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**Research Report**

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SWP Comment, No. 35/2019

**Provided in Cooperation with:**

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

*Suggested Citation:* Sakaki, Alexandra (2019) : Japan-South Korea Relations - a downward spiral: More than "just" historical issues, SWP Comment, No. 35/2019, Stiftung Wissenschaft und Politik (SWP), Berlin,  
<https://doi.org/10.18449/2019C35>

This Version is available at:

<https://hdl.handle.net/10419/256577>

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# SWP Comment

NO. 35 AUGUST 2019

## Japan-South Korea Relations – A Downward Spiral

More than “Just” Historical Issues

*Alexandra Sakaki*

The latest dispute between Japan and South Korea over compensation for former Korean forced labourers appears to be following a familiar pattern. Historical spats between two most important democracies in Northeast Asia – especially over the phase of Japanese colonial rule – are nothing new. But the tensions run deeper this time, and mutual mistrust has hit unseen heights. Japanese frustration has grown markedly, with Tokyo feeling duped by Seoul. While there have always been tussles over diverging interpretations of history, current domestic and regional developments are an exacerbating factor. Now leaders in both capitals are publicly questioning whether the other side still shares similar core values and strategic goals. The growing rift could easily affect the regional balance of power, weakening America’s position as ally of both Japan and South Korea.

Japanese-South Korean relations are at their worst since normalisation in 1965. The relationship is so tense that Japanese Prime Minister Abe Shinzō refused bilateral talks with South Korean President Moon Jae-in at the G20 summit in Osaka at the end of June. Tokyo’s 1 July announcement of restrictions on exports of three chemicals to South Korea caused further consternation. Japan dominates the global market for these materials, which are required for manufacturing smartphone displays and semiconductors. Tokyo also decided on 2 August to drop South Korea from the “whitelist” of countries it largely exempts from catch-all export controls for sensitive goods. Japan argues that it has evidence

that South Korea had inadequately managed sensitive supplied items used in arms production. Also, Tokyo said, there had been no bilateral talks on export controls since 2016.

The true reason for the tightening of export controls, however, is likely to be the Japanese government’s ire over South Korea’s actions in the dispute over compensation for former Korean forced labourers. Tokyo wants to persuade Seoul to make concessions. In a declaration on the tightening of export controls, Prime Minister Abe himself mentioned the issue of forced labourers: Because, he said, South Korea was failing to abide by international agreements in its handling of this issue, Tokyo



had to assume that it was also breaking its promises concerning trade in sensitive goods. In response, Seoul announced that it would challenge Tokyo's export controls before the WTO and remove Japan from its list of preferred trading partners.

The bilateral relationship had already been characterised by tensions under the previous two South Korean governments (Park Geun-hye and Lee Myun-bak). For example the Park government held no summit with Tokyo for almost three years. Japanese and Korean experts and researchers are at a loss about how to stop the downward spiral.

Disagreements between Japan and South Korea over their shared history are nothing new. The national identities of both countries are coloured by explicit grievances, which hinder reconciliation. Japan is the central negative point of reference in modern South Korea's self-image, and anti-Japanese attitudes form an integral component of South Korean nationalism. On the other side, Japanese right-wing nationalists in particular feel that their proud nation receives excessive criticism for its past, especially from Korea.

The two countries have often argued about their history in the past. But in recent years the level of mistrust has reached previously unknown dimensions. Although these are the most important democracies in Northeast Asia and central allies of the United States, government officials and independent observers on both sides are increasingly voicing doubts that the respective other side is guided by similar values and strategic objectives. Current domestic and regional developments further burden the relationship.

### **Escalating strife and mistrust**

The dispute between Japan and South Korea has been dominated by two issues in recent months: the question of compensation for former Korean forced labourers under Japanese colonial rule, and a military incident in December 2018.

The conflict runs especially deep in relation to the question of compensation. The escalation was triggered by rulings by the Korean Supreme Court in October and November 2018, requiring the Japanese firms Nippon Steel & Sumitomo Metal and Mitsubishi Heavy Industries to make personal compensation payments to former forced labourers. Further cases against other Japanese firms are under way, affecting in all about one thousand former forced labourers. Tokyo asserts that an agreement on compensation was signed along with the 1965 Treaty on Basic Relations, under which Japan provided \$300 million in economic aid and \$200 million in reconstruction loans. In return South Korea regarded claims from the colonial period as settled. As far as the Japanese were concerned, the agreement covered both state and private claims. The issue of forced labourers had been explicitly discussed in the talks and until the 2018 court rulings Seoul had shared the line that the claims had been settled by the 1965 agreement.

Now, in 2018, the South Korean supreme court argued that the 1965 Treaty on Basic Relations had only regulated state claims, not individual ones. This interpretation tallies with a trend in international law in recent decades to enhance individual legal protections and place greater weight on human rights. The Korean claimants are currently seeking to have assets of the respective Japanese companies in South Korea seized to fund compensation payments. Japan has protested against this course of action and called on South Korea to agree to arbitration under the rules agreed in 1965. But the Moon government has neither agreed to this proposal nor made any moves to stop the seizure of assets.

From Tokyo's perspective Seoul has broken with the 1965 treaty and is undermining the legal foundation of the bilateral relationship. Seoul responds that the rulings affect the scope of the 1965 treaty, but do not fundamentally challenge its applicability. South Korea appeals to Japan, as a democracy, to show respect for the independence of its judiciary. Tokyo is consider-

ing taking the dispute to the International Court of Justice; that, however, would however require Seoul's consent – which Japanese and Korean researchers agree would be unlikely. Korean researchers and journalists point out that a lengthy international process would be unfair to the victims, who are already extremely old. Independent Japanese experts assert that South Korea would oppose involving the International Court of Justice because of the precedent that would create for Seoul's territorial dispute with Tokyo over the Liancourt Rocks (Dokdo/Takeshima).

Lacking alternative options, Japan has now chosen to tighten export controls. As such it has taken – like the United States, China and other countries – the internationally criticised route of using trade instruments to pursue diplomatic objectives. While the criticisms may be justified, Tokyo's actions also reveal how powerless it feels in the face of current South Korean policy. The move has been well received by the Japanese public, which certainly suited the Abe government in advance of the elections to the House of Councillors on 21 July. It is however doubtful whether economic pressure will persuade Seoul to step back. It is more likely that South Korean public opinion will turn further against Japan and that the fronts will harden on both sides.

The two countries have also been embroiled in a second bitter dispute over a maritime incident that occurred on 20 December 2018 within Japan's exclusive economic zone. According to the Japanese, a South Korean warship undertaking a rescue operation for a North Korean vessel directed its fire-control radar at a Japanese patrol aircraft observing the manoeuvre. Seoul rejected the accusation and asserted that the Japanese plane had approached the South Korean vessel on a dangerous low-altitude course. The defence ministries of both countries issued video footage to back their claims.

While the question of blame cannot be clarified on the basis of public sources, the incident certainly underlines the extent of

mutual mistrust. Instead of discussing the events at working level and – regardless of the question of fault – seeking means to prevent such incidents in future, Japanese and South Korean representatives accused each other of lying. Each side speculated about reasons why the other might have an interest in such an incident. South Korean journalists and researchers argued that the Abe government had provoked the incident in order to step up pressure on Seoul in the forced labourers dispute and to improve its public approval ratings. Japanese researchers in turn alleged that the South Korean vessel had not actually been conducting a rescue operation, but had in fact been involved in illegal activities that it wished to keep concealed from the Japanese. For example, they asserted, Moon might have been seeking to supply funds to North Korea with the aim of improving relations.

## Social and domestic developments

Current social and domestic tensions make it even more difficult for both sides to seek compromise in historical disputes. Recent years have witnessed a fundamental generational changeover in the political elites of both countries. Politicians born after the Second World War now define the agenda in Japan. Their attitude to the past is shaped much less by actual experience of the war and the immediate post-war era or by personal feelings of guilt. They expect South Korea to pursue a pragmatic line looking to the future rather than the past. Nationalist tendencies have also grown among Japanese politicians. Abe himself is a very controversial figure in South Korea, where he is seen as a revisionist who relativises Japanese colonial atrocities and wants to restore Japan's former military strength.

South Korean politics is increasingly influenced by the so-called “386 generation”, those who were born in the 1960s and participated in the student democracy movement in the 1980s. They have a very critical take on South Korea's post-war

history and the dictatorship. Reassessing the events of that era – including the Treaty on Basic Relations with Japan – is one of their central concerns. This applies in particular to representatives of the progressive camp like President Moon, who was himself imprisoned in the 1980s for participating in a protest. So while South Korea has seen a growing desire to learn about and discuss the past, the new generation of Japanese elites tend to exhibit more strongly nationalist attitudes than their predecessors and focus more on the future.

Domestically, South Korea continues to struggle with the aftermath of the scandal over the previous government under Park Geun-hye. Park, who was removed from office in March 2017 amidst corruption allegations, was criticised for her lack of transparency in governing. She tended to ignore advisers and cabinet ministers, and paid little heed to public opinion. Between October 2016 and March 2017 more than one million Koreans took to the streets in Seoul alone, in the so-called “Candle Light Protests”. Transparency in government was therefore a central promise of President Moon Jae-in, when he was elected in May 2017. As the Five-Year Plan of the Moon Jae-in Administration of August 2017 states, the new leadership intends to pursue “politics driven by the people, not a government for vested interests and elites”, rooting out “unfair privileges and foul play”. Broad public support is therefore vital, as Moon seeks to restore public confidence in politics.

Park’s handling of history disputes with Japan also came in for criticism. Park had apparently influenced the judiciary and persuaded the then Chief Justice Yang Seung-tae to delay pronouncement of judgement in the forced labourers cases in order to avoid diplomatic difficulties with Tokyo. By pointing to the independence of the courts and refusing to prevent the imminent confiscation of Japanese assets, President Moon is taking a public stance against political influence on the judiciary. Overruling the verdicts could trigger a constitutional crisis.

Park was also publicly criticised for the agreement her government reached with Japan in 2015 over the so-called “comfort women”, the women forced into prostitution in Japanese military camps during the Second World War. Tokyo had promised to contribute one billion yen (at the time equivalent to about €7.6 million) to a South Korean foundation for the victims, and the Japanese foreign minister had made an official apology for their suffering. Both sides had also agreed to end the dispute with “a final and irreversible resolution”. Although most of the surviving victims accepted payments from the foundation (namely 34 of the 46 women who were still alive), public dissatisfaction over the outcome grew. A survey conducted in July 2017 for the think-tanks Genron NPO and East Asia Institute found that about 56 percent of South Koreans “disapprove” of the agreement. 75 percent also felt that the comfort women issue “has not been resolved”.

Moon, who had called during his election campaign for negotiations over the forced prostitution issue to be reopened, appointed a panel of experts to investigate the process by which the agreement had come into being. It reported its conclusions in December 2017: the Park government had conducted the negotiations in secret and without consulting the victims. Although Moon decided to formally respect the “comfort women” agreement (for example avoiding criticising Tokyo over the issue in multilateral forums), he dissolved the Reconciliation and Healing Foundation which was central to implementing the 2015 agreement. In July 2018 the Moon government approved funds to replace the Japanese contributions with its own – although it remains unclear what is to happen with the Japanese money, as Tokyo does not wish to take it back.

There are also other reasons for Moon’s tough line towards Japan. NGOs exert strong political influence in South Korea, first and foremost the so-called Korean Council (in full, the Korean Council for Justice and Remembrance for the Issues of Military Sexual Slavery by Japan). Founded

in 1990 to represent the interests of former “comfort women”, the Korean Council is regarded as a veto player on this issue. It is also reported to have mobilised the public protests against the 2015 agreement. In December 2011 the Korean Council erected a statue to “comfort women” in front of the Japanese embassy in Seoul. Tokyo regarded this as a violation of the Vienna Convention on Consular Relations, under which host countries are required to protect the dignity of diplomatic representations. In the interim, the Korean Council has erected further statues, including some abroad. Since 2017 other NGOs have also created similar monuments to the forced labourers. In May 2018 activists tried to erect a statue to the forced labourers in front of the Japanese consulate in Busan, but were prevented from doing so by a heavy police presence.

Domestic calculations may also play a role in Moon’s anti-Japanese stance. South Korea’s traditional political division between liberal and conservative parties (known as the South-South divide, *nam-nam kalteung*) has deepened in recent years. Declining public support leaves Moon reliant on cooperation with the opposition for progress on important projects such as reforming the electoral system, and his North Korea agenda. A confrontational line towards Japan helps the South Korean parties to close ranks and bridge their political differences. After meeting with five party leaders on 18 July, Moon announced that Seoul’s response to Japan’s tightening of export controls would be formulated in cross-party consultation.

From Tokyo’s perspective, by dissolving the Reconciliation and Healing Foundation Moon has de facto suspended the “comfort women” arrangement — and violated an inter-governmental agreement. In recent years Japan had already seen growing criticisms that South Korea had become a “bottomless pit” for reconciliation gestures that would never be enough. That side of the debate felt vindicated by Moon’s policies. This also changes Japan’s domestic discourse on South Korea. Whereas right-wing nationalist views were once marginal, today anti-

Korean opinions find significant public resonance — going as far as to call for a “severance of relations” (*dankō*).

Certain observers have expressed their hope that the Japanese-South Korean relationship will recover after Abe and Moon leave office. But it is unclear to what extent their successors will be willing to change tack. It is likely that the next South Korean president will again come from the progressive camp. The conservative parties, which traditionally place more importance on security cooperation with Japan, have been weakened by the scandal over Park Geun-hye. And anyway, they can hardly oppose the court rulings in the forced labour cases. On the Japanese side Prime Minister Abe has already taken a great domestic political risk with the “comfort women” agreement. After its failure, Japanese researchers agree, no politician can afford to make any further concessions to South Korea. So the fronts have hardened on both sides.

## Strategic mistrust

Diverging regional strategic perspectives further burden the bilateral relationship. In the past the shared interest in deterring North Korea was always an important and sufficient reason for security cooperation. But now Moon and Abe view each other’s dealings with North Korea with great mistrust. Improving relations with Pyongyang is a foreign policy priority for Moon, who met with North Korean ruler Kim Jong-un three times in 2018 alone. Abe on the other hand insists on a policy of strict sanctions against North Korea and observes South Korea’s overtures with great concern. Tokyo fears that Seoul could make concessions to Pyongyang that subvert Japanese security interests. Conversely, Seoul regards Tokyo’s hard line towards Pyongyang as a hindrance to its policy of rapprochement. The two countries’ white papers underscore just how widely their assessments diverge. While the Japanese white paper of August 2018 describes the North Korean nuclear

and missile programme as an “unprecedentedly serious and imminent threat”, Seoul’s own white paper of January 2019 dropped the designation of North Korea as an “enemy”.

The two countries have also pursued diverging approaches in their dealings with China. Tensions in this area culminated during the Park Geun-hye administration, which sought to drive a wedge between North Korea and China by working to improve its own relations with Beijing. Tokyo perceives the expansion of Chinese influence in the region as a threat and interpreted Seoul’s course as a turn towards Beijing. Japanese researchers and government officials feared that Seoul might accept China as the leading regional power in place of the United States. Park in turn rejected Tokyo’s hard line as counter-productive. China’s importance to Seoul extends well beyond its influence on North Korea, in particular as an economic partner. Bilateral trade with China offers South Korea enormous opportunities – but also creates dependencies and vulnerabilities.

Japanese and South Korean perceptions concerning China have converged somewhat since 2017. Seoul has adopted a more critical stance towards Beijing since the Sino-Korean dispute over the deployment of American missile defence systems (Terminal High Altitude Area Defence, THAAD) in South Korea in 2016/17. The Japanese perspective on China has improved a little, with both sides working to stabilise the relationship over the past three years. Nevertheless, Tokyo still worries that Seoul might accept Chinese regional dominance. So tensions could easily reignite over different approaches to Beijing in Seoul and Tokyo.

### **Changing economic dependencies**

Changing economic dependencies are another reason why historical disputes between Tokyo and Seoul escalate more intensely today. Half a century ago South Korea was still one of the world’s poorest

countries. Now it is the twelfth-largest economy. As a developed economy with diversified trade relations, South Korea is nowhere near as dependent on Japanese investment and technology as it still was just two decades ago. Japan’s share of South Korea’s trade has been in steady decline since the mid-1970s. Between 1993 and 2018 alone it fell from about 18 to 8 percent. Since 2009 China’s share has in fact been larger than that of Japan and the United States together – reaching almost 24 percent in 2018. And almost one quarter of South Korea’s foreign direct investment goes to China, against just 2 percent to Japan. So Japan’s relative importance to South Korea has fallen, while China has become the most important economic partner.

Nevertheless, there are still areas where South Korea remains highly dependent on Japan – one case in point being the three chemical products mentioned above, which are now subject to stricter export controls. South Korea also imports crucial technological components from Japan, as well as plant and machinery.

In view of its impressive economic rise and growing confidence, it is unsurprising if Seoul pursues its historical demands on Tokyo more determinedly than in the past. On the other hand, South Korea’s economic success engenders different expectations among the Japanese political elites: Japan and South Korea, they argue, can now treat each other as equals and Tokyo no longer needs to make continuous concessions to Seoul’s demands. In South Korea this stance is regarded as confirmation that revisionist tendencies are proliferating in Japan.

### **Outlook: An Ill Wind ...**

The downward spiral in Japanese-South Korean relations will be hard to reverse. The fronts have hardened. Domestic pressures compel politicians on both sides to respond forcefully to actions by the respective other that are perceived as offensive, which further exacerbates tensions. There

is scant willingness to negotiate compromises, for fear of public criticism.

The relationship is so tense and mistrustful that the two sides have ceased to recognise each other as partners with shared values. In 2015 Japan's Diplomatic Bluebook dropped its reference to sharing "fundamental values such as freedom, democracy, and respect for basic human rights" with South Korea. South Korea's 2018 white paper likewise dropped the passage referring to the shared values with Japan.

The dispute between Japan and South Korea also gives grounds for European concern. Such a gulf of mistrust between East Asia's two most important democracies can easily be exploited – especially by China, to expand its own power in the region and weaken US influence. Unlike in the past, Washington has largely watched the deterioration of relations between its two most important allies in Asia without undertaking efforts at mediation. That may be changing: during his visit to Tokyo and Seoul in the first half of August US Defence Secretary Mark Esper urged both sides to cooperate on the North Korean threat.

Even changes in political leadership are initially unlikely to bring about lasting improvements in relations. While Europe possesses little in the way of real influence, it should make it clear that a better Japanese-South Korean relationship is also in its interest. The idea of allowing the joint agreement on exchange of military intelligence on North Korea to expire is currently under discussion in South Korea. But both sides have a real interest in security cooperation in relation to North Korea, which should not be allowed to become a political football.

President Moon's August 15 speech on the 74th anniversary of Japan's surrender in the Second World War offered a glimmer of hope for bilateral relations. Striking a conciliatory note, he stated his hope for

Tokyo and Seoul to cooperate in mending their ties.

In order to prevent China exploiting the bilateral dispute to weaken US influence in Asia, Tokyo and Seoul should now resist nationalist urges and work to calm the situation. Japan must accept that reconciliation is always an ongoing process, especially in relation to a young democracy like South Korea which has a heightened need to come to terms with its own history. For its part, South Korea must realise that reconciliation requires the victims' side to accept positive gestures, and that relitigating these after they have been accepted will only strengthen the nationalist forces on the other side.

## Further reading

*Alexandra Sakaki and Gudrun Wacker*

### **China – Japan – South Korea:**

#### **A Tense Ménage à Trois**

SWP Research Paper 4/2017, April 2017, 34 pages

*Alexandra Sakaki and Junya Nishino*

### **Japan's South Korea Predicament**

International Affairs 94, no. 4 (July 2018), pp. 735 – 54

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ISSN 1861-1761

doi: 10.18449/2019C35

*Translation by Meredith Dale*

(English version of  
SWP-Aktuell 42/2019)

SWP Comment 35  
August 2019