



Japan-Korea Relations:

Conflict with North Improves Japan-ROK Relations

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The first three months of 2009 saw Japan-North Korea relations go from stalemate to hostility, as North Korea's "satellite" launch on April 5 heightened tensions throughout Northeast Asia. As Pyongyang tried to goad its partners in the Six-Party Talks (the new Obama administration in particular) to induce more favorable terms, Tokyo took steps that may have more far-reaching implications for regional security than merely a plan to deal with the current North Korean missile crisis. Meanwhile, Tokyo and Seoul continued to focus on a practical partnership for economic cooperation and stayed on good terms. The highlight of the quarter was Prime Minister Aso's successful two-day visit to South Korea in mid-January for a summit with President Lee Myung-bak. Although historical issues lingered as a potential factor that might challenge and disrupt this mood of détente, Japan-South Korea relations improved due in no small part to the Lee administration's tough policy toward Pyongyang.

Japan-North Korea relations

Japan-North Korea relations worsened from stalemate to hostility during the first quarter of 2009. By the end of March, tensions had been significantly elevated. The Japanese government announced its intention to intercept "any debris" that might fall on Japanese soil from a rocket fired by Pyongyang, mobilizing its ¥800 billion missile defense shield for the first time while North Korea responded by saying that any such attempt would result in a counterstrike.

Although Pyongyang's tactic is not new, there are reasons to believe that this particular missile/satellite launch might signal the beginning of something new. Pyongyang has exhibited this type of behavior before to gain attention from the U.S. when the Six-Party Talks stalled. However, there are more moving parts in the Six-Party Talks denuclearization process now, making it more difficult to predict an outcome. For one thing, compared to its missile tests in 1998 and 2006, Pyongyang's long-range missile test can now be associated more directly with its capability to deliver nuclear warheads in theory as far as Hawaii, Alaska, or even the west coast of the U.S. mainland. Yet, the Obama government has not had a chance to form its overall policy toward North Korea or create any clear relationship with Pyongyang, and its dialogue-oriented administration is increasingly under criticism from U.S. conservatives. South Korea for its part now sounds more like a hawkish Japan and Tokyo was making preparations for a military interception of Pyongyang's missile even while the U.S. tried to tone down the significance of the launch. With the future of the Six-Party Talks uncertain, two possible consequences are the

unwanted strengthening of North Korea's position vis-à-vis other states in the Six-Party Talks and a more assertive Japan, which bodes ill for Japan-North Korea relations.

North Korea's planned "satellite" launch

The news about Pyongyang's satellite/missile launch dominated this quarter's Japan-North Korea relations, while the abduction issue remained unresolved and saw no meaningful progress. As the Six-Party Talks negotiations faced another hurdle over the issue of verification of North Korea's nuclear program, Pyongyang kicked off the new year by using increasingly combative language such as "smashing" South Korea in an "all-out confrontation," while declaring that it would maintain its "status as a nuclear weapons state." Secretary of State Hillary Clinton's visit to Asia in February must have been a disappointment to Pyongyang since she made it very clear that the U.S. would work closely with its Asian allies in moving forward with North Korea's denuclearization. Furthermore, Clinton gave a straightforward message that the Obama administration would not establish diplomatic relations with Pyongyang until after it completely abandons its nuclear and missile development program.

As early as January, analysts suspected that North Korea was preparing a missile launch and by mid-March Pyongyang publicly announced its intention to launch an experimental communications satellite in early April "for peaceful purposes." In a departure from its earlier missile launches – which had been abrupt and come with no warning – this time North Korea followed international convention for conducting space launches and notified the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) of its plan, including the flight path and possible sites where debris might fall. Not surprisingly, there was deep skepticism and concern in Tokyo, Seoul, and Washington toward Pyongyang's claim as they suspected that a satellite launch was a disguise for a *Taepodong 2* long-range ballistic missile test. By late-March, tension had intensified as top negotiators from South Korea, Japan, and the U.S. gathered in Washington to coordinate a joint strategy while Tokyo and Seoul were considering moves to intercept the rocket. (Later, Seoul and Washington clarified that they would not take or want any military action to counter the North's launch.) A *Taepodong 2* long-range missile is believed to have a range of 4,300 to 6,000 km. which puts Alaska within its reach, while an improved version of the missile could actually reach the U.S. west coast, given its estimated maximum range of 10,000 km.

Understandably, already precarious Japan-North Korea relations and the geographic proximity of the two countries, Pyongyang's move prompted Japan to deploy a range of hardline countermeasures that included the potential use of the missile defense system. Anyone who compares Japanese foreign policy in 1998 when Pyongyang's missile first flew over Japanese territory with today will realize how far Japan has come in its dealings with Pyongyang, going from its previous emphasis on dialogue toward pressure today. According to the trajectory data that Pyongyang submitted to ICAO, the first booster of the rocket would fall into the East Sea/Sea of Japan off Japan's northern coast, and the second into the Pacific Ocean between Japan and Hawaii. Japan's Foreign Minister Nakasone Hirofumi criticized Pyongyang, saying that even a satellite launch by the North would constitute a violation of UN Security Council resolution 1718 passed in 2006, a warning shared by Seoul and Washington. Japanese Ambassador to the UN Takasu Yukio announced that the Japanese government would request

the UN Security Council to convene for an emergency meeting and call for immediate action if North Korea's missile launch is confirmed. Following its underground nuclear explosion in 2006, UN Security Council resolution 1718 prohibits North Korea from conducting any nuclear explosions or missile tests.

On March 27, Japan's National Security Council formally authorized Defense Minister Hamada Yasukazu to mobilize its missile interceptor for the first time since the missile defense system was introduced in 2003. This was also the first order based on the revised Self-Defense Forces Law in 2005, which allows the defense minister to act without receiving Cabinet approval in event of a sudden and unexpected change in Japan's security environment. Later that day, Hamada ordered the Self-Defense Forces to shoot down any part of a North Korean rocket (regardless of whether it is a missile or a satellite) that might fall toward Japanese territory. Under the current defense system in Japan, the Maritime Self-Defense Force would first launch a *Standard Missile-3 (SM-3)* interceptor missile to destroy the missile in space. And if the *SM-3* fails, a *Patriot Advanced Capability-3 (PAC-3)* interceptor missile would be launched from the ground to intercept the missile at an altitude above 10 km.

The ever-unpopular Aso administration dealt with the "satellite" crisis by making these plans known to the public. When asked by a reporter why the government decided to disclose its plans, Chief Cabinet Secretary Takeo Kawamura answered that it was "to reduce as much public anxiety over the launch by explaining how we plan to respond."

Japan is also prepared to impose more sanctions on Pyongyang. According to the March 21 *Asahi Shimbun*, Japanese lawmakers are pushing for tougher sanctions over Pyongyang's satellite/missile launch. At the very least, it looks certain that Japanese sanctions imposed on North Korea that began with Pyongyang's ballistic missile launch and nuclear test in 2006, and consistently extended in six-month increments since then, will be extended another six months after the April 13 expiration date of the current extension. These unilateral sanctions include a ban on North Korean vessels from entering Japan and on North Korean imports.

Japan-South Korea relations

In the first quarter of 2009 Tokyo and Seoul continued to focus on a practical partnership for economic cooperation and stayed on good terms. The highlight of the quarter was Prime Minister Aso's successful two-day visit to South Korea in mid-January for a summit with President Lee Myung-bak. Aso and Lee agreed to help more Japanese businesses "advance into South Korea without a hitch" while working closely to address the global financial crisis, North Korea's nuclear and missile development program, and the reconstruction of Afghanistan. Setting aside historical and territorial issues, Aso and Lee seemed to find each other's businessman-like style congenial. Although historical issues lingered as a potential factor that might challenge and disrupt this mood of détente, Japan-South Korea relations improved due in no small part to the Lee administration's tough policy toward Pyongyang.

The Aso-Lee January summit: tailor-made for business

Following their Tokyo-Seoul-Beijing trilateral summit meeting in December 2008, Prime Minister Aso and President Lee met a month later in Seoul as part of their shuttle diplomacy.

During this “tailor-made for economic cooperation” summit on Jan. 11-12, Aso and Lee agreed to continue working-level talks aimed at resuscitating the moribund Japan-Korea free trade agreement and produced specific plans that will further the integration of the two economies. South Korea designated Gumi and three other locations for the parts and materials industries to better support Japanese businesses. The two leaders also agreed to hold a chief executive officer (CEO) forum in Tokyo this summer for small- and middle-size companies from the two countries to help build networks and exchange information on markets and advanced technology.

For his visit to Seoul, Aso brought with him CEOs from the top companies in Tokyo to have a luncheon meeting and other discussion sessions with their South Korean business counterparts, as well as to meet President Lee. This gesture was well-received in Seoul as a fulfillment of a promise Aso made to Lee during their summit in Fukuoka last December, when Lee had urged Aso to bring more Japanese business leaders and prospective investors to South Korea. Among those who accompanied Aso to Seoul included the chairmen of Japan Business Federation, Canon, Toyota, Toshiba, and the President Nippon Steel Corporation, among others. According to the Jan. 10 *Joongang Ilbo*, most of these CEOs had initially declined the offer due to their tight schedules but Aso’s personal phone calls convinced them to change their minds.

Pyongyang brings Tokyo & Seoul closer

In the midst of the increasing tension in the region from North Korea’s planned satellite/missile launch, North Korea policy was one other area where Tokyo and Seoul appeared to move closer, even though there remain important differences in the two countries’ policies. The focus of both these countries’ strategies has been to reaffirm the importance of trilateral Tokyo-Seoul-Washington cooperation in dealing with the North’s nuclear and missile issues. Prior to Secretary Clinton’s visit to Asia in mid-February, Foreign Minister Nakasone expressed support for South Korea’s tougher, quid pro quo policy on North Korea while South Korea’s Foreign Minister Yu Myung-hwan reiterated Seoul’s support for Japan’s efforts on the abduction issue. In late February, prior to his visit to Washington for a summit with President Barack Obama, Aso phoned Lee to confirm their joint commitment to close relations with Washington in dealing with Pyongyang.

According to the March 18 *Choson Ilbo*, this quarter marked the first time Seoul seriously considered joining Japan in drafting a list of potential sanctions against North Korea in case Pyongyang fires a long-range missile. The last time sanctions were imposed, when the UN Security Council adopted resolution 1718 after Pyongyang’s nuclear test in 2006, Seoul did not make any such list out of political considerations.

On the abduction issue, the Lee administration was apparently more supportive than the previous Roh Moo-hyun administration of Japan’s effort to investigate the fate of the Japanese nationals abducted by Pyongyang. This quarter, the two governments worked jointly to arrange a meeting between former North Korean secret agent Kim Hyun-hee, who was involved in the 1987 bombing of a Korean Air flight, and the family of Japanese abductee Taguchi Yaeko, who had taught her Japanese in North Korea. The meeting was made possible when Kim responded to the Taguchi family’s desire to talk to her after Kim said she believed Taguchi might be still alive somewhere in North Korea.

Below the surface: territorial issues and domestic politics

While all seemed fine on the surface, both Japan and South Korea continued to advocate their territorial claims. Japan's Shimane Prefecture celebrated "Takeshima Day" on Feb. 22 while South Korea's Foreign Ministry held various events to criticize Japan's claim over the Dokdo/Takeshima islets. As part of South Korea's Land, Transport and Maritime Affairs Ministry project for Ulleung Island, it was announced that the Korean Coast Guard will build a pier as a forward base to respond rapidly to an emergency situation on the Dokdo/Takeshima islets. Japan, on the other hand, announced that it will conduct a comprehensive survey of underwater resources in its territorial waters starting from this year. According to the report, Japan's plan covers a radius of 60,000 sq. km. in the East Sea/Sea of Japan, which means that it could transgress on South Korea's exclusive economic zone (EEZ), given that the bilateral talks on the bilateral EEZ delineation have not made any progress.

Although Japan and South Korea enjoyed a closer working relationship this quarter, both Aso and Lee struggled at home with low approval ratings driven in part by plunging economic conditions. In Japan, former Finance Minister Nakagawa Shoichi's unprofessional behavior at a press conference and subsequent resignation was yet another blow to Aso's ratings. According to an *Asahi Shimbun* opinion poll conducted on Feb 7-8, 71 percent of respondents wanted Aso to resign as soon as possible while opposition leader Ozawa Ichiro was gaining popularity with a 45 percent approval rating as a national leader. After Nakagawa's embarrassing behavior, the Aso Cabinet's approval rating fell as low as 13.4 percent, according to a *Kyodo News* survey released on Feb. 18. At the same time on Feb. 9-10, President Lee's approval rating in South Korea was better than 32.3 percent according to a JOINS Research survey. This was a marked improvement over his first year when Lee's ratings had fallen to nearly single digits.

Economy and society

Both the Japanese and South Korean economies continued to struggle this quarter. According to Tokyo Shoko Research, 1,318 Japanese companies, with liabilities of more than ¥10 million, declared bankruptcy in the month of February, the largest number in six years. According to a Feb. 25 *BBC News* report, Japan's exports fell 45.7 percent in January compared with a year ago, the largest drop in 10 years. Demand for Japanese cars dropped 69 percent and Japan's exports to Asia dropped 47 percent. According to a report released by the Korea Customs Service on Feb. 16, South Korea's trade deficit reached \$3.35 billion in January. This same report revealed that South Korea's exports plunged 33.8 percent year-on-year to \$21.37 billion, while imports fell 31.9 percent to \$24.72 billion.

Amid these harsh economic conditions, a strong *yen/won* exchange rate brought some benefits to South Korean economy. According to the March 20 *Joongang Ilbo*, the weakened *won* is lowering barriers for Japanese companies seeking high quality supplies in South Korea. Japan's own economic struggles have been forcing Japanese companies to seek outsourcing partners and the newspaper reported that Vana World, a Japanese real estate private equity fund, signed a contract with a Korean promotion agency to invest almost 30 trillion *won* in a local real estate development project. Also, to attract rich Japanese customers to South Korea, department stores

and hotels held a promotion event with discount coupons on items that are popular to Japanese customers. Indeed, with the stronger *yen*, Japanese consumers are increasingly coming to South Korea for shopping and recreation.

On a gloomier note, a survey conducted by South Korea's Presidential Council on Nation Branding revealed that South Korea's national brand ranks only 33rd in the world. The survey was conducted in February among 1,000 foreigners living in the country including staff of foreign firms, foreign students, and members of bi-national families living in South Korea. They cited inter-Korean confrontation as the biggest factor (48.4 percent) for the national branding being undervalued. South Korea's insufficient contribution to the international community (44.1 percent) and political and social unrest (41.5) followed next as reasons for the low ranking. For positive images, respondents emphasized information and communications (34.9 percent) and the economy (13.2 percent) as factors for consideration.

The coming quarter

Spring 2009 will most likely be dominated by the aftermath of the North Korean missile launch. It is likely relations in Northeast Asia will be – once again – thrown into crisis. With the Obama administration still putting its policy team in place and with the future of the Six-Party Talks in doubt, it is not at all clear how Japan, South Korea, the U.S., China, and Russia will respond. Regardless, it will be a long process of beginning the next round of nuclear talks. At the same time, the global economic crisis remains a more important factor and Japan and South Korea will have to focus much of their energies on how to deal with it and how best to coordinate their own economies as problems continue to mount.

Chronology of Japan-Korea Relations January-March 2009

Jan. 5, 2009: South Korea's Coast Guard says that it will build a special pier in Ulleung Island to respond rapidly to an emergency on the Dokdo/Takeshima islets.

Jan. 11, 2009: Prime Minister Aso Taro and President Lee Myung-bak hold a meeting in Seoul with business leaders of the two countries.

Jan. 12, 2009: PM Aso and President Lee meet at South Korea's Blue House and agree to promote bilateral cooperation.

Jan. 15, 2009: Kim Hyun-hee says in her interview with Japan's *NHK* that she is certain that Takuchi Yaeko is alive in North Korea and expresses her desire to meet with the Takuchi family.

Jan. 29, 2009: Japanese and South Korean top negotiators for the Six-Party Talks, Saiki Akitaka and Kim Sook, discuss the denuclearization of North Korea.

Jan. 31, 2009: China's official *Xinhua News* reports that South Korean, Japanese, and Chinese astronomers will collaborate to build a 6,000 km-diameter radio telescope, which will be the world's largest in its scale.

Feb. 11, 2009: Japan's Foreign Minister Nakasone Hirofumi meets Foreign Minister Yu Myung-hwan in Seoul and they agree to deepen the bilateral cooperation.

Feb. 18, 2009: *Kyodo News* opinion poll shows support for Aso Cabinet as low as 13.4 percent.

Feb. 20, 2009: Japan and South Korea wrap up a four-day session of a joint fisheries committee and reach an agreement on the total fish quota in each other's exclusive economic zone (EEZ).

Feb. 22, 2009: Japan's Shimane Prefecture celebrates "Takeshima Day" as the South Korean Foreign Ministry and the public denounce the celebration.

Feb. 23, 2009: President Lee and PM Aso speak on the phone and reaffirm their commitment to close relations with Washington before Aso's meeting with the U.S. President Barack Obama.

Feb. 23, 2009: South Korea's 2008 defense white paper says that it is "fully prepared" to defend its territory including the Dokdo/Takeshima islets.

March 1, 2009: FM Nakasone says that even a satellite launch by North Korea will be a violation of the UN Security Council resolution 1718, which bans Pyongyang from conducting any nuclear explosion or missile launch.

March 3, 2009: *Kyodo News* cites a senior official at the Ministry of Defense that Japan would deploy two arsenal ships with the latest *Aegis* radar system to intercept the North's missile launch in case Pyongyang continues its preparation of the launch.

March 9, 2009: North Korea's spokesman of General Staff of the Korean People's Army warns that any interception attempt of its "satellite" will cause a counterstrike.

March 9, 2009: Japan and South Korea hold working-level meeting in Seoul over the demarcation of their maritime border (EEZ) but fail to produce any agreement.

March 10, 2009: Former North Korean agent Kim Hyun-hee involved in the 1987 bombing of a Korean Airline flight meets the brother and son of a Japanese woman abducted by North Korea.

March 10, 2009: Japan's Defense Minister Hamada Yazukazu urges Pyongyang to refrain from launching a rocket.

March 12, 2009: Japanese Ambassador to the United Nations Taksu Yukio says that Japan will ask the UN Security Council to take immediate action against North Korea in the event of Pyongyang's missile launch.

March 17, 2009: South Korea's Presidential Council on National Branding publishes a survey about South Korea's image, which shows that the country's national brand ranks 33rd due mostly to inter-Korean confrontation and insufficient contribution to the international community.

March 18, 2009: *Choson Ilbo* reports that the Lee administration is considering drafting a list of targets for sanctions against Pyongyang in the event that the North fires a long-range missile.

March 19, 2009: PM Aso says that Japan could impose more sanctions against North Korea if the North fires a missile over Japanese territory.

March 20, 2009: Chinese Defense Minister Liang Guanglie and Defense Minister Hamada meet. China urges North Korea not to launch a satellite.

March 23, 2009: Japan's Six-Party Talks negotiator Saiki meets his Chinese counterpart Wu Dawei and they agree that the two countries will cooperate for North Korea's denuclearization.

March 24, 2009: North Korea's Foreign Ministry warns that the Six-Party Talks will collapse if the UN imposes sanctions against its rocket launch.

March 25, 2009: U.S. Secretary of State Hillary Clinton warns North Korea that a missile launch will be a "provocative act" that could have consequences.

March 27, 2009: Japan's National Security Council authorizes the defense minister to mobilize its missile interceptors for the first time.

March 27, 2009: Japan's Defense Minister Hamada issues an order to shoot down any part of a North Korean rocket that might fall toward Japanese territory.

March 27, 2009: Six-Party Talks negotiators from South Korea, Japan, and the U.S. gather in Washington to coordinate their response to North Korea's plan to launch a satellite rocket.

March 29, 2009: Defense Secretary Robert Gates says that the U.S. has no plan to militarily preempt Pyongyang's missile. On the same day, South Korean President Lee says in his interview with *Financial Times* that South Korea does not intend to take any military action.