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A Year of Korea-Japan Trade Conflicts: Evaluation and Prospect

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English Abstract

On July 1, 2019, the Japanese government announced its intention to modify the terms of export controls with South Korea. On August 7, a month later, it promulgated a decree that excluded South Korea from the whitelist. The Japanese government explained four main reasons for such decisions. The first is that there has been a lack of control over South Korea's exports for a while. Japan claimed that even when concerns regarding export issues were raised, South Korea did not cooperate with sufficient dialogue. Secondly, such issues were concerned with specific, designated, export-regulated items. The continued signs of negative movements against cooperation between South Korea and Japan in 2019 served as the third reason, which all together led to the fourth reasoning to conclude that it was difficult to maintain the current, trust-based export controls between the ROK and Japan.

There are two conflicting views on the impact of Japan's export regulation on South Korea. One view indicates that Japan's export regulations not only did not leave much negative impact on South Korea but also backfired against Japan. Major South Korean companies, especially Samsung and SK, responded well to the export regulation and did not experience significant disruptions to their trades and exports—resulting insignificant impact on South Korea's overall trade volume. In addition, South Korea responded well with localization and diversification. Lastly, Japan seemed to have expe-

rienced more negative impacts due to its export regulation. Another view suggests that it is too early to conclude the impacts of the regulation. Japan's regulations have not been implemented in earnest, and it may enforce additional measures in the near future.

In fact, it is difficult to assess Japan's export regulations at this point as they were aimed to address the change of the South Korean government's position on the issue regarding forced laborers. Also, South Korea's countermeasures to withdraw Japan's export regulations cannot be fully assessed now either; it did avoid negative impact by focusing on localization and diversification, yet it could not reverse Japan's decision. In other words, Japan's export regulations may become stricter depending on the resolution of the forced laborer issues. A hasty assessment may cause the ROK-Japan relations to enter a deeper quagmire.

The fact that Japan is questioning South Korea's credibility and compliance with international law may become a serious problem in the newly forming international order with the changing position of the United States. It is difficult to expect kindness and consideration from Japan from this point. The kind of political leadership expected from South Korea now must secure South Korea's national interest, avoid South Korea from being diplomatically discredited worldwide—not only to Japan—amidst various challenges of the 21st century, such as the conflict between the U.S., and China, and the outbreak of COVID-19. ❖

※ Translator's note: This is a summarized unofficial translation of the original paper which was written in Korean. All references should be made to the original paper.

※ This article is written based on the author's personal opinions and does not reflect the views of the Sejong Institute.