

## **Japan-Korea Relations: The Roller Coaster of Expectations**

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Disappointment, hope, and uncertainty. This roller coaster of expectations best describes Japan's attitudes toward events on the Korean Peninsula this quarter. The psychic low was a result of the inauspicious start to Japan-North Korea normalization talks, followed by the hopes, expectations, and uncertainty produced by the inter-Korean summit. The trilateral policy coordination precedent set by the Perry review faced and passed important tests this quarter related to the summit. On the Japan-South Korea bilateral front, noteworthy positive steps deserve highlighting especially because they were overshadowed by the focus on the summit. If real (rather than atmospheric) changes come to the security situation on the Peninsula pursuant to the summit, some larger questions regarding how to frame Japan-Korea relations deserve consideration.

### **Japan-South Korea Relations: Playing the Same Song (But a Good One)**

The intense spotlight and media attention on the inter-Korean summit this quarter overshadowed noteworthy developments in Japan-Republic of Korea (ROK) bilateral relations. Despite minor friction (predictably over Tokto/Takeshima), Seoul-Tokyo relations saw overall improvement, staying in line with the Kim Dae-jung-Keizo Obuchi vision of a new era of cooperation enunciated in 1998. This assessment begins to sound like a broken record, given similar observations over the past two to three quarters, but from a U.S. perspective this is the sort of song one does not mind hearing repeatedly.

The highlight in formal terms was the half-day summit meeting between Kim Dae-jung and Japanese Premier Yoshiro Mori (May 29), but the substantive improvements took place at lower levels in the realms of military cooperation and culture exchanges. Meetings between ROK Defense Minister Cho Seong-tae and Japanese counterpart Tsutomu Kawara (May 20-24) produced important agreements to expand bilateral military exchanges. The two components of this are annual reciprocal visits by the chairs of the ROK Joint Chiefs of Staff (JCS) and Japan's Joint Staff Council. The other is a student exchange program, involving cadets from each branch of the South Korean and Japanese Academies for full programs of study beginning in 2001. The latter program, following the precedent of academy exchange programs in the U.S. (i.e., at West Point), builds for the future by facilitating familiarity and interchange among the best and brightest of future military leadership in the two countries. Regularization of JCS visits, while almost a formality given the recent frequency of dialogue (e.g., two different JCS chairs met last

quarter), is no small accomplishment as it rounds out the institutionalization of the whole range of bilateral defense dialogue over the past few years from working level officials up to the level of defense minister. Indeed, given the recent volume of leadership interaction and joint exercises, some argue that the military has been the most active in terms of fulfilling the Kim-Obuchi 21<sup>st</sup> century vision, ahead of the curve and more practiced in bilateral cooperation efforts than the politicians or general public.

This is not to say that politics and society have remained stagnant. Over the quarter, the ROK government completed the third phase of its import liberalization on Japanese cultural products; and major universities in the two countries (Seoul National University and Tokyo University) took the first steps toward developing area studies curriculum for each other's country--the irony of the military being more progressive and creative in seeking new directions in the bilateral relationship than academia is striking. In the economy, concerns surfaced during the period about heightened trade deficits as a result of projected U.S. interest rate hikes and its effect on the Japanese yen, but the overall trend was positive, highlighted by increasing discussion of economic integration plans involving China, Japan, and Korea.

Also this quarter, two governmental institutes completed a feasibility study of a bilateral free trade area (FTA), as discussed during the Kim/Obuchi summit in October 1998 in Tokyo and the Kim/Obuchi summit in March 1999 in Seoul. The two institutes--the Korea Institute for International Economic Policy and the Institute for Developing Economies of the Japan External Trade Organization (JETRO)--concluded that an FTA should not only remove tariff and non-tariff barriers still in existence, but should aim at a comprehensive framework of market-integration measures, including investment promotion, trade facilitation, and harmonized trade and investment rules and standards. The study notes that South Korea's average tariff rate on Japanese products is 7.9 percent, while Japan's average tariff rate on South Korean products is only 2.9 percent, so removal of these tariffs under an FTA would increase the ROK's trade deficit with Japan in goods. However, South Korea would enjoy a surplus in services trade and its overall trade balance would improve. This very thorough study, the first of its kind, makes an important contribution to setting out a pathway for the integration of the Japanese and South Korean economies, and describes the new competitiveness in each economy that could result.

In short, Japan-ROK interaction resembles more and more a relationship between two consolidated democracies. One dynamic to anticipate in this regard is the increasing importance of civil society in relations. The combination of democracy and the telecommunications revolution results in the growth of transnational links among civic groups, organizing around issues (rather than by sovereign borders) and pressing governments to address their grievances. In social science terms, civil society becomes a causal agent or a driver of outcomes in relations. This dynamic has already become somewhat apparent in Japan-ROK interaction. This was evident in the ROK's National Assembly elections (April) where civic action groups were very active and labor and environment issues resonated with voters. In addition, this past quarter saw environmentalists from South Korea and Japan (Korean Federation for Environmental Movement and Japan Wetlands Action Network) cooperating to block Seoul's plans to reclaim areas (Saemankeum tidal flat) that should be preserved as wetlands. As this type of dynamic

becomes more prominent, it will be increasingly difficult to think about Japan-South Korea relations in traditional terms as reified state actors.

### **Validating the Perry Process: Trilateral Coordination and the Inter-Korean Summit**

The main event of the quarter was of course the North-South summit meeting in Pyongyang. While the DPRK's agreement to the meeting (announced in April) was seen by many as a validation of the Perry process and trilateral policy coordination among the U.S., Japan, and South Korea, the meeting itself was a critical test of the process. In the run-up to the summit, there were clear differences among the allies, with the U.S. and Japan on the one hand wanting Seoul to press Pyongyang on the missile moratorium and nuclear issues, and Kim Dae-jung on the other hand agreeing, but not to the extent that it would jeopardize his historic and golden opportunity to see an improvement in inter-Korean relations. These differences, although overplayed in the Korean press, were still not minor. That one U.S. official asserted on the eve of the summit how there was "no daylight" among the allies on these issues was testament to the fact that there once was. At the May 12 meeting of the Trilateral Coordination and Oversight Group (TCOG), the ROK admitted openly there were differences of opinion that required ironing out. Indeed, between May and June there were at least eight meetings at the chief executive level among the three allies to iron out the policy coordination details and de-brief on the summit (May 12 TCOG, May 23 Mori-Chong [ROK Defense minister] in Tokyo, May 29 Kim-Mori in Seoul, June 8 Clinton-Kim, Clinton-Mori, Mori-Kim [Obuchi funeral], June 17 Kim-Mori, June 29 TCOG, Kim-Albright in Seoul, and Clinton-Hwang).

In the end, however, tests successfully passed are the best way to strengthen a relationship and the summit marked another triumph for trilateral coordination. Kim Dae-jung managed to represent allied concerns well (including one curt exchange with Kim Jong-il, insisting he improve relations with Washington and Tokyo) without appearing like a puppet of the U.S. and keeping the focus on inter-Korean issues. In an implicit nod to the DPRK's agenda, President Kim managed to mention USFK (U.S. Forces Korea) without really discussing it, and overall secured his place in history with the unprecedented and cordial meeting. The U.S. got a subsequent DPRK reaffirmation of the moratorium on missile testing (concurrent with the U.S. lifting of some sanctions).

Success in policy coordination among the allies is important because it prepares them for future challenges they are likely to face. For example, some argue that improvements in North-South relations provide Seoul the luxury of de-coupling itself from Washington and Tokyo's concerns regarding DPRK ballistic missiles and weapons of mass destruction. However, such an argument fails for two reasons. First, de-coupling only makes sense if there is no value placed on trilateral policy coordination. A precedent has been set through TCOG and now the summit that makes it as inadvisable for Seoul to spurn an interest in Tokyo's concerns on DPRK missiles as it is for Tokyo to withhold support for Seoul's efforts at consummating family reunions with the North. Second, South Korean de-coupling would be destructive to the entire engagement process in that it would undercut any hope of DPRK access to economic aid provided by international financial institutions--which would require the support of Japan and especially the

U.S. The upshot is the tests passed in this quarter by Washington, Seoul, and Tokyo have significance beyond the summit itself. A normative precedent is being created for the value of trilateral coordination that can only be beneficial to the U.S.-Japan and U.S.-ROK alliances.

### **Japan-DPRK relations: Odd Man Out?**

Perhaps the weakest link in the Japan-Korea-U.S. chain at the end of this quarter is that between Japan and North Korea. This contrasts starkly with the start of the quarter when there were buoyant expectations with the first round of formal normalization talks (April 4-8) in eight years. Any hopes were quickly dashed with an uneventful outcome to the talks, the DPRK delegation firmly entrenched in an immovable negotiating position demanding colonial apologies, \$5-\$10 billion in material compensation, and dismissing Japanese counter-demands for addressing of the ballistic missile threat and abduction issues. After this initial wrangle, both sides returned to their corners to prepare for another round of talks set for May 23 and the Japanese, as a goodwill gesture, delivered the first installment of a 100,000 ton commitment of humanitarian rice aid to the DPRK. Pyongyang responded on May 17 by postponing indefinitely further normalization dialogue. Welcome to the wonderful world of negotiating with North Korea.

In fairness to Japan, it was not oblivious to the fact that the discussions would be protracted and frustrating. Indeed, the postponement of the talks was a function not only of deadlock on the issues, but also domestic politics. For Tokyo, the abrupt moving up of the general elections to June (originally slated for some time in October) ensured that the Liberal Democratic Party would be both averse to any substantive and conciliatory changes in their positions and even welcoming of a postponement of talks. Pyongyang, at the same time, had its hands full with preparing for the North-South summit. Arguably, this mutually convenient need for a “low point” in talks may make the Japanese marginally less pessimistic about the future. After all, the Diet elections are over and the DPRK expressed its desires to resume normalization talks with Tokyo during the summit. In addition, the impending return of DPRK prisoners of conscience from Seoul and the return of a former Red Army member (Yoshimi Tanaka) from Southeast Asia to Japanese custody may set a precedent for some movement on terrorist and abduction issues in a Japan-DPRK context. The Japanese government has stated that it is patiently awaiting the positive spillover of the North-South summit on the restarting of normalization talks. This patience is commendable but might have to be accompanied by another material contribution to the North in a humanitarian vein (but we all knew *that*).

In spite of this new hope for renewed dialogue and the positive atmosphere generally created by the summit, one cannot help but think that some Japanese are a bit uneasy. While the DPRK propaganda machine has ground to a halt in the aftermath of the summit vis-a-vis the U.S. and ROK, it continues to spew out invectives against Japan. What conservative circles in Japan are most worried about is being entrapped in a position where the thaw on the Peninsula, while welcomed by Japan, gives rise to three negative dynamics: 1) greater DPRK obstinance in talks with Japan; 2) ROK aid that may bolster the North’s missile threat; and 3) ROK requests for Japanese assistance to North Korea. The third is the most problematic barring any movement on the missile issue as Japan cannot simply dismiss ROK requests given the priority placed on

maintaining trilateral policy coordination and avoiding de-coupling incentives. This complexity is reflected in Japanese government reports on the DPRK during the period from the prime minister's office, foreign ministry, and Japan Defense Agency all trying to reconcile competing imperatives of dialogue, deterrence, engagement, and support of allies.

### **Future Questions**

If the positive atmospherics of the June inter-Korean summit presage a substantive change in the security situation on the Peninsula, this could have wide-ranging implications for the region. It is still too early to attempt such an analysis, but we can acknowledge some accepted facts and potential questions for Japan and the Korean Peninsula. There is no denying significant advancements in Japan-ROK relations in the past decade--in short, the relationship is about the best it has ever been since normalization in 1965. At the same time, a two-Korea peaceful coexistence solution (implied as the preferred outcome in principle by the two Kims in the joint declaration's ambiguous reference to commonalities in respective unification formulas) raises potential challenges to resiliency of the relationship. Two questions in particular emerge. First, how does a two-Korea solution affect Japan-ROK military cooperation? The accomplishments in this arena in the post-Cold War have been driven by and premised on contingencies regarding the continued viability of the northern regime. What rationale, if any, replaces this? And second, does inter-Korean détente inherently mean a rise in anti-Japanese sentiment potentially destructive to the painstaking efforts to put these colonial ghosts to bed? As reported during the summit, many Koreans faced psychological dislocation as anti-North Korean indoctrination and identities clashed with the positive images of Kim Jong-il on their television sets. One avenue for venting this "identity crisis" was through anti-Americanism (coinciding with the Koonnirange protests and the Korean War anniversary), but the other potentially greater outlet is anti-Japanism. The decision to conduct North-South family reunions on August 15, for example, is practically an invitation for resurrecting anti-Japanese images. Can South Koreans separate the emotion of the moment from a regurgitation of past? Stay tuned.

### **Chronology for Japan-Korea Relations April-June, 2000<sup>2</sup>**

**Apr. 4, 2000:** President Kim Dae-jung sends congratulatory telegram to Yoshiro Mori as the new Japanese Prime Minister.

**Apr. 4-8, 2000:** Japan-DPRK normalization talks are inconclusive.

**Apr. 14, 2000:** U.S. and Japan announce support for the inter-Korea summit.

**Apr. 16, 2000:** Annual trade consultations take place between ROK and Japan.

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<sup>2</sup> Compiled with research assistance from Ah-Young Kim.

**Apr. 19, 2000:** Japan chief delegate to DPRK normalization talks meets ROK foreign minister and unification minister in Seoul to debrief on Japan-North Korea talks.

**Apr. 24, 2000:** ROK Ministry of Commerce proposes meeting of industry ministers from South Korea, Japan, and China with focus on industrial restructuring and cooperation in the industry, energy, and technology fields, and the establishment of an economic body in Northeast Asia.

**Apr. 25, 2000:** DPRK denounces the U.S. for designating it a terrorist state and vows to continue protecting Japanese Red Army fugitives.

**Apr. 25, 2000:** DPRK newspaper *Rodong Sinmun* calls for colonial apology from Japanese premier and Diet as the highest priority in normalization talks, taking precedence even over compensation.

**May 1, 2000:** Six Koreans file suit against Mitsubishi Heavy Industries, seeking compensation for labor conscription during World War II.

**May 2, 2000:** ROK foreign ministry protests Japan's approval of a mining concession on Tokto.

**May 7, 2000:** Korean Federation for Environmental Movement and Japan Wetlands Action Network demand ROK government take actions to preserve wetlands area on the Saemankeum tidal flat.

**May 12, 2000:** Trilateral Coordination Oversight Group meeting in Tokyo reaffirms trilateral coordination and "unqualified" support for South Korea in upcoming North-South summit.

**May 16, 2000:** Bank of Korea report finds that 67 percent of Korean exports compete directly with Japanese products, of which only 8 percent are considered superior.

**May 17, 2000:** DPRK postpones indefinitely the second round of normalization talks with Japan slated for May 23.

**May 21-24, 2000:** ROK Defense Minister Cho Seong-tae and Japanese counterpart Tsutomu Kawara agreed to expand bilateral military exchanges.

**May 23, 2000:** Korea Institute for International Economic Policy (KIEP) report argues that a free trade agreement between Korea and Japan would raise the bilateral trade deficit initially, but in the long term, would encourage Japanese businesses to increased investment and technology transfers in Korea.

**May 23, 2000:** Japan begins first installment of 100,000-ton rice shipment to DPRK to be completed by July

**May 25, 2000:** South Korean Ministry of Commerce, Industry, and Energy announce they will hold road shows June 10 in Japan and the U.S. in order to sell government-owned shares of Pohang Iron and Steel (POSCO) in the form of depository receipts.

**May 29, 2000:** Japanese Prime Minister Mori and Kim Dae-jung meet in Seoul, Kim promises to convey Japan's will to normalize diplomatic relations with North Korea during the North-South summit.

**Jun. 1, 2000:** Both Japanese and South Korean governments make statements approving of Kim Jong-il's secret trip to Beijing (May 29-31)

**Jun. 6, 2000:** Korea Development Bank announced that it would sell 6.84 percent of its 9.84 percent stake in Pohang Iron and Steel Co. in the U.S., Japan, and Europe. The bank plans to sell one percent of its stake in POSCO on the Tokyo Stock Exchange.

**Jun. 7, 2000:** Seoul National University and Tokyo University offer studies at programs of each other's country.

**Jun. 8, 2000:** U.S. President Bill Clinton and Japanese Prime Minister Mori consult individually with ROK President Kim Dae-jung after former Prime Minister Keizo Obuchi's memorial service.

**Jun. 8, 2000:** The Korea Chamber of Commerce and Industry announce plan in conjunction with U.S., Japan, EU, and others for a joint consultative body to promote bilateral economic cooperation between the Republic of Korea and other nations.

**Jun. 15, 2000:** Kim Dae-jung, upon return from summit in Pyongyang, says he urged North Korea to improve relations with Japan and the U.S.

**Jun. 17, 2000:** Prime Minister Mori consults with Kim Dae-jung and says Japan will seek support for the inter-Korean summit at the upcoming G-8 meetings in Okinawa in July.

**Jun. 27, 2000:** Korea's Ministry of Culture and Tourism announced its third phase of liberalization on Japanese mass cultural products including popular songs, movies, video games, and TV programs.

**Jun. 28-29, 2000:** Bell Ame Stage Create, a Tokyo-based leading dance troupe, and Seoul Ballet theater hold a collaborative dance performance in Seoul as a part of a series of Korea-Japan cultural exchange programs.

**Jun. 29-30, 2000:** Trilateral Coordination Oversight Group meets in Honolulu, Hawaii