Japan–South Korea relations have suffered an alarming setback since South Korean President Lee Myung-bak visited the disputed Takeshima Islets (known in Korea as the Dokdo Islets) in August and went on to further aggravate tensions by criticizing the Japanese emperor. The Japanese government reacted quickly, criticizing Lee’s visit, recalling its ambassador to Seoul, proposing the Takeshima case be taken to the International Court of Justice (ICJ), and threatening economic counter-measures such as refusing to extend a bilateral currency swap arrangement. The heightened tensions have also reopened historical wounds, particularly regarding the comfort women issue.

In order to address the diplomatic fallout, the bilateral relationship must be reframed in such a way that shared interests and cooperation, not history and territorial disputes, take center stage. Leaders in both countries need to recalibrate and emphasize the importance of Japan–South Korea cooperation, not only for the sake of the two countries themselves but also for the region as a whole.

The Japan-ROK Perception Gap
The intensity of the current tensions is attributable to domestic politicking and the emergence of a perception gap between the two countries in how to approach the bilateral relationship. In South Korea, Japan continues to be framed as an aggressor nation that should be more aware of its past crimes. For ROK politicians, emphasizing Japan’s past and connecting it to Japan’s claim over Takeshima has become a convenient mechanism to exploit nationalism and divert voters’ attention from policy shortcomings.

Japan, on the other hand, has generally maintained a low-key approach in its East Asian foreign policy since the end of the war out of consideration of its history of aggression in the region. But in recent years, Japan has come to see South Korea as a partner, not a country to be tiptoed around. South Korea has democratized and developed into the world’s 15th largest economy. And Japan-ROK cooperation has progressed significantly, with Japan’s financial support for South Korea under the Miyazawa Plan during the Asian financial
crisis, the co-hosting of the 2002 FIFA World Cup, the rise of bilateral trade, and the popularity of Korean TV dramas and K-pop music in Japan. But despite this sense of partnership, the inflammatory nature of Lee's Takeshima visit has intensified public pressure and pushed the Noda administration to hold firm.

The Takeshima Dispute
Disagreement over the historical facts relating to the sovereignty of the Takeshima Islets has made it a sensitive national issue for both Japan and South Korea. In order to work over the long term toward a resolution that is acceptable to both countries, Japan and South Korea need to analyze the dispute in a calm and objective manner.

First, there is still a dispute over which country held the islets first. The 1905 Japanese cabinet decision to incorporate Takeshima into Japan’s Shimane Prefecture is viewed by Koreans as a prelude to Japan’s colonial takeover. Japan, on the other hand, asserts that it had been using the islets since the 17th century and the cabinet decision was merely a reconfirmation of its existing sovereignty over the area.

Second, after World War II the Allied Powers effectively decided that Takeshima was a Japanese territory under international law by not including it in the San Francisco Peace Treaty as territory that Japan, having been defeated, should surrender. The ROK government, unable to persuade the Allied Powers to reconsider, took matters into its own hands. The government of Syngman Rhee, the first president of South Korea, unilaterally established the Rhee Line to demarcate the country’s maritime territory in 1952 after the San Francisco Peace Treaty was signed but three months before it came into effect. The ROK government, unable to persuade the Allied Powers to reconsider, took matters into its own hands. The government of Syngman Rhee, the first president of South Korea, unilaterally established the Rhee Line to demarcate the country’s maritime territory in 1952 after the San Francisco Peace Treaty was signed but three months before it came into effect. The ROK government maintained the Rhee Line until 1965, during which time it arrested more than 3,000 Japanese fisherman, put hundreds of them in jail, and seized more than 300 Japanese ships. Five Japanese fishermen were killed in the vicinity of the islets.

In the end, the Rhee Line was dissolved in 1965 upon normalization of diplomatic relations between Japan and South Korea, but Takeshima is still effectively controlled by South Korea. As part of the normalization agreement, the Japanese and ROK governments agreed to resolve disputes through diplomatic negotiations or—when a resolution could not be negotiated—to refer disputes to an outside mediator. However, to this day the South Korean government denies that the issue is a “dispute” and has refused all proposals to take the case to the ICJ.

Reconciling History and the Comfort Women Issue
The comfort women issue is also sensitive for both Japan and South Korea and still plagues relations due to a lack of understanding of Japan’s specific measures to resolve the issue.

The issue gained national attention in both countries during the 1990s as the end of the Cold War allowed progressive historians to assume greater prominence. As such, the Japanese government initiated a study on the issue, and the findings, along with the Japanese government’s official position, were announced in 1993 by then Chief Cabinet Secretary Yohei Kono. The watershed Kono Statement provides official Japanese government recognition of the involvement of the Japanese military in the widespread operation of brothels for Japanese soldiers. Moreover, Kono extended, on behalf of the government of Japan, sincere apologies and remorse to the comfort women. Every Japanese administration since has upheld the Kono Statement as the official government position.

Japan has settled all legal claims between the two countries, conducting its postwar foreign policy and relations with South Korea based on the 1952 San Francisco Peace Treaty and the 1965 Treaty on Basic Relations between Japan and the Republic of Korea. As part of the 1965 agreement, the Japanese government provided the South Korean government with US$500 million in economic assistance (US$300 million in grants and US$200 million in soft government loans).

Despite having met its legal obligation, Japan decided to treat the comfort women issue from a moral perspective as a special case. In an attempt to promote friendly relations and heal the scars of the past, the Japanese government helped to establish the Asian Women’s Fund (AWF) in 1995. The AWF solicited
donations from the Japanese public, which were used to provide former comfort women with 2 million yen each. The money was given along with letters of apology, which were signed by four successive Japanese prime ministers starting with Prime Minister Ryutaro Hashimoto. Moreover, the Japanese government provided funding for AWF projects, which, among other things, provided funding for medical care for the former comfort women.

Mending Japan-ROK Relations and Building a Regional Partnership
In order to mitigate the impact of the diplomatic fallout, Japan and South Korea should keep the following four points in mind.

First, territorial and historical disputes are difficult issues that require a long-term commitment from both sides to work toward resolutions. In the meantime, it is crucial that everyone remain aware of the inflammatory nature of the issues and avoid unnecessarily politicizing them in antagonistic and nationalistic ways.

Second, the stakes of cooperation between Japan and South Korea are high. As industrialized democracies, Japan and South Korea have important roles to play as regional leaders. This is especially crucial right now given the shifting balance of power in the region and the need for Japan and South Korea to jointly cooperate with China to direct the evolution of the regional order toward stability and prosperity. Moreover, Japan–South Korea cooperation is necessary for robust contingency planning vis-à-vis North Korea. US troops based in Japan are likely to be involved in any contingency plan for a major crisis in North Korea, and Japan’s role of providing the United States with rear support is essential. To this end, Japan–South Korea cooperation is vital and should be enhanced through multiple measures, including the proposed General Security of Military Information Agreement.

Third, it is crucial that history and territorial issues be prevented from spilling over and affecting substantive areas of cooperation. In particular, after President Lee Myung-bak’s term ends, the new president would do well to take steps to restore positive relations between the two countries.

Finally, in order to achieve the above points it is necessary to improve the channels of communication across all levels of the bilateral relationship. Communication needs to be open and frank but also constructive so that Japan and South Korea may develop a deeper mutual understanding and work together most effectively to build a brighter East Asia.

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Resolving the territorial dispute surrounding the Takeshima Islets will remain difficult, but the current political impasse needs to be dealt with in a calm, constructive manner so that Japan and South Korea can continue to address other challenges facing the region. Open channels of communication and efforts to build trust and mutual respect at all levels are vital to achieving this goal and require strong commitment from both sides. Both countries will benefit in the end if shared interests are able to trump historical animosity.

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