

Japan-Korea Relations: What's Behind the Smile?

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The highlight of the quarter in Japan-ROK relations was the September summit in Atami, Japan between Japanese Prime Minister Mori and ROK President Kim Dae-jung. President Kim continued his role as *de facto* interlocutor between Japan and North Korea, even as Seoul and Tokyo quietly and unassumingly continue building up good will. Meanwhile, the roadblocks to Japan-DPRK normalization and dialogue remained immovable, although there were some promising signs. As one looks down the road of Japan-DPRK dialogue, even *best case* scenarios appear somewhat unsettling from a Japanese security perspective.

Japan-South Korea: Summits and Silence

The highlight of the quarter in Japan-ROK relations was the September Mori-Kim summit at Atami, Japan. Agreements were made to conclude a bilateral investment treaty by the end of 2000 and there were substantive discussions on North Korea. President Kim Dae-jung, assuming the role of a *de facto* interlocutor between Japan and the DPRK, supported Tokyo's decision to grant an additional 400,000 tons of rice to the North (as World Food Program donations), and urged Prime Minister Mori Yoshiro to seek bilateral meetings with the North (having urged the same of Pyongyang two weeks earlier). Proposals were also raised for exploring three-way cultural exchanges among the two Koreas and Japan.

This summit did not have the flash or impact of earlier ones between Kim and Obuchi but given the history of Seoul-Tokyo relations, sometimes quiet and unassuming meetings are the best signs of a strong relationship. Xenophobia did not reign in South Korea when imports of formerly banned Japanese products increased more than two-fold during the past quarter (a function of Seoul's decision to abolish remaining import controls in June 1999). Japan did not balk in the least at leading the G-8 Summit's efforts at producing a special statement on the Korean *détente* (these actions were deeply appreciated by Seoul). And perhaps most important, the euphoria that has accompanied the improvement in North-South relations has not yet been vented in a negative way toward Japan. Because modern Korean conceptions of nationalism and identity are rooted in almost direct opposition to Japan, the potential for emotional events such as the family reunions that took place on August 15 (*kwangbokchol* or Liberation Day) to generate anti-Japan hysteria was far from minimal. As a testament to the distance that the

Japan-ROK relationship has come, this event--and the Korean media's portrayal of this event--was celebrated in proactive Korean terms (mostly) rather than negative anti-Japan ones.

Japan-North Korea: Roadblock

The roadblocks to Japan-DPRK normalization and dialogue remained immovable this past quarter. As expected, given North Korean negotiating behavior, Japan offered token amounts of aid through international channels to help jump-start another round of normalization dialogue (August). The aid was offered after the normalization talks but the pattern of aid for dialogue -- either in advance or retroactively -- is clear.

There were some encouraging signs during the quarter. Tokyo and Pyongyang agreed to a third round of homecomings for Japanese wives (residing in North Korea) in September--arguably, the North has found yet another new bargaining chip with this issue (i.e., politically important for Japan and relatively cost free for the DPRK). Mori and DPRK ceremonial head of state Kim Yong-nam agreed to meet at the UN Millennium Summit in New York (before the North's much publicized problems in Frankfurt that resulted in the cancellation of their New York visit). Japanese investors expressed interest in Hyundai projects in North Korea (the Mt. Kumgang tourism complex and the Kaesong industrial park).

As a new turn in the path to normalization, pro-North Korean residents in Japan (Chongryon) were allowed to visit relatives in the South for the first time and resident associations in Japan sympathetic to both the North and the South (Mindan) may move in the future to hold talks. These developments are welcome but they probably do more for North-South relations than they do for Japan-ROK or Japan-DPRK relations.

The normalization talks led by Japanese Foreign Minister Kono Yohei and DPRK Foreign Minister Paek Nam-sun were the centerpiece event for this quarter for Tokyo and Pyongyang. The talks produced agreements in principle to timelines on the return of cultural assets. Perhaps most promising, there appeared to be an implicit acceptance of a formula on the difficult issue of compensation. Following the model of the 1965 pact with South Korea, Japan proposed to offer not historical compensation but "economic aid" (the North could call it whatever it wants to its domestic audience). The North did not outright reject this idea which gives optimists the impression that it may be amenable to the formula. Again, optimists hope that the aid package to come with normalization would then prompt the North to resolve the abductions issue in some political fashion. Pessimists see other problems down the road (see below), not to mention the absence of any goodwill among the Japanese general public even if the North addresses the abduction issue. The latter is important because it essentially means that the domestic-political atmosphere in Japan will be cool to any deal that is eventually made.

Japan's Dilemma: What's Behind the Smile?

Furthermore, as one looks down the road of Japan-DPRK dialogue, even best case scenarios appear somewhat unsettling from a Japanese security perspective. For Tokyo, as for all the other countries in a process of engagement with North Korea, the future greatly hinges on the extent to which DPRK intentions have changed fundamentally from revisionist and aggressive ones to a more cooperative and moderated outlook. Both skeptics and optimists would agree that the recent spate of "smile" diplomacy conducted by Pyongyang reflects a change in tactics largely for the purpose of regime survival.

The rub is whether there is more behind the smile. Among the three allies, one imagines a spectrum of views: at one extreme, Kim Dae-jung and the ROK Sunshine Policy bank on a transformation of preferences behind the smile; in the middle stands the United States, which hopes for the same but the skepticism is palpable; and at the other end stands Japan. The latter statement may sound strange, given that Japan has remained in line with the Perry process of trilateral coordination and supports the engagement policy. But how much of this support stems from a belief in engagement *per se* and how much stems from Japan's dutifully being a good ally? One could argue that Tokyo sits at the farthest end of this spectrum not because it is inherently more pessimistic than its allies, but because even in an *optimistic* extrapolation of the current situation, it may end up in the *worst-off* position. In other words, the critical fork in the road that will prove the current worth of these engagement initiatives is whether DPRK cooperation will move beyond the economic issues to the harder military and security issues.

In a best case scenario, one might imagine the North forgoing development and testing of the longer-range ballistic missile programs (i.e., Taepo-dong I and II) because these have the highest value-added for Pyongyang. The North can expect asymmetric returns and/or compensation for giving up a "potential" program (TD-I) and a future one (TD-II). In a best case scenario, the North might even agree to military hot lines, advanced notification and observation of troop movements and exercises, regular meetings of a military committee, and even some mutual conventional force reductions. These sorts of concessions (admittedly very optimistic) by the North would satisfy South Korean, Japanese, and U.S. concerns regarding peninsular security and nonproliferation; what they would not address are Japanese concerns about the North's medium-range missile arsenal.

With an estimated range of 1,000-1,300 kilometers and payloads of 700-1,000 kg, the No-dong is among the North's most developed missile programs after the Scud B and Scud C missiles. In 1999, it is estimated that the DPRK produced between 75 and 150 missiles, of which one-third were sold to foreign countries. Unlike the Taepo-dong program which is still in the development and testing stage, experts estimate that the No-dong became operational in 1994 and that the North has deployed at least four missile battalions (about nine to ten launchers per battalion). Arguably these deployed capabilities are the most immediately threatening to Japanese security. At the same time, they also constitute the demonstrated operational security capabilities that Pyongyang is least likely to part with. Japan may therefore be stuck between a rock and a hard place.

The “final bargain” for the DPRK in the future may be to trade some conventional arms cuts and its potential long-range ballistic missile aspirations for money and the guarantee of regime survival. This may bring a moderation of non-proliferation and peninsular security threats for the U.S. and ROK, but it will not bring security to Japan as fully as one would hope because of the residual and real No-dong threat.

Looking Ahead

Such hypotheticals about the future may be farther forward than people like to think. After all, there is enough uncertainty regarding North Korea in the present. Nevertheless, this is a very real problem down the road, and it is one that will test the trilateral coordination process among the allies. Perhaps most problematic, it is a dilemma that arises if things with North Korea *go the way we want them to*. “Be careful what you wish for” must be in the minds of some far-sighted Japanese strategists as they adhere with trepidation to the trilateral process of engagement.

Chronology of Japan-Korea Relations July-September 2000¹

July 3, 2000: After the late June Trilateral Coordination and Oversight Group (TCOG) meeting, the U.S. and Japan release a statement welcoming the inter-Korean family reunion deal.

July 5, 2000: Bank of Korea reports that third quarter expectations of a strong yen will benefit Korean exporters.

July 8, 2000: Japanese Prime Minister Mori asks ROK President Kim Dae-jung to convey to DPRK leader Kim Jong-il Japan’s intentions for DPRK normalization talks.

July 10, 2000: From Jan-May 2000, imports of Japanese products by the ROK rise 210% to \$353 million.

July 13, 2000: Japanese Foreign Minister Kono Yohei meets with South Korean counterpart Lee Joung-binn to discuss June’s inter-Korean summit, and the contents of a G-8 special declaration on the Korean Peninsula.

July 14, 2000: South Korea’s Ministry of Posts and Telecommunications gives license to Dacom Japan to operate telecom services in Korea.

July 15, 2000: President Kim announces his intention to visit Japan in the autumn.

¹ Compiled with research assistance from Yvonne So.

July 15, 2000: Parliamentarians from South Korea's Millennium Democratic Party and Grand National Party criticize the government for acting too cautiously on the Tok-do dominion issue with Japan. Lawmakers plan to conduct a fact-finding visit to the disputed islets.

July 20, 2000: The Federation of Korean Industries encourages Japanese companies to participate in inter-Korean economic cooperation, requesting assistance to develop DPRK's infrastructure.

July 20, 2000: DPRK announces it will expand its "omni directional diplomacy" to improve relations with major power, including the U.S. and Japan, and to normalize ties with the European Union, Canada, and New Zealand.

July 20, 2000: Former ROK Prime Minister Kim Jong-pil is appointed new head of the Association of ROK-Japanese Policy Makers.

July 23, 2000: The Korea International Trade Association (KITA) announces that South Korea's trade deficit with Japan is \$6 billion, up 63.7% from 1999.

July 27, 2000: President Kim sends a thank-you message to PM Mori for spearheading the adoption of a special statement on the Korean Peninsula at the G-8 Summit.

July 28, 2000: Japan's 2000 Defense White Paper says that despite *détente* on the Korean Peninsula, Japan still needs to take precautions against the DPRK security threat.

July 31, 2000: Ambassadors representing the four executive board-member nations of Korean Peninsula Energy Development Organization meet in Seoul.

Aug. 1, 2000: In a 6-point joint statement, ROK and DPRK officials agree to hold "pan-Korean" ceremonies to commemorate the nation's liberation from Japanese colonial rule and agree to allow pro-North Korean residents in Japan to visit relatives in South Korea for the first time.

Aug. 1, 2000: Mori and President Kim exchange reports on their recent dealings with DPRK via telephone, and agree to continue coordinating policies toward DPRK.

Aug. 3, 2000: The directors of Korea and Japan's Culture Department hold a meeting on the 2002 Korea-Japan National Exchange Year Project, discussing culture, arts, science, youth exchanges, and tourism.

Aug. 5, 2000: The National Alliance for the Protection of Tok-do, a coalition of 11 ROK groups, seeks support from DPRK, suggesting joint academic conferences and the establishment of liaison offices in Seoul and Pyongyang to exchange information on the Tok-do issue.

Aug. 7, 2000: In Japan, pro-ROK Mindan seeks ties with its pro-DPRK counterpart, Chongryon.

Aug. 10, 2000: South Korean exports, led by rising exports of Korean computers, semiconductors, and wireless communications equipment, take up 12.2% of the Japanese import market, their biggest share since 1989.

Aug. 11, 2000: The Korean National Tourism Organization reports that two million Japanese tourists visited Korea in 1999, up 31% from 1997.

Aug 14, 2000: DPRK criticizes U.S.-Japan joint military drill plans, claiming they will threaten next week's diplomatic talks with Japan.

Aug. 18, 2000: For the first time in five years, Japan is the number one exporter to the ROK.

Aug. 21, 2000: After a 4-month hiatus, DPRK and Japan resume bilateral negotiations, addressing Japanese colonial compensation and DPRK's alleged kidnapping of Japanese citizens.

Aug. 25, 2000: DPRK and Japanese Foreign Ministers Paek and Kono end their three-day normalization talks in Tokyo.

Aug. 26, 2000: The North Korean Central Broadcasting Station (KCBS) reiterates strong calls for a Japanese apology for its former colonization.

Aug. 28, 2000: Japanese investors pledge \$1 billion to Hyundai Group for projects in DPRK.

Aug. 30, 2000: Japanese government expresses regret over Seoul's plan to repatriate Shin Kwang-soo, a former DPRK agent suspected of abducting Japanese nationals two decades ago.

Sept. 2, 2000: Under the auspices of the World Food Program, Japan announces it will grant food aid worth 400,000 tons of rice to DPRK.

Sept. 2, 2000: At TCOG meeting, ROK, U.S. and Japan reaffirm their policy toward the DRPK, highlighting the importance of inter-Korean dialogue and the continued implementation of the Agreed Framework.

Sept. 4, 2000: To boost economic cooperation between South Korea, Japan, and China, ROK Ministry of Commerce, Industry, and Energy announces it will send a delegation to Japan to discuss the potential formation of a "Yellow Sea-rim free trade belt."

Sept. 5, 2000: ROK and Japanese navies hold 2nd ROK-Japan Navy talks in Taejon.

Sept. 5, 2000: Leading Japanese politicians including Japan's opposition Liberal Party head, Ichiro Ozawa, visit Seoul to promote political cooperation, PM Lee asks Japan to legislate a bill that would grant voting rights in local elections to ethnic Koreans in Japan.

Sept. 9, 2000: Japan's Chief of Mission to South Korea warns that the light water reactor project for North Korea will be delayed unless Pyongyang accepts international inspections and reiterates that ties between Japan and the DPRK will not be normalized until questions regarding Pyongyang's weapons of mass destruction and its abduction charges are resolved.

Sept. 10, 2000: President Kim urges DPRK to improve relations with the U.S. and Japan, citing security and economic recovery as beneficial results of normalized relations.

Sept. 11, 2000: The foreign and defense ministers of the U.S. and Japan state that despite the ROK-DPRK thaw, their countries will continue to build their defenses against possible DPRK threats.

Sept. 12-18, 2000: Japan and DPRK hold a third round of homecomings for 16 Japanese women married to DPRK nationals.

Sept. 22, 2000: President Kim visits Tokyo for talks with PM Mori.

Sept. 22-27, 2000: Chongryon members visit Seoul for the first time.

Sept. 23, 2000: The Korean Council for Women Drafted into Military Sexual Slavery by Japan petitions the ROK government to prevent Japan from publishing textbooks with distorted facts of its imperial history.

Sept. 23, 2000: President Kim asks Japan to help DPRK rehabilitate its economy and to promote 3-way cultural exchanges between the two Koreas and Japan.

Sept. 24, 2000: *Rodong Sinmun* asserts that the DPRK has no connection with the alleged kidnapping of Japanese citizens. The report accuses Japan of kidnapping 200,000 Korean women as sexual slaves during World War II.

Sept. 25, 2000: President Kim and PM Mori agree to conclude a Bilateral Investment Treaty by year-end.

