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# The North Korean Nuclear Crisis and Japanese Security

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Christopher W. Hughes

The North Korean nuclear crisis is one of the most prominent security issues in North-east Asia. North Korea represents a particularly thorny security problem, in that it combines two potentially explosive issues: confrontation on the Korean peninsula; and nuclear proliferation. The US has identified North Korea – and, to a lesser extent, tension between China and Taiwan in late 1995 and early 1996 – as the most immediate threat to stability in the region. As a result, there has been much debate among US policy-makers and those of its allies, South Korea and Japan, over how to deal with the North Korean nuclear crisis.

This article examines the reaction of Japanese policy-makers to the North Korean threat and clarifies much of the concern about, and criticism of, Japan's approach to this security issue. Japan's perception of the threat is more sophisticated than outside commentators often realise; its policy-makers view the North Korean issue not simply as a military security one, but also as a political issue that affects the future of the US alliance and domestic stability. In fact, for Japanese policy-makers the complex nature of the North Korean security challenge marks the post-Cold War breakdown of the traditional lines of demarcation between issues of external and internal security.

Investigation of the attitudes of Japanese policy-makers towards the North Korean crisis demonstrates that much of the speculation about Japan's nuclear option is unfounded. In addition, and contrary to some analysts' arguments, Japan has not taken an exclusively reactive stance towards events. It has been quietly proactive in its attempts to cooperate with other powers and to develop its own policy options to deal with the North Korean security problem.

## **Japan's Reaction to North Korea's Nuclear Programme**

International concern about North Korea's nuclear ambitions was aroused by its obstruction of International Atomic Energy Agency (IAEA) inspections at its Yongbyon nuclear plant in the late 1980s, and increased follow-

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ing its decision to withdraw from the Nuclear Non-Proliferation Treaty (NPT) in March 1993. North Korea has never openly declared a nuclear-weapon production capability, nor has this been proved, but its deliberate policy throughout 1993–94 was to play upon and deepen international fears about its nuclear programme by refusing IAEA inspections. The North's policy, combined with its test firing of *No-dong* 1 ballistic missiles and tough rhetoric against the US and South Korea, heightened military tensions on the Korean peninsula, and created a perceived North Korean nuclear threat to North-east Asian security. The death of the 'Great Leader' Kim Il Sung in July 1994 offered hopes of some change in Pyongyang's strategy; these seemed to be borne out by the conclusion of a nuclear agreement between North Korea and the US in October 1994. Under this 'Agreed Framework', North Korea consented to freeze and dismantle its nuclear programme and accept NPT safeguards in return for replacing its existing nuclear reactors with light-water reactors. Light-water reactors are not suited to the production of weapons-grade plutonium.<sup>1</sup>

But these hopes for a resolution of the nuclear issue – as with others in the past – may prove short-lived. During talks with the US in June and late 1995 over the initiation of KEDO (the Korean Peninsula Energy Development Organisation) – the multinational consortium charged with replacing North Korea's reactors, the North twice threatened to withdraw from the 1994 agreement, refusing to accept reactors constructed largely by South Korea.<sup>2</sup> This issue was eventually settled by further talks with the US, and on 16 December 1995 North Korea finally signed an agreement to begin preparations for constructing the light-water reactors. North Korea's signing of the KEDO agreement was accompanied, however, by the warning that it would resume its nuclear programme if the other KEDO nations did not fulfil their obligations.<sup>3</sup> The result of North Korea's awkward attitude, persistent uncertainty about the succession after Kim Il Sung, growing signs of domestic instability in the North in early 1996 and the North Korean Army's violation of the armistice arrangements in the demilitarised zone (DMZ) in April 1996 is that speculation about its nuclear intentions is likely to continue for the foreseeable future.

Equally speculative is Japan's reactions to these events. Japan is one of the neighbouring powers most affected by potential instability on the Korean peninsula: it has often been the subject of direct threats from North Korea, and it falls within range of North Korea's *No-dong* 1 missiles. Some observers have commented, some critically, on what they view as Tokyo's strange passivity and lack of reaction in the face of the North Korean threat. They see Japan as having failed to take any real initiatives to resolve the nuclear problem and as having fallen back on its traditional 'reactive' stance and reliance upon the US in international affairs.<sup>4</sup> For instance, the then US Assistant Secretary of Defense for International Security Affairs, Joseph S. Nye, on visiting Japan in July 1995, appeared to be surprised by its hesitancy over missile defence cooperation with the US: 'If I were

located where Japan is, with a neighbour like North Korea that is developing ballistic missiles ... I would certainly take TMD [Theater Missile Defence] seriously', he said.<sup>5</sup>

Another, more common body of opinion speculates that the emergence of the North Korean nuclear threat could be the cause of, or even the pretext for, Japan acquiring its own nuclear deterrent. These arguments can be traced back to the 1960s and 1970s, when observers began to discuss the possibility of Japan exercising its 'nuclear option' should the US security system fail in North-east Asia.<sup>6</sup> Such views are manifested on the levels of popular media, and academic and policy-making opinion both inside and outside Japan.

The popular media outside Japan have been quick to interpret any move by the Japanese government relating to military and civilian nuclear issues, such as hesitation over renewal of the NPT and the decision to continue to transport and reprocess plutonium, as preparation to revise or abandon its non-nuclear defence stance.<sup>7</sup> Reports in the UK press in 1994 went so far as to claim that Japan may already possess a nuclear weapon, and that its civilian space programme HII rocket could be used as an inter-continental ballistic missile (ICBM).<sup>8</sup> This type of wild speculation has not been helped by comments from some Japanese academics hinting that Japan would need to acquire nuclear weapons if threatened by North Korea, and the willingness of some Western publications to report these comments.<sup>9</sup> Academic opinion has been more sober in its assessment of Japan's nuclear option. But most analyses of the problems of post-Cold War nuclear proliferation and Japan's security policy refer to the possibility that Japan may have to reconsider its non-nuclear policy, or at least its overall security strategy, should a genuine North Korean threat materialise.<sup>10</sup> In 1994, US Secretary of Defense William Perry commented:

My concern is that a vigorous North Korean nuclear bomb program with delivery systems might make temptations for countries like Japan, South Korea and Taiwan to go ahead with a nuclear bomb program irresistible.<sup>11</sup>

Perry's remarks can be explained to some extent by a desire to 'talk up' the North Korean threat and the possibility of Japan and other North-east Asian states becoming nuclear-armed powers to persuade US domestic and Congressional opinion that the US must remain engaged in the region and strengthen its security relationship with Japan. At the same time, however, the active diplomatic role that the Clinton administration has adopted in trying to resolve the North Korean crisis demonstrates that it takes the problems of North-east Asian nuclear proliferation seriously.

Japanese policy-makers, for their part, have strenuously denied any intention to acquire nuclear weapons. Since 1993, Japanese prime ministers from successive Liberal Democratic Party (LDP) and coalition govern-

ments have reaffirmed Japan's three non-nuclear principles, and the then Chief Cabinet Secretary, Masayoshi Takemura, even took the unusual step of directly responding to the UK press reports mentioned above, stating in February 1994 that 'Japan's nuclear option would only serve to undermine the stability of the international circumstances surrounding the nation, such an option would be detrimental to the national interests of peace and prosperity'.<sup>12</sup>

But even these public denials – along with the Japanese government's agreement in April 1995 to the indefinite extension of the NPT and its strong condemnation of French and Chinese nuclear tests in 1995 and 1996 – have not eliminated doubts about Japan's future nuclear security policy. Fifty years after the atomic bombs were dropped on Hiroshima and Nagasaki, there were still calls for Japan to settle the nuclear issue by taking the lead in creating a non-proliferation zone in North-east Asia and by halting its shipping and reprocessing of plutonium.<sup>13</sup> It seems, therefore, that at least as long as concerns exist about North Korea's nuclear programme, Japan's own nuclear option will continue to be the subject of domestic and international scrutiny.

### **Japanese Perceptions of the North Korean Threat**

The Japanese policy-making community, consisting of prominent politicians and officials from the Ministry of Foreign Affairs and the Defense Agency, shows little hesitation in identifying recent North Korean military activity and its nuclear and missile programmes as potential threats to security in the region. Historically, Japan has perceived any domination of the Korean peninsula as a threat to Japan's own security; since the Sato-Nixon communiqué in 1969, Japan has acknowledged that the security of South Korea is essential to its own.<sup>14</sup> During the current nuclear crisis, all the main political parties have united in condemning North Korea's exploitation of its 'nuclear card', even if they differ over the degree of sympathy they express for its diplomatic and economic plight, and over how hardline an approach should be taken to resolve the issue. The prime minister at the time of North Korea's withdrawal from the NPT, Kiichi Miyazawa, described its action as a 'great threat' to Japan's security. Morihiro Hosokawa and Tsutomu Hata, coalition prime ministers between July 1993 and June 1994, also described North Korea's nuclear programme as a security threat.<sup>15</sup> The Social Democratic Party (SDP), while attempting to maintain its traditionally friendly ties with North Korea, has been willing both in opposition and since 1993 (when it joined Hosokawa, Hata and then LDP coalition governments), to criticise the North for its recalcitrance on the issue of nuclear inspections.<sup>16</sup> Official Japanese concern about North Korea is also illustrated by the Ministry of Foreign Affairs' 1995 *Diplomatic Bluebook* and the Defense Agency's 1995 *White Paper*, both of which claim that North Korea's military build-up is a source of instability for the security of Japan and the whole Asia-Pacific region.<sup>17</sup>

*The Military Security Threat*

Agreement on the existence of a potential threat from North Korea does not necessarily mean that Japanese policy-makers agree amongst themselves or with their US counterparts over the exact type of threat posed. The US intelligence community has shown itself in the past to be divided over the actual state of North Korea's bomb programme, but some estimates have claimed that North Korea has been in possession of sufficient plutonium for one to two devices.<sup>18</sup> In addition, some US policy-makers have suggested that North Korea may be close to acquiring an effective delivery system through its development of ballistic missiles. By the 'reverse engineering' of *Scud* missiles imported from the former Soviet Union, North Korea has been able to produce a missile reputed to be capable of striking Japan. In May 1993, North Korea test-fired its 1,000km-range *No-dong* 1 missile – albeit not entirely successfully – in the Sea of Japan; the *No-dong* 2 missile currently under development by North Korea may have an even greater range.<sup>19</sup>

Japanese opinion tends to be as divided as that in the US over the existence of a North Korean bomb. Some prominent policy-makers, such as former LDP Secretary-General and, since December 1995, leader of the main opposition New Frontier Party (NFP), Ichiro Ozawa, have readily accepted US estimates and have asserted that North Korea is close to possessing a bomb.<sup>20</sup> Ozawa, however, is not fully representative of policy-making opinion (and may not necessarily have access to accurate information) within LDP and coalition governments, and even within his own opposition party, as he probably sees some advantage in using the North Korean threat as a means to promote his own agenda for Japan's assumption of a more active, or 'normal', role in global security.<sup>21</sup> In fact, up until now, most policy-makers have been more cautious in their predictions about North Korea's bomb. In April 1994, the Vice Minister of the Japanese Defense Agency, Shigeru Hatakeyama, stated that William Perry's estimate that North Korea had already acquired two bombs could not yet be confirmed.<sup>22</sup> Tsutomu Hata repeated this cautious line as Prime Minister in June 1994. He declared his belief that North Korea did not have a bomb, although he agreed that it was probably diverting material to manufacture one.<sup>23</sup>

Policy-makers in Japan, then, seem to share the certainty of their US counterparts that North Korea is attempting to produce a bomb, but are not convinced that it has actually succeeded. Clearly, Japanese policy-makers see a potential nuclear threat emerging over the long term if the North Korean nuclear programme continues unchecked, but over the short term they see no immediate or functioning military threat.

Japanese policy-makers also seem to doubt US evaluations of North Korea's missiles as viable delivery systems for a nuclear weapon. But the Japanese defence community does take the missile threat seriously. As the Defense Agency's 1995 *White Paper* notes:

In the event of North Korea succeeding in the development and deployment of this [*No-dong 1*] missile, more than half of Japan will be within its range. Furthermore, North Korea is believed to be attempting to develop a missile with a range greater than the *No-dong 1*. This missile, if completed by North Korea, could serve as a delivery system for weapons of mass destruction.<sup>24</sup>

The Defense Agency is referring here to the *No-dong 2*, and the greatest fear of Japanese defence planners would be North Korea's acquisition of a credible nuclear strike force by marrying its *No-dong 2* with a nuclear warhead. But Japan's strategists do not appear to view North Korea's existing missiles as having sufficient power and sophistication to constitute a genuine threat yet. The Defense Agency pointed out in May 1994 that North Korea could probably not combine its missiles with a nuclear warhead, as any North Korean bomb in the early stages of development would be too heavy a payload for the existing missile system.<sup>25</sup>

Where Japanese policy-makers do seem to be in agreement with US threat evaluations, however, over the possibility of North Korea attacking Japan with high-explosive or chemically armed missiles. The former Director of the Central Intelligence Agency (CIA), James Woolsey, argued that the *No-dong 2* could carry not only nuclear, but also chemical and biological warheads, and – as pointed out above – Japan takes the *No-dong 2* missile threat seriously.<sup>26</sup> North Korea reportedly possesses a considerable stockpile of chemical weapons which it could probably deliver to Japan by missile.<sup>27</sup> The actual military effectiveness of chemical warheads, however, is believed to be limited by their inaccuracy and dependence upon favourable environmental conditions. It is estimated that, to create a chemical attack with the destructive power of a Hiroshima-size nuclear bomb, 75 chemical-tipped weapons would have to be detonated over the target area, something believed to be beyond the technical capabilities of *Scud*-based missile systems like the *No-dong 2*.<sup>28</sup>

Consequently, North Korea's missiles are at present incapable of functioning as a strategic deterrent or as a tool of long-term military pressure on Japan. However, as the Defense Agency's 1995 defence review points out, the most effective option open to North Korea might be to exploit these missiles as terrorist weapons, similar to Iraq's use of *Scud* missiles against Saudi Arabia and Israel during the 1991 Gulf War.<sup>29</sup> Iraq chose to use, or was only capable of using, high-explosive warheads; but these attacks, combined with the perceived threat of chemical attack, were enough to give it a weapon of terror. The physical and psychological vulnerability of Japan to chemical attacks was shown by the sarin gas attack perpetrated by the *Aum Shinrikyo* cult on the Tokyo subway in March 1995; the threat of launching chemical and conventional warheads is likely to produce far greater panic among the populations of Japanese cities. Hence, the North Korean threat most immediately perceived by Japan may be a possible chemical missile attack and the chaos that it would produce.

*The Political Security Threat*

The terrorist threat, and North Korea's potential for involving other powers in its conflicts and for creating regional instability, are seen in Japan as the main threats to Japanese security over both the short and long terms. Japanese policy-makers are aware that, in the event of hostilities on the Korean peninsula, the nation's security could be disrupted not only by missile attacks, but also by a refugee crisis, and even – as the Defense Agency has argued recently – by guerrilla incursions from North Korea into Japan.<sup>30</sup> Just as important, Japanese policy-makers are also aware that North Korea is threatening to disrupt Japan's security by attempting to derail the US security system in North-east Asia.

Throughout the current crisis, North Korea has confronted the US security presence in and around the Korean peninsula in an attempt to restore its strategic position against South Korea. Following the end of the Cold War, the North's strategic position was weakened by the loss of its security guarantees from the USSR (and, less crucially, China), and by a corresponding strengthening of the South's position through its 'northern' policy and its establishment of friendly ties with Russia and China.<sup>31</sup> In adjusting to these new strategic realities, Pyongyang's chief objective appears to have been to weaken and, if possible, reorientate the US security system in North-east Asia in order to slow the South's diplomatic advance and to restore strategic balance on the peninsula. The regime is undermining the US security system and the US–South Korea alliance because these are seen as the foundation of the South's strategic and growing military superiority and the main impediments to the North's access to vital diplomatic and economic contacts. Hence North Korea has sought to detach the US from its close relationship with South Korea by generating and deepening splits in the alliance, and by trying to draw the US closer to North Korea. The main tool of diplomatic and military leverage that the North has chosen to implement this policy is its threatened development of nuclear weapons.<sup>32</sup>

North Korea has achieved some notable successes. Although the US initially tried to avoid direct involvement in the nuclear crisis, the North has been able to present the nuclear issue as one between itself and the US, and it has skilfully exploited the divisions between the US and South Korea over the best way to resolve it. The Clinton administration has remained engaged and taken the lead in diplomatic initiatives to alleviate the crisis, despite a difficult negotiating mandate that gives no certainty that North Korea is prepared to abandon its most effective bargaining tool and means of regime legitimisation. The US has also been unable to impose economic sanctions, largely because of Chinese and Japanese opposition, and it has had to rule out military action both because North Korea's nuclear and missile sites are well-protected, and to avoid provoking war on the Korean peninsula. All these factors have made it difficult for the US to take a consistent policy line and to maintain an image of implacability. The result has been to encourage North Korea further in its nuclear policy.



In the early stages of the crisis, the US government made contradictory policy statements concerning the urgency of preventing North Korea's rise as a nuclear power, and seemed to be manipulated by the North's strategy. In talks with the US, North Korea has extracted a series of concessions, enabling it to prolong the crisis without paying much of a price in return. The most important example of this is the October 1994 'Agreed Framework' designed to resolve the nuclear issue. The agreement provides North Korea with nuclear technology and energy supplies estimated to cost \$4 billion in total over a five-year period and has enabled North Korea to initiate economic ties with the US. However, the agreement only requires North Korea to freeze its nuclear programme in the interim period between signing the agreement and starting to dismantle the North's existing nuclear reactors. A starting date for dismantlement has been set provisionally for 2003, but this is dependent upon the smooth completion of the light-water reactors. North Korea could threaten to restart its nuclear programme during this interim period and to extract more concessions, as it appeared to do in June 1994. The nuclear issue has therefore not been fully resolved by the October 1994 'Agreed Framework' negotiated by the US.

The Clinton administration's propensity to make concessions can be explained to some degree as inevitable, but it has also conveyed the impression of US weakness and drawn criticism from some in Congress who see it as a submission to North Korean brinkmanship. Much of this criticism can be dismissed as partisan politics, but it has been echoed throughout South Korea, where criticism of US policy on North Korea has ramifications for the future of the US security system on the peninsula and in North-east Asia. During the crisis, the US has been careful to involve South Korea in the negotiating process and to reaffirm its military guarantees to the South, but this has not been sufficient to prevent private and public policy splits between the US and its ally. In the process of negotiation with North Korea, the US has at times made larger concessions than South Korean policy-makers feel comfortable with. Some South Koreans fear that their country could be side-lined in negotiations or, even worse, that the US could establish diplomatic ties with the North before North-South dialogue has resumed.<sup>33</sup> South Korea's policy-makers were reasonably content with the October 1994 'Agreed Framework', as it gave them a large stake in the North's economic future through their contribution to financing and constructing the new reactors. But there were also fears that the US had made too many concessions without consulting the South, that there were insufficient measures to ensure the North's compliance with the agreement, and that the US was using its diplomatic role to establish an economic bridgehead in the North and a headstart over South Korean competitors.<sup>34</sup> These fears of competition with the US in the North, in conjunction with a new bout of trade friction between the two countries in mid-1995, have shaken the South's confidence in the US bilateral relationship and revived doubts about the US commitment to South Korea. Such doubts have existed since

former President Jimmy Carter's announcement of the planned withdrawal of US ground troops from South Korea in 1978. The US moved to allay South Korean concerns in April 1996, when President Bill Clinton asserted that Washington would not negotiate directly with North Korea concerning a permanent peace treaty. Instead, the President proposed four-way peace talks involving the US, South Korea, China and North Korea.

Weaknesses in the alliance should not be exaggerated, and South Korea has long been preparing for the 'Koreanisation' of its own defence as the US military presence gradually decreases. It is clear, though, that North Korea's strategy to divide the US and South Korea and to shake confidence in the US security system has succeeded. Moreover, North Korea has shown that it has escaped the controls of the US–South Korea security system and is now free to continue to disrupt regional security relations and even to strengthen its own strategic position.

North Korea's success in weakening and sapping confidence in the US security system on the Korean peninsula has implications for Japan's security. During the Cold War, Japan relied on the US security relationship with South Korea to help maintain stability on the peninsula, and on its own security relationship with the US to ensure its security against the wider threats from the USSR and China. But now Japanese policy-makers are aware that confidence in the US security system in and around Japan itself may be further undermined. This process has already been set in motion by trade friction between the US and Japan, and calls from within the US for retrenchment in defence expenditure and strategic commitments. However, the unspoken fear of some Japanese diplomats and politicians for many years has been that domestic political pressure within the US could lead to its neglect of, or total withdrawal from, security commitments in Asia. Many of these fears are unfounded, and the Pentagon's February 1995 report, *United States Security Strategy for the East Asia-Pacific Region*, confirmed that the US would keep at least 100,000 troops stationed in Asia.<sup>35</sup> But the continuing concern of many Japanese policy-makers is that US difficulties in dealing with North Korea will deter it from taking an active role in future Asian security problems or problems connected directly with Japan's security.<sup>36</sup> These concerns were compounded in late 1995 as the US–Japan alliance was further strained by calls in Japan for US troop and base reductions in Okinawa, and President Clinton's cancellation of his visit to Japan and the Asia-Pacific Economic Cooperation (APEC) summit in Osaka in November. While both the US and Japanese administrations have acted to deal with the Okinawa base problem by pledging to consolidate and relocate some of the bases, the anxiety is that the most intense controversy over the presence of US forces in Japan since the 1960s will undermine domestic support for the alliance in both countries and endanger its future.

Hence North Korea's success in regaining its freedom of political, diplomatic and military manoeuvre through exploiting the nuclear issue threatens to have a major effect on Japan's own security arrangements. The main

North Korean threat for Japan at present is thus not necessarily a nuclear one – a military security threat that can probably be dismissed over the short term because of the technological shortcomings of North Korea's nuclear programme and existing guarantees of security from the US. Rather, the main security threat is a political one. North Korea might be able to disrupt the US security system in the region over the long term and erode Japanese belief in security guarantees. With Japan uncertain about its political and security relations with the US, a North Korean nuclear weapon could become a genuine threat to military security.<sup>37</sup>

### **Japanese Policy Towards the Crisis**

Japan's approach towards the nuclear crisis has been conditioned by its knowledge of the destructive effect that North Korean pressure may be exerting on the US security system in North-east Asia. Thus, on the one hand, Japan has taken steps to try to shore up and revitalise the security system in the face of the North Korean threat through close diplomatic and military cooperation with the US. On the other hand, the growing awareness that the US security system may not always be capable of meeting Japanese security demands has led it to lay the basis for a supplementary security system. In following both approaches Japan seems to be moving away from its traditionally reactive stance.

#### *US–Japan Cooperation*

Since the beginning of the crisis, Japanese policy-makers have tried to adhere as closely as possible to the US strategy for dealing with North Korea. This strategy involves a mixture of coercion and persuasion, and is based upon, first, attempts to use China to pressure North Korea; and, second, close diplomatic cooperation with South Korea and Japan on the use of economic incentives and sanctions. Japan has been in agreement with, and an active participant in, the US policy of trying to involve China in resolving the nuclear issue. China is North Korea's last remaining ally, and, from the beginning of the crisis, the Japanese Ministry of Foreign Affairs envisaged China playing a *settokuyaku* (persuader) role.<sup>38</sup> As a result, most of Japan's diplomatic initiatives have been directed at trying to bring China into line with US policy on North Korea. In 1993, Prime Minister Hosokawa described China as the most 'influential body' in the dispute with North Korea, and stated in 1994 that, 'the role which China can play is very great. We are expecting it to continue to pressure North Korea'.<sup>39</sup> Periodic Sino-Japanese talks indicate Japan's faith in China's ability to defuse the crisis. The foreign ministers of Japan and China have held frequent talks on the issue, and one of the main points for discussion during Hosokawa's visit to China in March 1994 was China's attitude towards sanctions.<sup>40</sup> In the North Korean crisis, therefore, Japan finally seems to have found its long-hoped-for *watishiyaku* (bridging) role by acting as an intermediary between China and the US.

Japan has also made efforts to coordinate its policy closely with South Korea and within the framework of the US security system. Japan and South Korea held talks on the North Korean problem in November 1993 and in March, April, June and July 1994; the frequency of prime-ministerial-level talks between the two countries seems to have increased in response to the crisis.<sup>41</sup> Japan also participated in trilateral talks on nuclear policy with South Korea and the US in June and November 1994.<sup>42</sup>

Japan's support for the US policy line has also been demonstrated by its readiness to offer or deny financial incentives to North Korea in order to persuade it to abandon its nuclear programme. Since 1991, Japan has made North Korea's compliance on nuclear inspections an essential condition for resuming normalisation talks, and thus the North's access to possible compensation for colonial rule and badly needed Japanese aid and investment.<sup>43</sup> Moreover, during the January 1995 US–Japan summit, then Prime Minister Tomiichi Murayama pledged that Japan would play a 'significant financial role' in the conversion of North Korea's reactors. In March 1995, Japan was a signatory to the KEDO Treaty.<sup>44</sup>

On the issue of sanctions, successive Japanese governments have, at least publicly, professed support for the US strategy, and stated that they are willing to follow the US lead in enforcing sanctions if negotiations fail to resolve the dispute. The US had long considered sanctions as a possible means by which to pressure North Korea, but it was only during the period of greatest tension in mid-1994 that the US began to step up efforts to impose them through the UN. The draft plan the US put forward in June 1994 proposed that sanctions be applied in incremental stages unless North Korea made progress on nuclear inspections. The first stage was to be the cessation of all economic and technical assistance; the second stage called for the halting of all remittances and scheduled flights to North Korea. If the first two stages proved unsuccessful, then a third stage, involving the interception and blockade of all North Korean shipping, was to be imposed.<sup>45</sup>

All three stages would have required Japan's active participation, and the US attempted to build support for sanctions among the Japanese defence community. William Perry, visiting Japan in April 1994, discussed Japanese support for the US interdiction of North Korean shipping with officials, and, in the same month, both the Japanese Defense Agency and the Ministry of Foreign Affairs concluded that it would not be unconstitutional for Japan to provide logistical support for a US blockade.<sup>46</sup> Japanese policy-makers also accepted the sanctions option in principle, provided that these were imposed through the UN and that Japan could act 'within the framework of the Constitution'.<sup>47</sup> By June 1994, as the imposition of sanctions became increasingly likely, the Hata government, backed by the pro-sanctions Ichiro Ozawa, had tentatively agreed that Japan would support sanctions if imposed.<sup>48</sup>

The second stage of the June 1994 sanctions plan would have involved the Japanese government interrupting the annual ¥60bn flow of remittances to North Korea from the 230,000 North Korean descendants resident in

Japan. These funds are North Korea's main source of foreign exchange, and it is believed that their cessation could cause the North Korean economy – already heavily dependent upon barter with Russia and China for many key commodities such as oil – to collapse. Under pressure from the US, the Japanese government started internal discussions in late 1993 on how to impose economic sanctions and cut the financial links between the *Chosen Soren* (General Association of Korean Residents in Japan) and North Korea.<sup>49</sup> The report from these discussions was leaked to the Japanese press in mid-1994. It revealed that representatives from various government ministries had considered measures to stop flows of people, trade and bank remittances to North Korea by air and sea. The report concluded that it would be difficult to cut the economic links between the *Chosen Soren* and North Korea completely, as they were likely to be diverted through a third country.<sup>50</sup> Nevertheless, the Japanese government seems to have tested the effect of halting remittances from banks. In May 1994, the Ashikaga Bank in Tokyo, which serves as the main agent for dollar remittances to North Korea, abruptly ceased all dollar-based transactions with North Korea.<sup>51</sup> Although the Bank and the Ministry of Finance issued denials at the time, it appeared to have been an attempt to start tightening financial controls on remittances in preparation for full-scale sanctions.

Japanese efforts to strengthen the US security system in North-east Asia have enhanced Japan–US military cooperation. The most important so far in this regard is an initiation for TMD cooperation.

The TMD initiative is based on joint development efforts in Strategic Defense Initiative (SDI) technology already executed by US and Japanese companies since the late 1980s. It was given added impetus by the 1991 Gulf War, which demonstrated the limitations of the *Patriot* missile system as an anti-missile defence, and the new threats of missile proliferation in the Asia-Pacific. Discussions between US and Japanese defence planners on an anti-missile system to counter the North Korean threat began in October 1993, with the visit of Japan's Defense Agency Director to Washington for talks. This was followed by a visit by Les Aspin, then US Secretary of Defense, to Tokyo the same month.<sup>52</sup> In June 1994, the US made its specific proposals on technology-sharing with Japan; a further round of talks was held in July 1995.<sup>53</sup>

Missile-defence systems are no substitute for non-proliferation regimes, but some commentators are optimistic that the TMD initiative will provide Japan with a way of countering the North Korean missile threat.<sup>54</sup> Others see the TMD initiative as a means by which to strengthen the US alliance. As Ryuichi Imai, former Japanese Ambassador to the Geneva Convention on Disarmament, states:

The new direction of US–Japan security cooperation may be found in the preparation of technical and other options to defend against regional conflict involving a small number of medium-range nuclear missiles.<sup>55</sup>

### Internal Political and Security Problems

Japan's cooperation with the US in its diplomacy with North Korea and China, and in sanctions and the TMD initiative, would seem to offer hope of revitalising the US security system. Indeed, some US and Japanese defence planners are attempting to make the North Korean threat the basis for the legitimisation and continuance of the US security commitment in Japan and the Asia-Pacific. In the absence of a clear-cut security threat in the Asia-Pacific, and with a reluctance to identify China directly as the future destabilising force in the region, the strategy predicated the US presence in North-east Asia largely upon the need to counter the North Korean threat.<sup>56</sup> In turn, Japan's new National Defense Programme Outline (*Shinboei Taiko*), announced in late 1995, identifies the North Korean threat as one rationale for the US military presence in Japan and for strengthening the alliance.<sup>57</sup> Furthermore, as part of a package of concessions made to the US in return for the reduction of the number of its bases in Okinawa, timed to coincide with President Clinton's rescheduled visit in April 1996, Japan agreed to review the 'Guidelines for Japan-US Defence Cooperation' in order to provide greater logistical support for the US in the event of a 'crisis' in the Far East. US Secretary of Defense Perry made it clear that one of the most likely crisis scenarios would involve US troops on the Korean peninsula.<sup>58</sup>

However, it may also be the case that Japan's participation in these joint policies with the US has actually served to make the deficiencies of the US security system more apparent to Japanese policy-makers. It has encouraged them to search for policies which can supplement the US security system, or compensate for its weaknesses in dealing with the North Korean security challenge. Cooperation in the TMD initiative and plans for economic sanctions have highlighted the possible negative effects that too close a dependence on US policy could have upon Japan's security.

The problems of cost and technology transfer involved in the TMD project might conceivably add to the US-Japan alliance's problems. Independent Japanese defence strategists question the feasibility of TMD and point to its huge development costs – estimated by the leading Japanese daily newspaper *Asahi Shimbun* at \$10.2bn over a five-year period.<sup>59</sup> There is also a suspicion that the US may be using the TMD plan as a means of preventing Japan from developing its own missile-defence system and of tying Japan into its defence strategy through technological linkages. Furthermore, the continuing difficulties of the joint development by the US and Japan of the FS-X fighter aircraft illustrate the problems that are inherent in technology transfer, and suggest that the TMD project could be plagued by the same difficulties.<sup>60</sup> In part, these problems explain why the Japanese government has been less enthusiastic than the US Department of Defense would have wished in participating in the TMD project.<sup>61</sup>

It is participation in US-sponsored sanctions, though, which has demonstrated to Japanese policy-makers the problems of relying on the US in

dealing with the North Korean threat, by raising questions about domestic stability and internal security. In 1994, the Hosokawa and Hata governments were able to assure the US that Japan would join sanctions, but only after considerable internal political debate, and moves by Ichiro Ozawa to force the SDP into line with coalition policy. However, the domestic consensus was impossible to maintain, and the sanctions issue seems to have been a factor in the SDP's defection from, and the subsequent collapse of, the Hata coalition government in June 1994.<sup>62</sup> The successor SDP-LDP coalition government, under the premiership of the SDP's Tomiichi Murayama, and then the LDP's Ryutaro Hashimoto, has maintained Japan's public support for sanctions, and Japan's Self-Defense Forces are reported to have held joint exercises with the US in November 1995 designed to practise the interdiction of shipping in the event of sanctions against North Korea.<sup>63</sup> But whether it would be able to carry out these policies is doubtful given the SDP's traditionally friendly ties with North Korea, and the long-held ambition of certain factions within the LDP to normalise relations with North Korea as a way of re-establishing strategic balance on the peninsula.<sup>64</sup>

If Japan's adherence to US policy has been problematic in terms of domestic political stability, then it has also posed special difficulties in terms of internal security.

The fear among certain policy-makers has been that the imposition of sanctions would lead to a backlash from the North Korean community in Japan. This backlash could come in the form of exerting financial influence over Japanese political parties through their links to organised crime, promoting civil disorder, or possibly even terrorism.<sup>65</sup> The secret report on the imposition of sanctions discussed above makes clear that the Japanese government takes these threats seriously. The report predicted that, in the event of sanctions, a fierce reaction could be expected from the *Chosen Soren*, with large protests at Japanese government buildings, the US embassy, and US military installations. In addition, there was the possibility of violence directed at the police by certain sections of the *Chosen Soren*, and conflict between the North Korean community and right-wing extremist Japanese organisations.<sup>66</sup>

The report also raises the threat of terrorism in the event of US bases in Japan being used for military action against North Korea. It states that terrorism could be directed by North Korea itself, dispatched through the special operatives, or through the agency of Koreans resident in Japan and international terrorist organisations. The Japanese authorities are aware that North Korea has long had links with terrorist groups in Japan, and the report points out that, for North Korea to intensify its activities in this area 'would be comparatively easy given the state of public order and Japanese society's limited experience of terrorist threat up until now. These activities are likely to result in serious human and physical damage, and could destabilise society'.<sup>67</sup>

By mid-1994, as the likelihood of imposing sanctions increased, the report's predictions looked as if they could be realised. Relations between the Japanese authorities and the *Chosen Soren* grew especially tense. Japanese police raided two companies believed to be used by the *Chosen Soren* as fronts for exporting equipment to North Korea for its missile programmes.<sup>68</sup> *Chosen Soren* members also clashed in street protests with the police as they entered the organisation's headquarters in Kyoto and Osaka in May and June 1994, with the ostensible purpose of investigating violations of land-use laws. The second incident was reported by the pro-North Korean press in Japan as involving 1,300 riot police.<sup>69</sup> While this number is probably exaggerated, the Japanese government's commitment of large numbers of police demonstrates that it was putting considerable pressure on the Japanese North Korean community in 1994, and that it was aware of the domestic security risks involved.

It is clear that Japan's reliance on the US security relationship poses special problems for its security, which are not often recognised by outside observers. For Japan, as for South Korea, the North Korean issue has implications for both political stability and internal security. The North Korean nuclear issue has exceeded the traditional bounds of military and external security, and intruded into the areas of domestic politics, public order and security. Over the short term, Japan has had little option but to rely on the US during the crisis. Over the long term, however, if the crisis is not resolved and the North Korean nuclear threat grows, then Japanese policy-makers will need to find new policy options to meet both external and internal security threats.

### **Japanese Diplomacy in North Korea and China to Resolve the Crisis**

Evidence suggests that Japanese policy-makers are already proactively looking for new security options. Their efforts lie in two main areas. As mentioned above, since 1989, Japan has been seeking to normalise relations with North Korea, but this process has been frustrated by the nuclear-inspections issue. Following the October 1994 'Agreed Framework', however, Japan appears keen to pursue normalisation talks. In March 1995, a joint SDP-LDP delegation visited North Korea for talks on resuming the normalisation process. Technically, the visit was a non-governmental one as the SDP and LDP members went only as representatives of their respective political parties, and not as representatives of the coalition government. In reality it was a means for the government to test North Korea's willingness to restart normalisation talks, and the visit was welcomed by the then Japanese Foreign Minister, Yohei Kono, with the statement that Japan would soon be ready to resume talks.<sup>70</sup> Japan has also been advancing relations with the North by its agreement in June 1995 to supply North Korea with 300,000 tons of rice aid in two installments.<sup>71</sup> North Korea requested food aid from the US, South Korea and Japan after floods in late 1995 devastated much of its rice harvest. The United Nations World Food



Programme has estimated that up to 2 million North Koreans face starvation conditions in 1996. However, South Korea questions the extent of the damage and fears that food aid may be diverted to the North's armed forces.

Japan has not been alone in its efforts to improve relations with the North. Both the US and South Korea have used the lull in tensions after the October 1994 'Agreed Framework' to begin building economic links with the North Korean regime. During the current discussions about resuming the normalisation process, Japan has been careful not to proceed too fast or to alienate South Korea. For instance, at the APEC summit in November 1995, South Korean President Kim Young Sam warned that North Korea was using the issue of rice aid to try to divide Japan and South Korea. Prime Minister Murayama reassured South Korea that Japan would not extend economic assistance to the North until normalisation had been achieved, which was dependent on its cooperation on the nuclear issue.<sup>72</sup> Moreover, during talks between Japan, South Korea and the US in early 1996 about the provision of food aid to North Korea, it was Japan which complied most closely with South Korean opinion by stressing that it would only proceed with aid based on 'close contacts' with the South, whereas the US disregarded its allies' views and decided independently to offer \$2m-worth of food to the North.<sup>73</sup> But despite these statements, it is clear that Japan's policy-makers want to see these relations normalised as fast as possible. Thus, in February 1996, the coalition government parties were said to be preparing another mission to North Korea to discuss rice aid and normalisation. This mission foundered, though, because of a separate disagreement between Tokyo and Seoul over the ownership of the Takeshima or Tok-do Islands. A coalition group had been planning to visit the South in order to reassure the government over Japan's diplomatic moves towards the North, but the dispute over the islands forced the group to cancel its trip to Seoul and cast doubts on its visit to Pyongyang.<sup>74</sup> Undeterred by this setback, however, the Japanese Ministry of Foreign Affairs held unofficial talks with North Korea over normalisation and rice aid in Beijing in March 1996, and the Japanese government planned to send an all-party mission to South Korea in April 1996 to gain its approval for Japan-North Korea normalisation talks. In part, this eagerness to resume normalisation talks is prompted by the traditional considerations of the need to restore strategic balance on the Korean peninsula by establishing the North as a counterweight to the South. But mostly it is prompted by the belief that it is perhaps diplomatic and economic links, and the integration of North Korea into the North-east Asian community, that can best compensate for the weaknesses of the US security system in dealing with the North Korean problem.

The second option being pursued by Japan is to seek new security relations with China in order to contain or resolve the North Korean threat. As mentioned above, Japan, in accordance with US policy, has been seeking to use China's influence to dissuade North Korea from continuing its

nuclear programme. However, a new dialogue concerned with establishing new security relations between the two powers seems to have emerged from the old one. In April 1992, Prime Minister Kiichi Miyazawa held discussions with Chinese President Jiang Zemin, described as 'coping with the changing global situation and the establishment of a new order based on multi-polarisation'; and in May 1993, the Japanese foreign minister met his Chinese counterpart, aiming to 'propose a new framework for Sino-Japanese dialogue on security'.<sup>75</sup> There have also recently been moves to restart talks on military exchanges which were interrupted by the Tiananmen Square incident in June 1989.

How far this dialogue can progress is hard to assess. Japanese policy-makers are conscious of the need for caution when dealing with China, to avoid becoming embroiled in its expansionist policies, and to avoid alienating the US at a particularly difficult period in Sino-US relations. But it may be the case that Japan is attempting to develop a form of security relationship with China that recognises the shifting realities of power in North-east Asia, and that can supplement the deficiencies of the US system seen in its dealings with North Korea.

### **Conclusion**

Several conclusions emerge from this analysis of Japan and the North Korean nuclear crisis. First, Japanese leaders do not believe that North Korea poses an immediate nuclear threat. They suspect that North Korea has been engaged in a bomb programme and that it may succeed over the long term, but they do not believe that North Korea yet possesses a functioning nuclear device. Instead, the immediate military threat is from chemically armed ballistic missiles and a potential terrorist attack. Over the longer term Japan does perceive a military security threat – one magnified by doubts about the strength of the US commitment to North-east Asian security. North Korea's political attack on the US security system in the region and on the foundation of Japan's security is, then, the greatest threat that it poses at present.

Second, the North Korean crisis represents a complex mix of external and internal security threats for Japanese policy-makers. Japan's position within the US alliance and the presence of the North Korean community in Japan mean that these threats include domestic political instability, civil unrest and terrorism. Like many other powers in the post-Cold War period, Japan's security agenda is likely to change in recognition of the fact that internal and external security problems are now becoming indivisible. The task for Japanese policy-makers is to devise policy measures that adapt to the changed nature of security problems.

Third, Japan has begun to take an increasingly proactive stance since the North Korean crisis emerged. Japan has remained reliant upon the US. Its chief policy objective has been to address problems in their security relationship and to try to alleviate them by active support for the US in its

diplomatic, economic and military initiatives. But Japan also knows that over-reliance on US policy towards North Korea can create additional problems of internal stability and security. As a result, Japan has developed its own diplomatic and security initiatives towards North Korea and China. To deal with all forms of North Korean threat, Japan is likely also to strengthen its countermeasures against terrorism, shown to be inadequate after the *Aum Shinrikyo* attacks.<sup>76</sup>

Finally, and notwithstanding the predictions of certain commentators, the North Korean nuclear crisis is unlikely to cause Japan to reconsider its own nuclear option. This is not just because of Japan's traditional 'nuclear allergy' but also because Japanese policy-makers have by no means exhausted the diplomatic, economic and military options for dealing with the North Korean threat.

### Acknowledgement

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### Notes

<sup>1</sup> For a full account of the development of the nuclear crisis and disputes between North Korea and the IAEA, see Michael J. Mazarr, *North Korea and the Bomb: A Case Study in Non-Proliferation* (London: Macmillan, 1995), pp. 55–152.

<sup>2</sup> *Nikkei Weekly*, 19 June 1995, p. 27; *Japan Times*, 17 November 1995, p. 5. KEDO's key members are the US, South Korea and Japan. The consortium has agreed to provide North Korea with funding and technology for two light-water reactors to be constructed by 2003, and to supply the North with oil to compensate for any shortfall in energy before these reactors are completed. The total cost of the reactors is estimated at \$4 billion. Under the KEDO agreement, South Korea and Japan agreed to provide \$2bn and \$1bn respectively towards the construction costs. Another group

of countries, including members of the European Union and the Association of South-east Asian Nations (ASEAN), is expected to contribute the remaining funds. The US contracted to supply North Korea with \$50m (500,000 tons) of oil a year for ten years. In February 1996, due to US budget constraints and as a stopgap measure, Japan agreed to pay for a \$19m shipment of oil. The EU and ASEAN have been slower to contribute to oil shipments, and the US has been seeking to reform KEDO in order to increase their member-states' contributions. In February 1996, the EU agreed to provide \$6.3m to KEDO, and in April of the same year, Australia added \$1.6m to its previous contribution of \$5.4m. *Yomiuri Shimbun*, 10 December 1995, p. 3; *Asahi Shimbun*, 23 February 1996.

<sup>3</sup> *Yomiuri Shimbun*, 16 December 1995, p. 5; *Japan Times*, 17 December 1995, p. 1.

<sup>4</sup> See, for example, 'Japanese Calm in Face of Nuclear Threat Puzzles Outsiders', *Nikkei Weekly*, 11 April 1994, p. 7; Robert M. Orr, 'Tokyo's Passivity Over the Korean Issue is Unsettling', *Nikkei Weekly*, 18 April 1994,

p. 6. The description of Japan as a 'reactive' state in international affairs originated in Kent E. Calder's analysis of Japan's economic policy in the late 1980s. Contemporary scholarship on Japan now applies Calder's analysis to the foreign policy and security spheres as well. Kent E. Calder, 'Japanese Foreign Economic Policy Formation', *World Politics*, vol. 40, no. 4, July 1988, pp. 517–41.

<sup>5</sup> *Japan Times Weekly International Edition*, 10–16 July 1995, p. 3.

<sup>6</sup> For one of the earliest but most balanced discussions of Japan's possible adoption of nuclear weapons in a major security crisis, see John Endicott, *Japan's Nuclear Option: Political, Technical and Strategic Factors* (New York: Praeger, 1975).

<sup>7</sup> For examples of these types of views in the popular media outside Japan, see 'Nuke Begets Nuke', *Far Eastern Economic Review*, vol. 155, no. 2, 4 June 1992, pp. 22–23; 'Unclear Signals: Nuclear Weapons' Policy Shrouded in Ambiguities', *Far Eastern Economic Review*, vol. 156, no. 39, 30 September 1993, p. 24; 'Touchy Subject: Japan Denies Illegal Nuclear Links with the US', *Far Eastern Economic Review*, vol. 157, no. 39, 29 September 1994, pp. 16, 18; 'The Hermit Kingdom Strikes Back', *The Economist*, 17 July 1993, p. 17; 'Eyeball to Eyeball with North Korea', *The Economist*, 13 November 1993, pp. 16–17; Selig S. Harrison, 'Yen for the Bomb: Nervous Japan Rethinks the Nuclear Option', *Washington Post*, 31 October 1993, pp. C1–C2. Japan's hesitation over the indefinite extension of the NPT certainly increased speculation, but it is incorrect to interpret this hesitation as a signal of Japan's intention to seek, or even consider, a nuclear option. Since the NPT's inception in 1970, various groups within Japan have opposed the Treaty,

for different reasons. It is true that there has always been, and continues to be, a 'hawkish' faction within the Liberal Democratic Party (LDP), which argues that Japan should retain its nuclear option as a bargaining chip against nuclear blackmail by other powers; these arguments are still active in the current North Korean nuclear crisis. However, the most influential groups in the recent debate about NPT extension have been those who oppose it on the grounds that it places Japan at a disadvantage in civilian and commercial research. In addition, the mayors of Hiroshima and Nagasaki, the Social Democratic Party (SDP) and anti-nuclear groups have traditionally opposed an indefinite extension of the NPT because it would legitimise the nuclear monopoly of the five existing nuclear powers.

<sup>8</sup> *Sunday Times*, 30 January 1994, pp. 1, 15; *The Independent*, 30 January 1994, p. 24.

<sup>9</sup> See, for instance, 'A Test of Nerve in East Asia', *Newsweek*, 26 July 1993, p. 35; 'A Nation Tired of Bowing', *Newsweek*, 15 November 1993, p. 18.

<sup>10</sup> For example, see Andrew Mack, 'North Korea and the Bomb', *Foreign Policy*, no. 83, Summer 1991, p. 97; Michael T. Klare, 'The Next Great Arms Race', *Foreign Affairs*, vol. 72, no. 3, Summer 1993, p. 142; Paul Bracken, 'Nuclear Weapons and State Survival in North Korea', *Survival*, vol. 35, no. 3, Autumn 1993, p. 141; and James Cotton, 'North Korea/United States Nuclear Accord: Background and Consequences', *Korea Observer: A Quarterly Journal*, vol. 26, no. 3, Autumn 1995, p. 334.

<sup>11</sup> *Japan Times*, 5 May 1994, p. 1. South Korean policy-makers are particularly fearful of a North Korean bomb triggering Japan's development of its own deterrent. Sang Hoon Park, 'North Korea and the Challenge to the

US–South Korean Alliance’, *Survival*, vol. 36, no. 2, Summer 1994, p. 86.

<sup>12</sup> Japan’s three non-nuclear principles – not to produce, possess or introduce nuclear weapons into Japan – were established in 1967 by Prime Minister Eisaku Sato’s administration. The first two have been maintained and strengthened by Japan’s ratification of the NPT in 1976. However, according to some interpretations the third non-nuclear principle has been breached by the entry into or transit through Japanese ports of nuclear weapons on US naval vessels. For the then Chief Cabinet Secretary Masayoshi Takemura’s remarks, see *Japan Times*, 2 February 1994, p. 1.

<sup>13</sup> Hajime Izumi, ‘Japan and Nuclear Proliferation in North-east Asia’ in Andrew Mack (ed.), *Nuclear Policies in North-east Asia* (New York and Geneva: United Nations Publications, 1995), pp. 171–80.

<sup>14</sup> The 1969 communiqué between Japanese Prime Minister Sato and US President Richard Nixon was concerned primarily with Okinawa reverting to Japanese control in 1972. However, Article 4 of the communiqué also stated ‘that the security of the Republic of Korea is essential to Japan’s own security’. Following the communiqué, the Japanese government stressed that it did not obligate Japan to take on any military commitments outside constitutional prohibitions, and said that the communiqué was a statement of intent for Japan to allow the US with prior consultation to use bases in Okinawa for military actions in South Korea. For further details, see John Welfield, *An Empire in Eclipse: Japan in the Post-War American Alliance System* (London: Athlone, 1988), pp. 249–50; and Yoshihide Soeya, ‘Japan–Korea Relations: A Japanese Perspective of Security Aspects’, in Kim Dal-Choong (ed.), *Peace*

*and Cooperation in North-east Asia* (Seoul: Institute of East–West Studies, Yonsei University, 1990), pp. 121–35.

<sup>15</sup> *Japan Times*, 2 April 1993 p. 1; *Asahi Shimbun Yukan*, 20 November 1993, p. 1.

<sup>16</sup> The development of the North Korean nuclear crisis has coincided with a period of political upheaval in Japanese domestic politics. The LDP, in power since 1955, lost political control in 1993 as elements of the party split away over the issue of electoral reform. Prime Minister Kiichi Miyazawa resigned in June 1993, and called elections for July 1993. A coalition government engineered by former LDP Secretary-General Ichiro Ozawa, and headed by the Japan New Party’s Morihiro Hosokawa, was elected. The eight-party coalition government comprised the SDP, the Japan New Party, Foreign Minister Tsutomu Hata’s new party *Sakigake*, and six other splinter parties from the LDP. This coalition achieved some successes in electoral reform, but divisions within the SDP began to appear over the problems of taxation and defence, and Hosokawa resigned in early April 1994 as rumours of his implication in financial scandals began to emerge. Hata was elected Prime Minister later the same month, but the SDP withdrew its support from the coalition over further disputes about taxation. Hata resigned in June 1994, and the SDP agreed to enter a coalition with its former adversary the LDP in the same month. SDP leader Tomiichi Murayama was elected prime minister, and it was left to the opposition to form the New Frontier Party (NFP) under the leadership of former LDP Prime Minister Toshiki Kaifu. After defeating Hata in internal party elections in December 1995, Ozawa assumed the NFP leadership. In January 1996, Tomiichi Murayama

resigned from the premiership and the LDP–SDP administration was reformed under the leadership of Prime Minister Ryutaro Hashimoto.

<sup>17</sup> Gaimusho, *Diplomatic Bluebook 1995* (Japan: Gaimusho, 1995), p. 19; Boeicho, *Defence White Paper 1995* (Tokyo: Okurasho Insatsukyoku, 1995), p. 61.

<sup>18</sup> Bruce W. Nelan, 'Playing a Game of Nuclear Roulette', *Time International*, 10 January 1994, pp. 13–14.

<sup>19</sup> For a detailed analysis of North Korea's missile programme, see Michael Ertman, 'North Korean Arms Capabilities and Implications: Nuclear, Chemical and Ballistic Missiles', *Korea and World Affairs*, vol. 17, no. 4, Winter 1993, pp. 605–26.

<sup>20</sup> *Asahi Shimbun*, 7 February 1994, p. 2.

<sup>21</sup> Ichiro Ozawa has advocated limited constitutional additions to allow the Japanese Self-Defense Forces (JSDF) an expanded role in UN peacekeeping and 'peace creation' missions. For Ozawa's views on this in detail, see Ichiro Ozawa, *Nihon Kaizo Keikaku* (Tokyo: Kodansha, 1993), pp. 118–37. In the December 1995 election for the leadership of the NFP, Ozawa also proposed the creation of a separate JSDF unit to participate in UN operations. These plans were opposed by Hata, who argued that creating such a force would undermine Japan's security. Dissatisfaction with Ozawa's forceful style of leadership and disagreements over a range of issues has aroused the expectation that Hata and his supporters may split eventually from the NFP.

The impression that Ozawa has found it expedient to exploit the nuclear issue for his own political ends is reinforced by his seemingly complete reversal of policy towards North Korea between 1990 and 1994. In October 1990, as LDP Secretary-General, Ozawa was part of a joint

LDP–SDP mission to Pyongyang to finalise the release of two Japanese seamen held by North Korea. During the trip Ozawa met Kim Il Sung and agreed that their two countries should move as fast as possible towards normalisation; *Asahi Shimbun*, 11 October 1990, p. 1. Ozawa's comments could be interpreted merely as the use of diplomatic language in a difficult situation, but it is also clear that he was following his party's policy line and, most important, his faction leaders Noboru Takeshita and Shin Kanemaru. It is possible to explain Ozawa's shift to a hardline approach by 1994 as a natural reaction to concerns about North Korea's nuclear policy. But Ozawa's stance can equally be explained as a result of his acrimonious split from the LDP and Takeshita faction, and the need to stake out his own political vision.

<sup>22</sup> *Asahi Shimbun*, 5 April 1994, p. 2.

<sup>23</sup> *Nikkei Shimbun*, 19 June 1994, p. 2.

<sup>24</sup> Boeicho, *Defence White Paper 1995*, p. 61. [Author's translation.]

<sup>25</sup> *Asahi Shimbun*, 5 April 1994, p. 2.

The Defense Agency's estimate matches that of Russian experts who supplied the initial nuclear and missile technology to North Korea; *Japan Times*, 21 April 1994, p. 4.

<sup>26</sup> Nayan C. Chanda and Shim Jae Hoon, 'Poor and Desperate', *Far Eastern Economic Review*, vol. 156, no. 36, 9 September 1993, p. 20.

<sup>27</sup> In 1989, *Jane's Defence Weekly* estimated that North Korea had the third largest stockpile of chemical weapons in the world. *Japan Times*, 14 January 1989, p. 6.

<sup>28</sup> Andrew Mack, 'Missile Proliferation in the Asia-Pacific Region', in Trevor Findlay (ed.), *Chemical Weapons and Missile Proliferation: With Implications for the Asia-Pacific Region* (Boulder, CO: Lynne Rienner, 1991), p. 47.

<sup>29</sup> *Japan Times Weekly International*

*Edition*, 24–30 July 1995, p. 3.

<sup>30</sup> *Ibid.* The possibility of guerrilla incursions into Japan is not so unlikely given the known large size of North Korea's special forces, and attempts by two North Korean agents to infiltrate South Korea across the demilitarised zone (DMZ) in October 1995. One of the agents was killed but the other escaped back to the North. Three North Korean agents were discovered to have crossed the DMZ in May 1992. This North Korean guerrilla activity can be explained as intelligence gathering, but may also involve efforts to weaken the cease-fire on the DMZ as part of the North's campaign to renegotiate peace terms with the US. *Asahi Shimbun Yukan*, 17 October 1995, p. 2.

<sup>31</sup> South Korea established diplomatic relations with its northern neighbours, the USSR and China, in 1990 and 1992 respectively.

<sup>32</sup> North Korea's motivations for exploiting the nuclear issue are complex and varied. For discussions on North Korea's strategy, see Takio Yamazaki, 'Kitachosen no Kakubuso, Shin no Nerai wa Nanika', *Jiyu*, May 1994, pp. 24–29; James Cotton, 'North Korea's Nuclear Ambitions', in *Asia's International Role in the Post-Cold War Era: Part I*, Adelphi Paper 275 (London: Brassey's for the IISS, 1993), pp. 94–106.

<sup>33</sup> The South Korean government has been criticised by the opposition for over-reliance on US policy, and President Kim Young Sam's visit to Washington in December 1993 was widely interpreted as an attempt to prevent the South from being sidelined in negotiations between the US and North Korea. Nayan Chanda, 'Divided Counsel: US Policy-makers Split Over How to Handle North Korea', *Far Eastern Economic Review*, vol. 156, no. 50, 16 December 1993, p. 16. For a discussion of the type of

problems that North Korea has posed for the US–South Korea security relationship, see Sang Hoon Park, 'North Korea', pp. 85–90.

<sup>34</sup> *Newsweek*, 31 July 1995, pp. 33–36.

<sup>35</sup> Department of Defense, *United States Security Strategy for the East Asia-Pacific Region* (Washington DC: Office of International Security Affairs, 1995), p. 23. These fears of Japanese policy-makers are described in Eugene Brown, 'Japanese Security in the Post-Cold War Era: Threat Perceptions and Strategic Options', *Asian Survey*, vol. 34, no. 5, May 1994, pp. 445–46.

<sup>36</sup> *Nikkei Weekly*, 6 March 1995, p. 4.

<sup>37</sup> In this connection, it is interesting to note that Japan's attitude towards the possibility of North Korea developing nuclear weapons has been different from its attitude towards China's acquisition of nuclear weapons in the 1960s. As John Welfield points out, China's test of its first nuclear device in 1964 aroused little concern in Japan at the time due to the faith in US power and unequivocal security guarantees. John Welfield, *Japan and Nuclear China: Japanese Reactions to China's Nuclear Weapons* (Canberra: Australian National University Press, 1970), pp. 2–35. The contrast with Japan's reaction to a North Korean threat which has not even yet materialised in any definite form is considerable. While Japan does not see an immediate threat from a North Korean bomb, the fact that it is still considered a potential threat reflects declining Japanese confidence in the US commitment to Asia.

<sup>38</sup> *Asahi Shimbun*, 13 March 1993, p. 2.

<sup>39</sup> *Ibid.*, 20 November, 1993, p. 1; *Asahi Shimbun Yukan*, 25 February 1994, p. 1.

<sup>40</sup> *Asahi Shimbun*, 21 March 1994, p. 1.

<sup>41</sup> *Ibid.*, 7 November 1993, p. 1; *Japan Times*, 26 March 1994, p. 1, 5 April

1994, p. 1, and 6 June 1994, p. 1; *Korea Newsreview*, 30 July 1994, p. 4.

<sup>42</sup> *Japan Times*, 12 June 1994, p. 1; *Nikkei Weekly*, 21 November 1994, p. 5.

<sup>43</sup> Japan began efforts to normalise ties with North Korea after Prime Minister Noboru Takeshita's apology in the Japanese Diet on 30 March 1989 to North Korea for war damage and his call for improved relations. Interestingly, Takeshita's apology was made in response to a prepared question by the then obscure Socialist, Tomiichi Murayama. His apology was followed by the dispatch of Makoto Tanabe of the Japan Socialist Party (now SDP) to Pyongyang, carrying a letter from the former LDP President Shin Kanemaru, expressing the desire for improved ties. Then, at the invitation of Kim Il Sung, Kanemaru visited North Korea in September 1990, which resulted in an agreement by North Korea to release two Japanese seamen and the issuing of the Joint Declaration by the North Korean Worker's Party and the LDP calling for talks on normalisation. Despite criticism within the LDP that Kanemaru having made too many concessions to North Korea in this declaration, talks about normalisation between Japan and the North began in January 1991. Progress was blocked by Japan's refusal to meet North Korea's demand that it should pay war and post-war reparations, whereas Japan was only prepared to offer compensation for colonial rule. *Japan Times*, 31 January 1991, p. 1. The normalisation process eventually broke down in November 1992 after eight rounds of talks, following North Korea's continued objection to Japanese demands for IAEA inspections of its nuclear facilities. *Ibid.*, 6 November 1992, p. 1.

The Japanese government and Japanese companies have been reluctant to extend financial assistance to

North Korea since it defaulted several times on loans in the late 1970s and early 1980s, although Japan remains an important market for North Korea, representing 15% of its trade in the early 1980s. Much of this trade is managed by the large North Korean community in Japan. For details on the links between the North Korean and Japanese economies, see Hiroko Kawai, 'North Korean "Open Policies" and Trade with Japan – The Effects and Function of Japan–DPRK Trade', in Masao Okonogi (ed.), *North Korea at the Crossroads* (Tokyo: Japan Institute of International Affairs, 1988), pp. 147–60.

<sup>44</sup> *Japan Times Weekly International Edition*, 23–29 January 1995, p. 5, and 27 March–2 April 1995, p. 3.

<sup>45</sup> *Asahi Shimbun Yukan*, 17 June 1994, p. 2.

<sup>46</sup> *Japan Times*, 21 April 1994, p. 4; *Asahi Shimbun*, 23 March 1994, p. 2.

<sup>47</sup> *Ibid.*, 22 March 1994, p. 2.

<sup>48</sup> *Ibid.*, 6 June 1994, p. 1.

<sup>49</sup> *Japan Times*, 23 March 1994, p. 1.

<sup>50</sup> This secret Japanese government report and its findings are reprinted in Iku Aso, 'Seifu Naibu Bunsho o Nyuushu: Kitachosen wa Ko Ugoku', *Bungeishunju*, July 1994, pp. 198–211.

<sup>51</sup> *Asahi Shimbun*, 20 May 1994, p. 2.

<sup>52</sup> Susumu Awanohara, 'My Shield or Yours?: US and Japan Consider Joint Missile Defence System', *Far Eastern Economic Review*, vol. 156, no. 4, 14 October 1993, p. 22; *Asahi Shimbun*, 16 September 1994, p. 1.

<sup>53</sup> *Japan Times Weekly International Edition*, 10–16 July, 1995, p. 3. For a fuller description of US–Japan cooperation on the TMD project, see Masamitsu Yamashita, Susumu Takai and Shuichiro Iwata, *TMD: Seniki Danto Misairu Boei* (Tokyo: TBS Buritanika, 1994), pp. 201–22.

<sup>54</sup> For an example of this type of argument, see Yoshihisa Komori,



'Chiiki Misairu Boei: Reisengo no Nichibei Anpo Kyouryoku no Kirifuda', *Chuokoron*, July 1993, pp. 102–11.

<sup>55</sup> Ryuichi Imai, 'Nuclear Proliferation in the Post-Cold War World', in *Asia's International Role in the Post-Cold War Era II*, Adelphi Paper 276 (London: Brassey's for the IISS, 1993), p. 39.

<sup>56</sup> Department of Defense, *United States Strategy*, p. 18. For a statement of then US Assistant Secretary of Defense for International Affairs Joseph S. Nye's view on the North Korean threat intended to garner domestic Japanese support for the US–Japan alliance, see an interview in *Yomiuri Shimbun*, 9 November 1995, p. 5. In the interview, Nye is reported as stating that North Korea is the most serious threat at present to North-east Asian security and, as long as the threat exists, that it would be a mistake to reduce US troop numbers in Japan.

<sup>57</sup> *Asahi Shimbun*, 29 November 1995, p. 1.

<sup>58</sup> *Japan Times*, 16 April 1996, pp. 1, 4.

<sup>59</sup> *Asahi Shimbun*, 31 October 1993, p. 2.

<sup>60</sup> US–Japanese cooperation on the production of the FS-X fighter began in the late 1980s; the first prototype appeared in January 1995. The development phase was hampered by arguments over technology-sharing and cost, and these difficulties are also likely to be important in the production phase. *Japan Times Weekly International Edition*, 23–29 January 1995, p. 2. A history of the problems behind the FS-X project is provided by Shinji Otsuki and Masaru Honda, *FS-X Senso: Nichibei Domei o Yurugasu Gijutsu Masatsu* (Tokyo: Ronsosha, 1991).

<sup>61</sup> A further worry for Japanese policy-makers in cooperating with the US in missile defence is China's potential reaction. During Sino-Japanese talks on security in January 1995, in reply

to Japanese demands that China exercise self-restraint in missile and nuclear testing, Chinese representatives questioned why Japan was persisting with the TMD project, which China sees as a challenge to the strategic balance in North-east Asia. *Asahi Shimbun*, 14 January 1995, p. 1. <sup>62</sup> *Nikkei Weekly*, 2 May 1994, p. 2. <sup>63</sup> *Japan Times*, 23 November 1995, pp. 1, 3.

<sup>64</sup> *Asahi Shimbun*, 21 March 1994, p. 1.

<sup>65</sup> LDP politicians, in particular, are believed to have financial links with organised crime groups run by Korean residents in Japan. Shin Kanemaru and his political ally Noburo Takeshita were alleged to have had contacts with the underworld via such figures as Osaka-based Korean businessman Ho Young Chung. Furthermore, after Kanemaru's arrest in 1993 for involvement in the Sagawa Kyubin scandal, there was speculation that the unmarked gold ingots discovered in his office safe had been channelled to him from North Korea. The Economist Intelligence Unit, *Country Report: North Korea* (London: Economist Publications, 1993), no. 3, p. 44.

<sup>66</sup> Asou, 'Seifu Naibusho', p. 205. The attempted assassination in March 1992 of Shin Kanemaru by an 'anti-communist patriot' Hiroshi Watanabe in revenge for Kanemaru's diplomacy towards North Korea is one example of the possible right-wing reaction that might be produced by increased tension with North Korea. See Jin Park, 'Japan–North Korea Rapprochement: Issues and Prospects', *Japan Forum*, vol. 4, no. 2, October 1992, p. 340.

<sup>67</sup> Asou, 'Seifu Naibusho', p. 210 [Author's translation]. The Japanese defence establishment has viewed the large urban-based Korean minority as an internal security threat since the 1960s. South Korea's Central Intelligence Agency (KICA) demonstrated

its ability to operate inside Japan when it abducted the South Korean opposition candidate Kim Dae Jung from Tokyo in 1973. Welfield, *An Empire in Eclipse*, pp. 340, 355. North Korea is alleged to have provided training and financing for the Japanese Red Army (*Sekigun*) in North Korea itself and in Lebanon during the 1970s. It gave sanctuary to four Palestinian and Red Army terrorists involved in the attempted seizure of the French ambassador in the Hague in 1974, and was suspected of being involved in Red Army operations to disrupt the Seoul Olympics in 1988. North Korea has been implicated in the abduction of a number of Japanese citizens in the 1970s and 1980s, and a key North Korean spy, Kenzo Kozumi, was exposed in Japan in 1985. The history of North Korea's links with terrorist activities in Japan since the 1970s is outlined in Joseph S. Bermudez Jr, *Terrorism: The North Korean Connection* (New York: Crane Rusak, 1990), pp. 146–54.

<sup>68</sup> Edward W. Desmond, 'Kim Il Sung's Money Pipeline', *Time Interna-*

*tional*, 4 April 1994, pp. 16–17.

<sup>69</sup> *Peoples' Korea*, 7–14 May 1994, p. 1, and 18 June 1994, p. 1.

<sup>70</sup> *Japan Times Weekly International Edition*, 10–16 April 1995, p. 1.

<sup>71</sup> *Ibid.*, 3–9 July 1995, p. 3.

<sup>72</sup> *Asahi Shimbun*, 18 November 1995, p. 1. In general, the Ministry of Foreign Affairs seems to have taken a more cautious approach to normalisation than the SDP–LDP coalition, frequently warning that North Korea's moves to improve diplomatic relations should not be allowed to prejudice relations with South Korea. *Nikkei Weekly*, 5 June 1995, p. 19.

<sup>73</sup> *Asahi Shimbun*, 4 February 1996, p. 1.

<sup>74</sup> *Yomiuri Shimbun*, 10 February 1996, p. 2.

<sup>75</sup> *Japan Times*, 8 April 1992, p. 12; 30 May 1993, p. 1.

<sup>76</sup> For details on Japan's counter-terrorism measures and the role of the SDF, see Ministry of Foreign Affairs, *Fighting Terrorism, Fact Sheet: Security Issues* (Tokyo: Ministry of Foreign Affairs, June 1995); Boeicho, *Defence White Paper 1995*, pp. 172–73.