

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## Japan-Korea Relations: Small Signs of Progress?

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Relations between Japan and the two Koreas were relatively uneventful in the final quarter of 2009. The new Hatoyama government quickly began to show more attention to its relations with its East Asian neighbors and hinted at a small change in priorities with respect to North Korea. South Korea and Japan said mostly all the right things, even while substantively it seemed fairly clear that they continued to have very different opinions about territorial and historical disputes. However, no real movement or dramatic changes came about during the quarter, setting the stage for 2010 – the 100<sup>th</sup> “anniversary” of Japan’s annexation of Korea.

### **Japan-North Korea relations: no movement**

There were no major developments in Japan-North Korea relations as both Tokyo and Pyongyang were busy trying to redefine their respective relationships with the US, leaving 2009 with little progress toward normalizing bilateral relations. After one full quarter in office, Prime Minister Hatoyama Yukio and his Cabinet show signs that Japan will not make a fundamental change in its policy toward North Korea. On Oct. 30, the government submitted a bill in the Diet that would enable the Japan’s Coast Guard to inspect vessels carrying cargo to and from North Korea. The one difference in policy toward North Korea, however, is that unlike the previous Liberal Democratic Party (LDP)-led governments, the Hatoyama administration does not appear to place the same priority on resolving the abduction issue in its diplomacy, hinting at some flexibility when the time arrives for negotiations with the North.

### **Paths not crossed**

For Japan, the biggest foreign policy challenge of the quarter was dealing with the future of the US-Japan alliance, in particular the relocation of the US Marine Corps Air Station at Futenma, on the island of Okinawa. For North Korea, the quarter’s biggest foreign policy gain may have been the Dec. 8-10 visit to Pyongyang by US Special Envoy for North Korean Policy Stephen Bosworth. Following the visit, Ambassador Bosworth told Japanese Foreign Minister Okada Katsuya that the North appeared open to holding talks with Tokyo, including discussions about the abduction issue. With the exception of this brief exchange, Tokyo-Pyongyang relations remained much the same as the past few quarters – i.e., no movement at all.

On Oct. 25, Japan’s Deputy Prime Minister Kan Naoto, in an address to a Maritime Self-Defense Force (MSDF) audience, said that North Korea’s missile launch over Japanese territory in April and the nuclear test that followed it in May “can never be tolerated,” encouraging them to brace

for a serious threat from North Korea. Japan launched a new intelligence-gathering satellite on an *H-2A* rocket in late November to monitor North Korea's military activities. This was part of Tokyo's efforts to strengthen its independent intelligence collection against Pyongyang's missile program. Tokyo has long relied on the US for intelligence, but decided to develop its own satellite system after North Korea's *Taepodong* missile launch over Japanese territory in 1998. This imagery satellite replaces the first of five satellites that Japan has launched since 2003 and has technology that allows it to distinguish objects on the ground within 60 centimeters.

While Pyongyang remained aloof regarding the Six-Party Talks, it undertook a shock currency revaluation on Nov. 30, apparently sending the poverty-stricken country into turmoil. Not only did the leadership re-denominate the *won*, it also limited residents to exchanging 150,000 of the old *won* for the new currency. The government did allow citizens to save excess amounts of the old currency in government-run banks, but it remained unclear whether they would be allowed to convert those savings into new currency in the future. According to the Dec. 3 edition of *Agence France-Presse*, North Korea's military was on guard against possible agitation, monitoring people's movements while strengthening border control. Media reports from other countries in the region indicated there was public anger in North Korea over the revaluation, especially by those whose savings were being wiped out. Despite Pyongyang's propaganda that the revaluation is "the moment to start the socialist strong and prosperous state," rice prices are reported to have surged more than 100 percent, worsening the food scarcity in the country.

### **The abduction issue**

At yearend, the issue of Japanese abductees was in the same place as it had been at the beginning of the year. In June 2008, Pyongyang agreed to reinvestigate the fate of the abductees in return for Tokyo's partial lifting of the sanctions. Since then, despite aggressive international efforts on the part of Tokyo to have the North begin the reinvestigation and return any remaining abductees to Japan, little progress has been made. After handing over five abductees in 2002, Pyongyang has claimed that the issue is resolved, whereas Tokyo insists there are more abductees still living in North Korea. Given that the Japanese public support for resolution of the abduction issue has been a driver of Tokyo's hardline North Korea policy under the conservative LDP-led administrations, it is still unclear how a possible shift in policy by the more liberal-minded Democratic Party of Japan (DPJ)-led Hatoyama administration would be received.

Although the Hatoyama administration rhetorically maintains the principle of seeking a comprehensive resolution to Pyongyang's nuclear and missile programs and that the abduction issue must be included in the Six-Party Talks, it is also likely that the new DPJ government will give different political weight to the issue. Former LDP Prime Ministers Abe Shinzo and Aso Taro gained popularity through their hawkish, conservative dealings with North Korea-related issues, including the abduction issue. However, public support for Prime Minister Hatoyama is less tied to North Korea, but rather to "anything that is not LDP," thereby giving his administration a little more room for flexibility in handling the issue.

It is possible that DPJ politicians may try to stay away from an "abduction issue first policy." On Dec. 16, Japan's conservative daily *Yomiuri Shimbun* reported that the Hatoyama administration's removal of the handover of North Korean agents from its six-point government

policy on the abduction issue was seen as a compromise and concession to Pyongyang. The *Yomiuri* also noted DPJ Secretary General Ozawa Ichiro's remarks that Tokyo needed to find ways to improve relations with Pyongyang "without being handcuffed by how to resolve the abduction problem." Similarly, on Nov. 4, the South Korean daily, *Choson Ilbo*, reported that during his meeting with Choi Sang-yong, a former South Korean ambassador to Japan, Prime Minister Hatoyama said that Japan does not necessarily have to wait until the abduction issue is fully resolved to normalize diplomatic relations with North Korea.

Apparently, relatives of the abductees were concerned about the Hatoyama government's level of commitment to the issue and its reorganization of the existing task force that deals with it. On Oct. 13, Hatoyama announced the elimination of the "Headquarters for the Abduction Issue," which was established in 2006 under then Prime Minister Abe, and formed a new task force in its place. The new task force limits the number of participating Cabinet members from 18 to 4. Hatoyama chairs the panel with Nakai Hiroshi, state minister in charge of North Korean abductions of Japanese nationals, Chief Cabinet Secretary Hirano Hirofumi, and Foreign Minister Okada Katsuya as deputies. The panel's secretariat will be expanded from 30 to about 40, including members from the private sector. How this will affect actual policy remains to be seen, but it is an indication that Hatoyama will pursue the abduction issue in his own way, rather than merely following the path set by the LDP.

### **Japan-South Korea relations: the great mixed expectations**

The last quarter of 2009 presented both opportunities and challenges in Seoul-Tokyo bilateral ties, especially as 2010 marks the 100<sup>th</sup> anniversary of Japan's annexation of Korea. After 100 years, British historian Dame Veronica Wedgwood's observation that "history is written backward but lived forward" is very much at work in today's Japan-South Korea relations. In early October, Foreign Minister Okada opened the quarter on a positive note with a proposal for a common textbook for Japan, South Korea, and China, which was welcomed by Seoul. Yet, by the quarter's end, the old pattern of diplomatic disputes over historical issues was replayed yet again, this time over Tokyo's high-school curriculum guidelines on the disputed Dokdo/Takeshima islets and the "unjust" compensation of the Japanese government to seven South Korean women for their forced labor during the Pacific War.

Despite turbulence over historical issues, bilateral ties between Japan and South Korea improved this year. In addition to steady governmental interactions, an annual poll conducted by the Japanese Cabinet Office reveals that Japanese feel friendlier than ever toward South Korea. According the Dec. 14 *Choson Ilbo*, the poll shows that 63.1 percent of respondents said that they feel friendly toward South Korea, up 6 percent from last year and the highest since the poll was first conducted in 1978. A survey by South Korea's state-run think tank Northeast Asian History Foundation also found that 65.5 percent of the Japanese polled answered that they viewed Japan's relations with South Korea as positive, up 12.5 percent points from last year. These numbers likely reflect the new tone between Seoul and Tokyo, even while the underlying issues remain the same, and as intractable as ever.

## **The Hatoyama-Lee summit and trilateral meetings**

Seoul-Tokyo shuttle diplomacy between Prime Minister Hatoyama and President Lee Myung-bak began in early October with Hatoyama's visit to Seoul on Oct. 9. During their third meeting in the latter half of 2009 – the first in June when Hatoyama was still the leader of the opposition party and the second in September on the sidelines of the UN General Assembly – the two leaders agreed to resolve North Korea's nuclear development program without repeating “old patterns” of negotiations. Hatoyama also expressed his support for Lee's proposal, known as the “grand bargain,” designed to provide a range of rewards in return for the North's disarmament.

The next day, Chinese Premier Wen Jiabao joined the two leaders for a trilateral summit where Wen spoke of his recent trip to North Korea and delivered the North's message that it wants better ties with the US, South Korea, and Japan. In their joint statement, the leaders of the three countries reconfirmed their commitment to the Six-Party Talks process as well as support for an East Asian Community as a long-term goal. The three countries later held a ministerial meeting and agreed to facilitate trilateral cooperation in the areas of disaster relief to jointly prepare for typhoons, earthquakes, and other disasters.

## **History lived forward after 100 years**

After Prime Minister Hatoyama's promise not to avoid difficult historical issues in Japan's “friendship” with its closest neighbor, what kind of changes have there been in the Japanese government's approach toward its history? Although it is too early to tell, judging from the quarter's developments, there are signs that the Hatoyama administration is *willing* to be different from the previous LDP-led administrations and to take a step closer to South Korea on certain historical issues. For the first time, an acting Japanese government official, Foreign Minister Okada, said that it would be ideal to have a common history textbook, and suggested a joint study of history among Japan, South Korea, and China as a first step toward its realization. Okada's remarks were welcomed by the South Korean government and the Oct. 30 *Los Angeles Times* reported that several politicians in South Korea and Japan have begun examining the feasibility of a joint history textbook.

Regarding the comfort women issue, nine DPJ lawmakers claimed that the new administration must ensure that the Diet passes a bill that acknowledges the use of comfort women if Japan wants to make a case for an East Asian Community as proposed by Prime Minister Hatoyama. Speaking at a meeting organized by a civic group called the “Japan Network on Wartime Sexual Violence,” Tsuji Meguru of the DPJ said that “it would be impossible for Japan to speak out to East Asia on equal standing,” if it does not work toward the resolution of the comfort women problem. A nonpartisan group of lawmakers in the DPJ, the Social Democratic Party and the Japanese Communist Party have submitted bills to the Diet on several occasions calling for the Japanese government to apologize and take measures to compensate the comfort women.

In December, DPJ Secretary General Ozawa in a speech at Kookmin University in Seoul made an unofficial apology to South Korea for Japan's wrongdoings during the colonization of the Peninsula. However, the good mood evaporated when it was revealed that the Japanese government paid seven Korean women who were forced into labor during Japan's colonization

period a pittance of ¥99 as part of a welfare pension refund. Eleven years after the women filed an application for payment of withdrawal allowances, the decision to pay the sum of ¥99 angered many South Koreans, while Japan's Social Insurance Agency said that the amount was calculated based on the wages the victims had received at the time of their service in accordance with Japan's pension law. An editorial in the South Korean daily *Joongang Ilbo* on Dec. 28 called Japan's action "an insult to human dignity" and "a vicious slap in the face," claiming that it would have been better if Japan did not pay the women at all.

Japan's new high school curriculum guidelines released on Dec. 25 further fueled anger in South Korea by including the disputed Dokdo/Takeshima islets as part of the Japanese territory. The new guidelines did not directly mention the islets by name, but Seoul immediately expressed regrets and reconfirmed its claim of sovereignty over the islets.

### **Economic relations**

The quarter's two big trends in economic relations focused on "trilateral cooperation" and "bilateral competition." A trilateral summit on Oct. 10 provided the impetus for a free trade initiative (FTA) initiative among Beijing, Seoul, and Tokyo. After the summit, Prime Minister Hatoyama said he expects negotiations for a trilateral FTA would make progress, while President Lee said Seoul, Tokyo, and Beijing need to begin government-level FTA talks to replace the joint private research, which has been ongoing since 2003.

Under the Chiang Mai Initiative (CMI) – regional currency swap agreements designed to cushion a shock in the event of external currency speculation – 13 Asian countries including South Korea, Japan, and China announced a \$120 billion currency swap deal on Dec. 28 that will be launched in March 2010. China and Japan took the lead in the initiative by each contributing \$38.4 billion (32 percent each). South Korea is committed to chip in \$19.2 billion (16 percent). Under the CMI arrangement, each country can swap its local currency with the US dollar for an amount up to its contribution multiplied by its purchasing multiplier as a means to provide short-term liquidity.

The last quarter of 2009 also saw competition between the two economies, especially in the automobile and electronic sectors as the strong *yen* hurt Japanese exporters while the South Korean economy appears to have recovered from the global financial crisis relatively quickly. According to the Dec. 24 *Choson Ilbo*, South Korea managed to attract foreign investment this year because of the increased market share of globally competitive companies such as Samsung, POSCO, and Hyundai even during the worldwide crisis. The daily reported that foreign investment into South Korea amounted to \$10.1 billion this year, while global funds were leaving Japan because of strong *yen* and a decline in domestic demand.

In the electronics sector, it was reported that the operating profit of South Korea's Samsung Electronics during the third quarter (4.23 trillion *won*) was more than twice the size of the combined quarterly operating profits of nine major Japanese electronics companies, including Sony, Panasonic, and Hitachi. According to DisplaySearch, a market research firm, Samsung Electronics and LG Electronics ranked first and second in the world TV market during the third quarter. Their market share was 17.2 percent and 14.8 percent respectively, while Sony ranked

third with 8.7 percent market share and Sharp garnered 6.4 percent. In the automobile sector, South Korea's Hyundai was recognized as an "awesome" threat to Japanese carmakers due to its increase in sales in the declining markets of US and Europe. Honda Motor Co. Chief Executive Ito Takanobu was quoted in an interview with *Associated Press* as saying that Hyundai is "undoubtedly a threat because their products are cheap, and the quality is improving."

## **Society and culture**

A tragic accident on Nov. 14, a fire in an indoor shooting range in Busan, South Korea, killed 10 Japanese tourists. President Lee wrote a condolence letter to Prime Minister Hatoyama, while Prime Minister Chung Un-chan also expressed his condolences. Responding to a request from relatives of the Japanese victims, the Busan Metropolitan Police Agency prohibited journalists from entering or photographing the damaged shooting range.

Prime Minister Hatoyama's pledge to grant suffrage to permanent foreign residents in Japan met opposition from conservative right-wing groups in Japan. The Dec. 23 *Asahi Shimbun* reported that some Japanese, including ordinary housewives and salary men, took their protests to the streets of Osaka, Fukuoka, and Nagoya, shouting "don't let foreigners take over Japan." According to the daily, approximately 910,000 permanent foreign residents (less than 1 percent of the total Japanese population) live in Japan, and Korean nationals constitute the largest ethnic minority in Japan. Since 1998, the DPJ and New Komeito have submitted legislation designed to grant suffrage to permanent residents, but have met opposition from the LDP. During their meeting in June of this year, President Lee requested then opposition leader Hatoyama to move forward with the granting of suffrage for South Korean nationals living permanently in Japan.

On Nov. 18, the South Korean government awarded the National Medal of Culture to Soka Gakkai International president and honorary senior advisor of *Hwakwang Shinmun* Ikeda Daisaku at the ceremony commemorating the Specialized Newspapers' Day. According to the South Korean daily *Hankyoreh* on Nov. 18, "the Japanese peace activist" was acknowledged for promoting cultural exchanges, advocating the granting of suffrage to permanent Korean residents in Japan, and the bridging the gap in the understanding of shared history between South Korea and Japan.

## **The coming quarter**

As noted, 2010 marks the 100<sup>th</sup> anniversary of the Japanese annexation of Korea. While this is merely a milestone, it remains to be seen whether and in what ways this anniversary will affect Korea-Japan relations. The Hatoyama government appears to be making better relations with its East Asian neighbors a priority, but the challenge will be turning rhetoric into action. Similarly, the South Korean government under Lee Myung-bak has made improved ties with Japan a priority. Its challenge will be to move policies forward on politically sensitive issues such as comfort women or the Dokdo islets. As for North Korea, the big question will be whether and under what conditions it returns to the Six-Party Talks. If the North does come back, Japan-North Korea relations may improve, although given past experience, this appears to be an unlikely scenario. Far more likely is that the first quarter of 2010 will see more posturing, meaningless proposals, and finger-pointing while real progress remains a distant hope.

## **Chronology of Japan-Korea Relations October - December 2009**

**Oct. 7, 2009:** Foreign Minister Okada Katsuya, speaking at the Foreign Correspondents' Club of Japan, calls for a common history textbook with South Korea and China.

**Oct. 8, 2009:** South Korea welcomes Foreign Minister Okada's proposal for a joint history textbook.

**Oct. 9, 2009:** Prime Minister Hatoyama Yukio visits Seoul and meets President Lee Myung-bak.

**Oct. 10, 2009:** Chinese Premier Wen Jiabao, Prime Minister Hatoyama, and President Lee hold a trilateral summit in Beijing.

**Oct. 13, 2009:** Japan announces the formation of a new task force on the abduction issue that limits the number of its standing Cabinet members to 4 from 18 to increase flexibility.

**Oct. 19, 2009:** South Korea's state-run think tank, the Northeast Asian History Foundation reveals the results of a survey in which 65.5 percent of the Japanese polled said that they view Japan's relations with South Korea as positive, up 12.5 percent points from last year.

**Oct. 25, 2009:** Japanese Vice Prime Minister Kan Naoto encourages the Maritime Self-Defense Force to be prepared for threats posed by North Korea.

**Oct. 25, 2009:** Japan, South Korea, and China agree to start joint research by representatives of academic, government, and private sector toward the possibility of a trilateral Free Trade Agreement (FTA) in a meeting on the sidelines of the ASEAN Plus 3.

**Oct. 27, 2009:** Prime Minister Hatoyama asks Cabinet ministers to step up efforts to resolve the abduction issue.

**Oct. 28, 2009:** Nine ruling party lawmakers claim that the Hatoyama administration must work so that the Diet passes a bill recognizing the "comfort women" in order to form an East Asian Community as proposed by Hatoyama.

**Oct. 30, 2009:** The Japanese government submits a bill to the Diet to enable the Japan Coast Guard to inspect vessels suspected of carrying prohibited cargo to and from North Korea.

**Oct. 31, 2009:** Japan, South Korea, and China agree at a ministerial meeting in Kobe to facilitate their cooperation in preparing for typhoons, earthquakes, and other disasters.

**Oct. 31, 2009:** Prime Minister Hatoyama reportedly says Japan does not necessarily have to wait until the abduction issue is fully resolved to normalize diplomatic relations with North Korea.

**Nov. 14, 2009:** Relatives of the Japanese abductees hail US President Barack Obama's speech in Tokyo for his strong message on the abduction issue.

**Nov. 14, 2009:** Eight Japanese tourists die from a fire at an indoor shooting range in South Korean port city Busan. Later two more Japanese die, increasing the number of victims to 10.

**Nov. 18, 2009:** Soka Gakkai International President Daisaku Ikeda receives the National Medal of Culture from the South Korean government.

**Nov. 27, 2009:** South Korea's Hyundai Motor Co. announces that it will stop sales of passenger vehicles in Japan.

**Nov. 28, 2009:** Japan launches an *H-2A* rocket carrying a satellite to collect intelligence on North Korea's military activities.

**Dec. 8-10, 2009:** Ambassador Stephen Bosworth, special US envoy for North Korean policy, visits Pyongyang.

**Dec. 9, 2009:** Foreign Minister Okada assures relatives of Japanese abducted to North Korea that the Hatoyama government will continue to work to resolve the abduction issue.

**Dec. 12, 2009:** Democratic Party of Japan Secretary General Ozawa Ichiro apologizes for the wrongdoings of Japan during its colonization of Korea. He also meets President Lee.

**Dec. 12, 2009:** Japanese Cabinet Office announces an annual poll on foreign relations that indicates 63.1 percent of Japanese feel friendly toward South Korea, up 6 percent from last year.

**Dec. 25, 2009:** Foreign Minister Yu Myung-hwan summons Japanese Ambassador to South Korea Toshinori Shigeie to express regrets over Japan's decision to include reference to Dokdo/Takeshima islets as part of Japanese territory in new history textbooks.

**Dec. 28, 2009:** Thirteen Asian countries sign an agreement to implement a \$120 billion regional currency swap arrangement that will be launched in March 2010.