyodo News* reported on June 9 that the LDP defense policy panel proposed that Japan be equipped with the capacity to strike an adversary's missile sites under the new National Defense Program Guidelines.

Two factors may determine the pace of such developments in the short run: Japanese public opinion and the struggling LDP leadership as it faces an election this year.

Public opinion surveys suggest the evidence remains mixed at this point. According to a *Yomiuri* survey conducted April 3-5, 88 percent of respondents (in a nationwide telephone survey of 1,770 households with eligible voters) replied that they felt anxious about Pyongyang's development of missiles. Seventy-eight percent said they want the Japanese government to

strengthen sanctions against the North. On the other hand, a poll by a high school teachers union revealed that more than 60.9 percent of Japanese high school students are opposed to changing Article 9 of the Constitution. Of those opposed to revision, 73.2 percent said it was because a revision “could open the way to war.” The same survey showed that 84.1 percent of high school students believed that Japan should uphold its three non-nuclear principles. (The survey was conducted among 12,286 students at 148 high schools across 28 prefectures in November 2008.) In a related development, over 2,200 pro-constitution supporters gathered June 2 in Tokyo to rally for the protection of Article 9 in commemoration of the late Kato Shuichi, one of the nine co-founders of the Article 9 Association.

The unpopularity and uncertain future of the ruling LDP is another factor in determining Japanese foreign policy as the Democratic Party of Japan (DPJ) is increasingly challenging the LDP in the run-up to the general election. In this past quarter, the LDP received a record-low approval rating of 19.8 percent in June, down 8.7 percent points from the May poll, while 38.5 percent showed support for the DPJ, according to a *Kyodo News* poll published on June 15. The DPJ is becoming more confident, as it recently won a number of key local elections, including a landslide victory in the June mayoral election for the city of Chiba, a third big win after winning the mayoralties of Nagoya and Saitama. The DPJ backed 31-year old Kumagai Toshihito against the incumbent, 63-year old Hayashi Kojiro. In other bad news for unpopular Prime Minister Aso Taro, more than 80 members of his LDP said they want a leadership vote before national elections are held later this year.

For now, however, the immediate Japanese responses to the North’s missile and nuclear tests followed both international and unilateral paths: supporting the UNSC resolution and applying more unilateral sanctions. Japan’s diplomatic efforts were concentrated on adopting a new resolution containing tougher sanctions than Resolution 1718 within the UNSC framework. When the North went ahead with its second underground nuclear test, Tokyo was the first to request an urgent meeting and submitted a draft resolution with the U.S., which ultimately yielded UNSC Resolution 1874. Prime Minister Aso also said that Japan was requesting that the U.S. put Pyongyang back on the list of state sponsors of terrorism.

By quarter’s end, Japan strengthened its sanctions and placed a ban on all trade with North Korea from June 18 until April 2010. Additional measures also cut the amount of cash allowed into North Korea without the Japanese government’s approval to 300,000 *yen* (\$2,990), down from 1 million *yen*. These sanctions are mostly political and partly symbolic, aimed at punishing Pyongyang’s behavior rather than having much practical impact on North Korea. Many analysts point out that those measures would have little affect on Pyongyang anyway, given that the low level of Japan-North Korea economic relations. Already stringent Japanese sanctions do not provide Japan much leverage in the first place.

North Korea has not been kind to Japan, either. On top of proclaiming that it would never come back to the Six-Party Talks, it responded to Japan’s imposition of sanctions by employing its usual threatening rhetoric. Pyongyang accused Japan of exaggerating threats as a pretext to build up its air defense system and to “invade the North by force.” A commentary in the official *Rodong Shinmun* it claimed that Japan’s claim of a missile threat from North Korea is “entirely groundless and wild guesses.”

Japan-South Korea relations: under the same umbrella

Two key issues for the past quarter in Japan-South Korea relations were the history textbook controversy and the Aso-Lee Myung-bak summit in late June, reflecting the continued warming trend in the bilateral ties between the two administrations – an emphasis on practical partnership against the backdrop of recurrent historical disputes. Although the quarter began with the Japanese government’s approval of a controversial textbook, that did not ruin relations between Aso and Lee, especially in the face of Pyongyang’s nuclear and missile provocations. The two met three times during this quarter – first on the sidelines of the Group of 20 Economic Summit on April 1, then at the ASEAN Plus 3 setting on April 11, and finally at their bilateral Tokyo summit on June 28. Considering that Aso and Lee have met eight times in the last eight months, bilateral ties are apparently entering a period of stability. Notably during this quarter, Japan and South Korea signed the first formal defense pact that covers military cooperation measures in a wide range of areas.

Dispute over a history textbook

On April 9, the Japanese government’s approval of yet another controversial textbook by Jiyusha Publishing, after approving the 2005 textbook by Fusosha Publishing, resulted in a strong protest from the South Korean government. The new textbook was published by the same right-wing group (Japanese Society for History Textbook Reform) as the previous textbook, and thus had little difference in content from the Fusosha textbook. According to the South Korean Foreign Ministry, the new textbook describes Japan’s colonization of Korea as a means of helping Korea to modernize while justifying Japan’s invasion of Korea. South Korea’s Foreign Ministry spokesman Moon Tae-young said that the textbook is based on an “erroneous historical perception that justifies its past wrongdoings.”

In fact, President Lee intervened for the first time on historical issues and commented to Prime Minister Aso during their April 11 meeting that Japan should understand that bilateral relations must not be negatively affected by historical issues. Lee and opposition DPJ leader Hatoyama Yukio exchanged views on historical issues during their meeting on May 29. Lee remarked that South Korea was ready to make big steps forward toward the future with Japan if Japan has the courage to address historical issues. In response, after acknowledging “a tendency in Japan to glorify its colonial era,” Hatoyama said there are no people like that in DPJ and one must not be tied to nationalism.

Prime Minister Aso’s offering to the Yasukuni Shrine in May provoked criticism from the South Korean government. Aso’s offering of a \$500 plant to the shrine (where 14 Class A war criminals are buried) prompted South Korea’s Foreign Minister to comment that the event was “regrettable.” This quarter did not witness any of the hysterical drama that occurred during the Roh-Koizumi era over history textbooks or the Yasukuni Shrine visits, yet these historical issues remain a factor determining how far or how deeply Seoul and Tokyo can develop cooperative relations in the long run.

Reaction of Seoul-Tokyo to Pyongyang

North Korea kept both Aso and Lee quite busy this quarter. In coordination with the U.S., Japan and South Korea agreed on the need to take tough measures against North Korea's missile/nuclear tests through the UNSC. On several occasions, Seoul and Tokyo reconfirmed their united efforts to deal with the North Korean threat. In contrast to his two predecessors, President Lee took an increasingly tougher policy stance vis-à-vis the North, which involved joining the Proliferation Security Initiative (PSI), imposing unilateral sanctions against Pyongyang, and talking about a need to enhance ROK missile capabilities.

In light of Japan-South Korea relations, an important question was how Seoul responded to Tokyo's moves against Pyongyang. Some people in South Korea are concerned more about the impact of Pyongyang's belligerent behavior on Japan's remilitarization than about Pyongyang's nuclear/missile tests themselves. A 2008 survey of public opinion on the unification of two Koreas by Seoul National University's Institute for Peace and Unification Studies shows that more South Koreans believed that Japan (34.1 percent) was a bigger threat to the peace and security of the Korean Peninsula than North Korea (33.6 percent). There clearly is a concern on the part of South Korea that Pyongyang's missile launch would provide a good justification for Japan to increase military spending. Responding to Japan's handling of Pyongyang's missile launch and in particular the MSDF's two false alarms, South Korea's conservative daily *Choson Ilbo* commented in an editorial on April 6 that while Japan did not deliberately exaggerate a sense of crisis to take advantage of Pyongyang's missile launch to increase its military power in Asia, its responses were dangerously reckless.

The June Aso-Lee summit

The quarter's highlight was the summit between Prime Minister Aso and President Lee in Tokyo on June 28. During their eighth meeting as heads of state, the primary agenda item was to make sure that the two countries stand united against North Korea's belligerent behavior. Despite an inclination to support the Six-Party Talks framework, Aso is said to have promised that the Japanese government would consider Lee's suggestion of five party talks – the Six-Party Talks minus Pyongyang. The two leaders also spent a good amount of time discussing ways to bring China on board to take more effective measures against Pyongyang.

One of the most productive outcomes of the summit may turn out to be the resumption of working-level meetings to move forward with a bilateral free trade agreement (FTA). Both Aso and Lee reconfirmed that there is political will to see the signing of an FTA. After the summit, Aso and Lee held a meeting with 36 business leaders from the two countries to discuss expansion of bilateral economic cooperation, including a bilateral FTA deal. While avoiding thorny historical issues, the summit was deemed to move smoothly, reaching an agreement on several issues. These include Seoul's promise of support for Tokyo's bid for the 2016 Olympics, the abduction issue, and Japanese firms' investment in Korea, among others.

President Lee pushed the issue of Korean residents' voting rights in Japan's local elections and asked Prime Minister Aso to take some concrete action. While Aso replied cautiously, saying that he would pay attention to the issue, coalition partner New Komeito leader Ota Akihiro said

his party would actively support it. Overall, the summit was successful, prompting Prime Minister Aso to remark that it would have been inconceivable 10 years ago that the leaders of Japan and South Korea could have such a smooth summit.

The quarter also witnessed progress in bilateral military cooperation. According to Korea's Ministry of National Defense, Seoul and Tokyo signed their first formal military pact, which includes cooperation in the areas of goodwill exchanges of top defense officials, exchanges between defense institutes, institutionalization of joint search-and-rescue operations, reciprocal visits by aircraft and naval ships, and joint international peacekeeping operations. In a trilateral setting, Defense Ministers Lee Sang-hee of South Korea, Hamada Yasukazu of Japan, and Robert Gates of the U.S. met on the sidelines of an international security dialogue on May 30 in Singapore, and held their first trilateral defense ministerial talks.

Economic relations and society

An ever-increasing pattern of trilateral cooperation among Beijing, Tokyo, and Seoul continued this quarter. According to *Kyodo News* on May 20, the Chinese government proposed to Tokyo during vice minister-level talks that the three countries should consider upgrading research on a trilateral FTA that would involve industrialists and academics as well as government officials. Research on the feasibility of such an FTA has been conducted by private sector experts and they are expected to produce a report by the year's end. Meanwhile, the *Choson Ilbo* on June 12 called for discussion on a Korea-China free trade agreement, commenting that Beijing has shown more willingness to sign a free trade agreement with Korea than with either the EU or Japan in light of their wider technological gap.

On the monetary front, the three countries reached agreement regarding the Chiang Mai Initiative currency pool. On May 3 at their finance ministers' meeting in Bali, both Japan and China agree to provide \$38.4 billion (32 percent), while South Korea would provide \$19.2 billion (16 percent) of the overall funds. There is a perception, at least as reported on May 14 in the South Korean daily *Joongang Ilbo*, that the agreement should be a more satisfying deal for Beijing, as it gained equal status with Tokyo for the first time in an international institution.

An annual Korea-China-Japan Forum called "the Thirty-Member Forum" was held April 12-13 in Pusan, South Korea. It is composed of regional experts and leaders of media, business, and academia from the three countries. They proposed establishment of an Asian Monetary Fund, the creation of a regional trading bloc, and a trilateral FTA. The forum was sponsored by South Korea's *Joongang Ilbo*, China's *Xinhua News*, and Japan's *Nihon Keizai Shimbun*.

Agence France-Presse on June 17 reported that Pyongyang is withdrawing its overseas bank accounts after the UN imposed financial sanctions for its nuclear test. According to *Reuters*, lower commodity prices will prove to be more painful to Pyongyang than will the sanctions. For example, while the value of trade between China and North Korea has dropped 3 percent in the first two months of 2009, reduced metal prices for minerals and ores negatively affected the North Korean economy, triggered by the global economic crisis.

In Japan-South Korean trading relations, Japan decided to lift punitive tariffs on D-RAM chips made by South Korea's Hynix Semiconductor after a three-year trade dispute at the World Trade Organization (WTO). Japan claimed that the company has received subsidies from the South Korean government and imposed a countervailing tariff of about 30 percent and then later lowered it to about 9 percent in September 2008, based on the WTO ruling. A strong *yen* is driving a number of Japanese companies to South Korea for parts and components. South Korea's Ministry of Knowledge Economy, the Korea Trade Investment Promotion Agency, and the Japan External Trade Organization held a Korea-Japan parts and components fair on April 16, and 59 Japanese firms participated.

Overall, while both the Japanese and Korean economies are undergoing hard times, the South Korean economy has a bright side, with some indicators pointing to recovery amid the global financial crisis. According to Organization for Economic Cooperation and Development (OECD) data released on May 27, South Korea recorded 0.1 percent growth in GDP in the first quarter of 2009 compared to the last quarter of 2008, and became the only OECD country to experience growth. Norway was second with a contraction of -2.1 percent. In more encouraging news, South Korea's exports in the information and communication technology sector ranked first among other major industrialized economies, with its trade surplus reaching \$43.3 billion in 2007. Japan came in second with a surplus of \$36.4 billion, while Mexico was third with \$11.4 billion.

The upcoming quarter

The upcoming quarter promises to be interesting. With an election in Japan this year and North Korea showing no signs of either resolving its suspected succession crisis or of moderating its provocative actions, it is likely that relations with neighboring countries will dominate. South Korea and Japan have moved closer to each other and to the U.S. in their approach to the North, and doubtless continued coordination among all three traditional alliance partners will continue this summer.

Chronology of Japan-Korea Relations April-June 2009

April 1, 2009: Prime Minister Aso Taro and President Lee Myung-bak meet prior to the G20 summit in London and agree that North Korea's launch of a "satellite" will be a violation of UN Security Council Resolution 1718.

April 5, 2009: North Korea launches a long-range ballistic missile.

April 6, 2009: According to a *Yomouri Shimbun* survey, 78 percent of respondents want Japan to strengthen sanctions against North Korea. Eighty-eight percent of the respondents said that they feel anxious about North Korea's missile development program.

April 6, 2009: Japanese dailies *Asahi* and *Yumouri* report that the scope for response of the PAC-3 missile defense system falls short of effectively defending Japan.

April 9, 2009: South Korean government protests over the Japanese government's approval of a controversial textbook from Jiyusha.

April 11, 2009: South Korean President Lee, Chinese Premier Wen Jiabao, and Japanese PM Aso meet in Thailand and agree that the three countries should voice strong concern over North Korea's missile launch.

April 13, 2009: The UN Security Council adopts a nonbinding President's Statement condemning North Korea's missile launch.

April 15, 2009: PM Aso says that the Six-Party Talks should be the principal venue for the North's denuclearization efforts.

April 16, 2009: Foreign ministers of Japan and South Korea, Nakasone Hirofumi and Yu Myung-hwan, agree that the two countries should work closely to resume the Six-Party Talks to make progress on the North's nuclear development program.

April 19, 2009: Former Finance Minister Nakagawa Shoichi suggests that Japan should consider possessing nuclear weapons as a deterrent to a threat from North Korea.

April 21, 2009: South Korea's Foreign Ministry expresses deep regret over PM Aso's offering to the Yasukuni Shrine.

April 23, 2009: Japan and South Korea sign a letter of intent on bilateral defense cooperation, the first formal military pact between the two countries.

April 28, 2009: Korea's Shinhan Bank announces that it has won a preliminary license from Japan's Financial Services Agency to operate a separate unit in Japan.

May 3, 2009: As part of the Chiang Mai Initiative, China and Japan agree to provide \$38.4 billion (32 percent) of the Initiative's pool, while Korea agrees to provide \$19.2 billion (16 percent) during their finance ministers meeting in Bali.

May 8-12, 2009: U.S. Special Representative on North Korean Policy Stephen Bosworth visits China, South Korea, and Japan to discuss a response to North Korea's threat to quit the Six-Party Talks.

May 23, 2009: Former South Korean President Roh Moo-hyun commits suicide.

May 25, 2009: North Korea conducts its second underground nuclear test and fires three short-range missiles toward the East Sea/Sea of Japan.

May 25, 2009: Japan proposes that the UN Security Council be convened for an urgent meeting to discuss North Korea's nuclear test.

May 26, 2009: Japan's Defense Minister Hamada Yasukazu says that Pyongyang may develop nuclear warheads.

May 27, 2009: Japan's House of Councilors unanimously approves a resolution condemning North Korea's nuclear test. The House of Representatives adopted a similar resolution the day of the North's test.

May 29, 2009: President Lee and Japanese opposition leader Hatoyama Yukio meet and agree that Japan, South Korea, and the U.S. should closely work together to encourage China to come up with a strong UNSC resolution to deal with Pyongyang's nuclear test.

May 30, 2009: Defense Ministers of the U.S., Korea and Japan meet at the 8th Shangri-La Security Dialogue and agree that they will respond firmly to North Korea's provocations with a nuclear test and missile launches.

June 2, 2009: Over 2,200 people rally in Tokyo for the protection of Article 9 of the Japanese Constitution in commemoration of the late Kato Shuichi, one of the founders of the Article 9 Association.

June 8, 2009: *Korea Times* reports a poll conducted by *Hankook Ilbo* revealed that 63.1 percent of respondents did not approve President Lee's management of state affairs. The same poll shows that 57 percent believed that former President Roh Moo-hyun's death had to do with the Lee administration's "political retaliation."

June 8, 2009: Japan's Chief Cabinet Secretary Kawamura Takeo says the Japanese government wants Washington to put North Korea back on its list of state sponsors of terrorism.

June 9, 2008: LDP defense policy panel proposes that Japan should acquire a capability to strike its adversary's missile sites under the new National Defense Program Guidelines.

June 12, 2009: The UNSC unanimously adopts Resolution 1874 condemning North Korea's nuclear test on May 25.

June 14, 2009: Seoul, Beijing, and Tokyo sign an agreement on environmental issues during the 11th Tripartite Environment Ministers Meeting in Beijing. The agreement covers a range of issues including green growth, prevention of yellow dust, and pollution control.

June 16, 2009: President Obama and President Lee hold a summit in Washington DC and agree to strengthen cooperation with neighboring states to send a clear message to North Korea.

June 16, 2009: The Japanese House of Representatives unanimously adopts a resolution that calls for further efforts for nuclear disarmament and nonproliferation.

June 18, 2009: Japan's economic sanctions banning all exports to North Korea take effect until April next year.

June 19, 2009: An OCED report says Korea's exports in the information and communication technology sector were recorded the first among member countries.

June 22, 2009: Japan's Coast Guard says that North Korea issued the ban on navigation on waters off its eastern coast for a military exercise from June 25 and July 10.

June 23, 2009: *Central News Agency of DPRK* criticizes Japan's move to enact a law enabling its Coast Guard to inspect North Korean cargo as "aiming at justifying war actions."

June 23, 2009: A labor union of high school teachers in Japan says that a poll shows that 60 percent of high school students in 148 schools oppose constitutional revision.

June 27, 2009: Finance ministers of South Korea and Japan, Yoon Jeung-hyun and Yasano Kaoru, agree during their meeting in Tokyo that financial markets are stabilizing and agree to further cooperate in accordance with international agreements such as the leaders' summit in London in April.

June 28, 2009: President Lee and PM Aso hold a summit in Tokyo and agree to stand united to deal with North Korea's nuclear and missile development program.