

TO: US National Security Community
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SUBJECT: How to Break the Japan-Korea Impasse

BACKGROUND: WORSENING JAPAN-KOREA RELATIONS

On July 25, 2019, the Atlantic Council's Asia Security Initiative (ASI), housed within the Scowcroft Center for Strategy and Security, hosted a strategy session with a small group of top US experts and officials to discuss ways forward and offer actionable, practical policy recommendations to the United States to help mitigate bilateral tensions and resolve the ongoing confrontation between Japan and Korea.

The bilateral relationship between Japan and the Republic of Korea (hereafter, “Korea”)—two key US allies in Asia—is deteriorating rapidly. Japan has implemented export restrictions on three materials critical to Korea’s high-tech industry and has removed Korea from its “white list” of countries that benefit from preferential treatment on export of sensitive products, effective August 28, 2019. The Supreme Court of Korea has ordered Japanese companies to compensate colonial-era forced laborers, and Korea may decide not to renew its annual military information-sharing pact with Japan, the General Security of Military Information Agreement (GSOMIA).

IMPLICATIONS FOR US FOREIGN POLICY

The United States should remind Japan and Korea that the only long-term winners of the disputes will be China, Russia, and North Korea, and that the ongoing geopolitical and economic shift in the Indo-Pacific will require strong trilateral cooperation for Japan and Korea to effectively address common challenges. The United States cannot afford to have Japan and Korea confronting each other, given that this situation benefits regional challengers. It is essential to stabilize Japan-Korea relations in order to maximize ongoing US efforts, including the Indo-Pacific strategy and denuclearization of the Korean Peninsula. Moreover, the United States should prevent the ongoing trade dispute from disrupting the global supply chains of semi-conductor chips, which could eventually impact US national interests, including US tech, semi-conductor, and related industries and consumers. The trade battle could benefit China, as the disrupted global supply chains may leave a vacuum that China can step into and energize its long-lagging semi-conductor industry. More broadly, this could boost the goals of Huawei and other Chinese tech companies to the great detriment of US national security.

RECOMMENDATIONS: ROADMAP FOR ACTIVE AND VISIBLE US ENGAGEMENT

1) The United States should engage actively and visibly in high-profile outreach, both in private and public settings, to reduce bilateral tensions between Japan and Korea. It is in the United States’ national interests to stabilize relations between its core Asian allies Japan and Korea, as the United States will need such allies more than ever with the return of great power competition. While remaining

impartial, the United States should take bold steps to advocate for, and ultimately enforce, a resolution of tensions. Given the importance of domestic politics in both Japan and Korea, active US engagement may provide Korean President Moon Jae-in and Japanese Prime Minister Shinzo Abe with a domestically acceptable reason to alter their current political courses.

2) In the short term, the United States should insist that Japan and Korea agree to a “standstill” to prevent the two countries from taking any further actions that would worsen the current situation and buy time for countries to negotiate. Both countries are threatening increasingly dramatic steps in response to the other’s proposed actions. At this rate, each successive retaliation will only push the bilateral relationship further apart and will make it that much harder to resolve the underlying issues. At a time when the strategic context of the Indo-Pacific and broader global geopolitics are changing rapidly, neither country can afford to turn this into a years-long dispute. The need to divert Japan and Korea’s energy away from escalation and towards reconciliation is immediate and urgent. This cannot happen unless both parties mutually agree on a temporary standstill.

3) In the medium term, the United States should play the role of convening authority to rebuild trust among top-level officials from both countries by engaging in areas of mutual interest. The United States should bring Japan and Korea together in trilateral meetings that hinge on issues that all three countries agree on and about which they can see common interests. First, the United States can lead the high-level trilateral discussion on areas of collaboration in line with the Indo-Pacific strategy, particularly economic initiatives laid out by US Secretary of State Mike Pompeo on energy, infrastructure, and digital connectivity. This would capitalize on President Moon’s G20 commitment that Korea would participate in the United States-led Indo-Pacific strategy, after a long period of hesitation. Second, the United States can propose trilateral talks with Japan on North Korea, as Japan is one of the big players, in addition to China, in this area of high priority for the United States and Korea.

4) In the long term, the United States should develop a strategy to build trilateral institutions that could help resolve enduring historical disputes and prevent similar tensions in the future. First, the United States should focus on a top-down approach to create institutions that can facilitate dialogue to address long-standing historical issues and prevent this from happening again. Second, the United States should emphasize a bottom-up approach to take the lead in establishing institutions that recognize that all three countries, as democracies, can only deepen their relations and reduce tensions in the long-term if their citizens foster trust and mutual understanding through civic programs including large-scale youth exchanges that can bring together the next generation of leaders in the three countries across political, business, and media sectors.