



Q&A on Japan's Export Restrictions and Korea's Countermeasures

August, 2019



Government of
the Republic of Korea

Has Korea been complying with the Wassenaar Arrangement?

QUESTION 01

ANSWER

“The Republic of Korea has been faithfully fulfilling the relevant duties required by the Wassenaar Arrangement.”

The Republic of Korea joined the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies in 1996. Since then, the country has faithfully fulfilled the relevant duties required by the Arrangement.

Japan’s export restrictive measures are in violation of the Wassenaar Arrangement Initial Elements: “This Arrangement will not be directed against any state or group of states and will not impede bona fide civil transactions.”

Are Japan’s export restrictions a response to a problem with Korea’s export control system?

QUESTION 02

ANSWER

“Korea’s export control system is so advanced that it has never been criticized by any other participating states of the Wassenaar Arrangement. Therefore, Japan’s export restrictive measures against Korea are inappropriate.”

Korea maintains an advanced export control system, and Japan has offered no concrete reasons for restricting exports to Korea. Thus, Japan’s claim that Korea’s system is insufficient, in comparison to those of other countries, is groundless.

Moreover, no other participating state of the Wassenaar Arrangement has ever found fault with Korea for its management of strategic materials.

In addition, the Peddling Peril Index released on May 23, 2019, by the U.S.-based Institute for Science and International Security ranks Korea 17th in the world, while Japan is in 36th place. The Index is a biennial project that evaluates the effectiveness of national strategic trade controls in 200 countries.

How are the semiconductor and display industries expected to be impacted?

QUESTION 03

ANSWER

“Korea’s semiconductor industry will be able to overcome some negative impacts quickly, but adverse effects that can arise in the process may pose greater problems for global IT and the electronics industry.”

Japanese producers are the dominant global suppliers of the three specialty chemicals which Japan has tightened export controls on. Thus, Korean chipmakers and display manufacturers are expected to be negatively affected.

Japan’s moves have yet to cause any disruption to production, but we need to keep monitoring the situation.

In 2018, Samsung Electronics and SK Hynix held 43.9 percent and 29.5 percent of the global DRAM market, respectively, jointly accounting for 73.4 percent of the total. Samsung and LG Display are also the world’s most reliable suppliers of display panels.

Any setback in Korean semiconductor or display production could result in higher prices and supply delays for IT and electronics makers such as Apple and Dell in the United States.

Is Korea making efforts on its own to overcome the hardships such as diversifying import sources?

QUESTION 04

ANSWER

“Building on close public-private cooperation, Korea is wisely tackling the challenges at hand while expanding the localization of production and implementing the diversification of import sources.”

The Korean Government and businesses have continued to work on countermeasures to Japan’s export curbs, including more localized production and diversified import sources.

Going forward, we will pursue close public-private cooperation to minimize the negative effects. Nevertheless, Japan’s restrictive measures this time are expected to have a negative impact on Korean businesses and the global value chain.

Concerns have been raised that Japan’s moves could set a precedent that would allow governments to impose restrictive and disruptive trade measures against other nations for ulterior motives.

What prompted Japan to remove Korea from its list of countries given preferential trade treatment [hereinafter “whitelist”]?

QUESTION 05

ANSWER

“Japan has never laid out a credible case for removing Korea from its whitelist of trusted trading partners, and Korea has been faithfully implementing catch-all controls pursuant to its Foreign Trade Act.”

Japan’s arguments have kept shifting. Given this situation, a combination of the various factors that Japan has already alluded to are likely at play. It has cited 1) Korea’s insufficient export control system, including catch-all controls on conventional weapons; 2) breach of trust between the two countries; and 3) national security concerns.

Japan has argued that it removed Korea from its whitelist because of loopholes in Korean laws and regulations with regard to catch-all controls on conventional arms trade.

This is far from the truth. Korea has been faithfully implementing catch-all controls pursuant to its Foreign Trade Act.

At the bilateral consultation meeting on July 12, Korean government officials fully explained Korea’s catch-all control system to their Japanese counterparts. Nonetheless, the Japanese side has persisted in its claim that Korea’s catch-call control system is insufficient.

What will be the impact of Korea being removed from Japan’s trade whitelist?

QUESTION 06

ANSWER

“Korea has made measured preparations in anticipation of being removed from Japan’s whitelist and is responding proactively in concert with the domestic industrial sector.”

The removal of Korea from Japan’s whitelist of countries given preferential trading terms in the export of strategic items is feared to have a negative impact on Korean industries across the board, e.g., increased burdens on businesses and compromised stability in the supply chain.

The Korean Government is working out countermeasures with relevant industries by meticulously analyzing the adverse effects item by item. The Government plans to closely monitor demand and supply fluctuations and devise measures to minimize any negative impact on businesses and the industries in question.

Japan argues that there has been neither consultation nor exchange of opinion over the past three years despite its request, is this true?

QUESTION 07

ANSWER

“Korea has continuously shared information with Japan and cooperated with it.”

Japan’s claim that there has been no consultation or exchange of opinion over the past three years is far from the truth.

Korea and Japan have worked together while sharing information on various occasions, including through jointly-hosted seminars and conferences.

Japan seems to be taking issue with the fact that a consultation regarding export controls on strategic materials between the Korean and Japanese export control authorities has not been held. However, both sides had difficulties in adjusting the schedule and only reached an agreement to hold a consultation meeting sometime after March this year.

Since 2008, the aforementioned consultation had been held at an interval of one to three years. In one of the previous cases, the interval between meetings even exceeded three years; however, Japan never took any special issue over the matter.

As the recent lack of consultations was due to scheduling difficulties, Japan sounds unconvincing when it links the absence of consultations with the credibility of Korea’s export control system. It is regrettable that Japan continues to raise this issue.

Korea clearly has in place an institutional framework of catch-all controls regarding conventional weapons when comprehensively considering the fact that it regularly complies with international export control regimes and relevant regulations such as those in the Public Notice on Trade of Strategic Items that it has enacted itself.

Has Japan ever taken issue with any of Korea’s catch-all controls during consultations over export controls for strategic materials prior to imposing these restrictions?

QUESTION 08

ANSWER

“Japan never took issue with Korea’s catch-all controls prior to this.”

Korea’s catch-all control system was adopted in 2003 and set into legal law in 2007 to ensure that any items that have a high likelihood of being used in making weapons of mass destruction – even if not officially contraband goods – must receive permission prior to export. Japan has never pointed out any problem with this system from its inception up until the recent actions. Moreover, it never proposed Korea’s catch-all controls as an agenda item to be discussed at the recent working-level consultation between Korea and Japan.

Why did the Korean Government submit a formal written comment regarding the amendment to Japan's Export Trade Control Order?

QUESTION 09

ANSWER

“The Korean Government submitted the comment regarding Japan amending its Export Trade Control Order [Cabinet Order No. 378 of 1949] to explain the injustice of the measures being taken by the Japanese Government.”

Japan's recent export restrictions directly impact Korean businesses. For this reason, the Korean Government submitted its comment to the Japanese Government in order to defend national interests and actively explain the injustice of Japan's measures.

In Korea, the authority to permit the export of strategic items is distributed among the Ministry of Trade, Industry and Energy; the Defense Acquisition Program Administration; and the Nuclear Safety and Security Commission. Shouldn't it be integrated under one roof?

QUESTION 10

ANSWER

“Permission to export strategic items is being effectively managed under a system suitable to Korean circumstances; Relevant laws and licensing authorities vary depending on the types of controlled items.”

The United States has also adopted a system similar to Korea's: Relevant laws and licensing authorities vary depending on the type of controlled item. This points to the fact that countries around the world operate export control systems that match their own circumstances. In particular, when considering the importance of strategic items, it is more effective to maintain a system that is based on the specifications of the controlled item and the expertise of each licensing authority.

Are Japan's moves congruent with WTO rules?

QUESTION 11

ANSWER

“Japan's export restrictions do not comply with WTO rules, and Korea supports WTO principles that prohibit such export restrictions.”

Article 11 of the General Agreement on Tariffs and Trade stipulates that export restrictions such as those pertaining to export licenses are prohibited in principle.

Even though Article 11 of the Agreement allows security exceptions, these are limited to specific cases. Japan initially cited breach of trust as the basis for its actions, but its arbitrary measures taken on the basis of historical issues cannot be seen as congruent with the stipulated security exceptions.

Will Korea file an official complaint with the WTO?

QUESTION 12

ANSWER

“Korea plans to file a complaint with the WTO as soon as a careful review of the current situation is completed.”

We will file a complaint with the WTO as promptly as possible; the exact timing will depend on various circumstances and schedules.

In WTO disputes, complainants typically proceed with their cases following the minimum period needed for review after the disputed measures had been implemented.

Considering the urgency of the current case between Korea and Japan, the necessary review will be completed as quickly and carefully as possible.

In a dispute over China halting the export of rare earth minerals, implementation was announced in June 2011, and nine months passed before Japan sent a request for consultation in March 2012. After notification of implementation was made in September 2013 regarding a Korea-Japan dispute over import bans on seafood from Japan – testing and certification requirements for radionuclides – Japan waited 20 months to request consultations with Korea in May 2015. For a Russia-Ukraine dispute over measures concerning in-transit traffic, the implementation notification was made in January 2016, and Ukraine took eight months to file a complaint in September 2016.

If Korea files a complaint with the WTO, how long will it take for the body to issue a final verdict?

QUESTION 13

ANSWER

“It usually takes about 15 months for the WTO to issue a final verdict, but the period varies case by case.”

WTO rules call on the panel to issue a final report in around 15 months: The first two months or so are for bilateral consultations and the final 10 to 13 months for panel proceedings. If there is an appeal, it could take an additional three to 12 months. Still, the actual period could be shorter or longer, depending on the case.

Is filing a complaint with the WTO an effective countermeasure?

QUESTION 14

ANSWER

“Filing such a complaint is an effective means to confirm that Japan has violated WTO agreements and to rectify the situation. The complaint is also necessary to prevent a recurrence of similar incidents going forward.”

To file a complaint with the WTO is an effective means to confirm that Japan violated WTO agreements and rectify the situation. While arguing the case before the international trade body, a global consensus against Japan’s unwarranted actions will likely materialize.

Since Japan has repeatedly claimed that its recent measures comply with WTO agreements, a WTO ruling that it has violated agreements is crucial to prevent a recurrence of similar incidents.

What were the arguments that Korea presented at the July 23-24 WTO General Council meeting?

QUESTION 15

ANSWER

“At the WTO General Council Meeting, Korea argued that Japan’s measures to restrict exports disrupt free trade, compromising the WTO multilateral trade order.”

At the General Council meeting, we strongly argued that Japan’s politically motivated arbitrary export restrictions are disrupting free trade and that they will deal a serious blow to the WTO multilateral trade order.

Japan’s measures contradict the emphasis on free and fair trade that it has maintained up until now. Highlighting the fact that its measures negatively affect industrial output worldwide as well, we resolutely demanded their withdrawal.

As relevant officials from both countries were present at the meeting, we proposed a bilateral meeting between the heads of the respective delegations to no avail.

How will Korea work with other countries concerning Japan’s measures to restrict exports?

QUESTION 16

ANSWER

“We are now in the process of explaining the Japanese measures’ possible negative impact on the free trade order at bilateral meetings with the United States and other countries as well as at various multilateral forums, including the WTO.”

Korea’s Ministry of Trade, Industry and Energy (MOTIE), Ministry of Foreign Affairs (MOFA) and other related ministries have been explaining the unwarranted nature of Japan’s measures and its negative impact on world trade in bilateral meetings with the United States and other countries as well as at various multilateral forums, including the WTO.

The MOFA has been focusing on rebutting Japan’s claims by underscoring its violation of international laws while emphasizing the significance of cooperation among Korea, the United States and Japan. In the meantime, the MOTIE has been highlighting the potential harm that Japan’s measures could do to the world economy and how they violate WTO rules.

Besides filing a complaint with the WTO following a review of various circumstances, including the operation of Japan’s export control system, Korea will take other countermeasures, if necessary.

Korea has three clear messages regarding Japan’s measures: They are 1) economic retaliation for Korea’s Supreme Court rulings, 2) harmful to the global supply chain and world trade, and 3) a violation of WTO agreements and basic principles of the Wassenaar Arrangement.

What are Korea's future plans for international cooperation?

QUESTION 17

ANSWER

“As we explained at the Regional Comprehensive Economic Partnership [RCEP] Ministerial Meeting, we will do all that we can to safeguard the free trade order through international cooperation.”

Domestically, we will explore what has to be done to minimize the damage to local businesses. At the same time, we will continue our efforts to engage in talks with Japan in order to resolve the issue as early as possible.

As we did at the August 2-3 RCEP Ministerial Meeting in Beijing, we will continue to work to build up an international consensus on the unwarranted nature of Japan's measures at every available opportunity.

Do you think it is possible to resolve the issue through international cooperation?

QUESTION 18

ANSWER

“We expect that Korea will win global support as Japan's measures violate international norms.”

As Japan's measures go against international norms and could negatively affect many countries through the global supply chain, it is necessary to inform the international community about the injustice and enlist support.

Besides these efforts at international cooperation, we will continue diplomatic endeavors through dialogue with Japan. In order to break away from the reliance on Japan, we will provide active support to diversify import sources, expand production facilities and facilitate localized production.

How has the United States responded during contacts with Korea so far?

QUESTION 19

ANSWER

“The United States clearly understands our position and had proposed that Korea and Japan enter into a standstill agreement.”

On the whole, the United States understands well Korea’s stance and has expressed agreement on the gravity of Japan’s unilateral trade restrictions, including the removal of South Korea from its whitelist.

In the same vein, on July 29, the United States proposed a standstill agreement for a temporary freeze on any additional measures that might aggravate the situation along with joint efforts to reach a diplomatic accord over a given period.

We look forward to the United States continuing to play such a role to resolve the conflicts between Korea and Japan.

Noting how they too have started to experience firsthand the impact of Japan’s measures, U.S. businesses have begun to voice concerns in the hope of preventing further escalation: U.S. business associations, including the SIA, ITI, NAM, SEMI, CompTIA and CTA, jointly signed letters and sent them to the governments of Korea and Japan.

Since Japan’s export licensing restrictions took effect on July 4, what actions has its Government taken?

QUESTION 20

ANSWER

“At the request of Japanese exporters, the Japanese Government is partially approving exports of the items it has restricted.”

Since the Japanese Government took measures to restrict exports on July 4, Japanese exporters have applied for individual licenses for the shipment of their goods to Korea. Japanese manufacturers of hydrogen fluoride and photoresist applied for export licenses on July 4, July 8 and July 9.

Among those applications filed after July 4, Japan’s Ministry of Economy, Trade and Industry [METI] approved only one individual export license on August 8 for photoresist. A second approval for the export of photoresist came on August 20.

How does Korea intend to make its materials and parts industries self-reliant when they are highly dependent on foreign suppliers?

QUESTION 21

ANSWER

“The lack of a close cooperative framework between domestic suppliers and buyers has put a brake on our materials and parts industries achieving a high degree of self-reliance. However, we are going to take this occasion as an opportunity to pursue drastic improvements.”

Lack of a close cooperative model between suppliers and buyers has put limitations on the emergence of specialized enterprises and also caused disconnects in the overall process from design to technology development, demonstrations, mass production tests and actual production. Sufficient timely investments have not been made, which has limited securing key technologies and achieving industrial development. Our competitive edge in the materials, parts and equipment industries, the core of manufacturing, has to be sharpened further without fail.

Although it will take some time, we will make government-wide efforts to lower our country’s excessive dependence on foreign suppliers by securing technological prowess and stable supply chains.

Do you really think that Korea's countermeasures – such as the WTO complaint, the diversification of import sources and localized production for key items – can be effective in the short term?

QUESTION 22

ANSWER

“A WTO complaint, the diversification of import sources and localized production are effective in the short term and also fundamental measures to break away from an overreliance on specific countries.”

The WTO complaint, the diversification of import sources and localized production are effective in the short run and also fundamental measures to reduce an overreliance on a particular country.

Filing a complaint with the WTO is an effective means to confirm Japan’s violations of the WTO agreements in the international arena and rectify them. It can also help prevent the recurrence of similar incidents going forward.

In some cases the respondent (the WTO member to whom the request for consultation is addressed) eventually withdrew measures violating WTO rules on its own immediately after a complaint was filed or during the panel’s review.

Diversifying import sources is an effective means to replace Japanese suppliers and secure stable supply chains. From the end of last year, we have explored ways to diversify import sources together with relevant businesses and immediately procured some alternative supply sources from Europe and the United States by providing support for evaluating the manufacturer’s performance.

For some parts and materials, domestic businesses have production facilities. Administrative procedures, such as permits for new factories, will be processed expeditiously. Localized production will be further increased through cooperation between local suppliers and buyers, and the Government will provide enhanced support concerning taxation, financing and R&D.

What diplomatic measures has Korea taken in response to Japan's decision to remove South Korea from its whitelist?

QUESTION 23

ANSWER

“The Korean Government has expressed its concerns and protested to the Japanese Government through diplomatic channels and has also been making various diplomatic efforts in the international arena.”

Through diplomatic channels, the Korean Government strongly protested and expressed deep concern as Japan's actions in this matter are unjustified retaliation and further aggravate already difficult relations between Korea and Japan. As Japan is responsible for exacerbating the situation, we pointed out that it must take responsibility for the outcome.

To protest the decision, 1st Vice Minister of Foreign Affairs of Korea Cho Sei-young called in Japan's Ambassador to Korea Yasumasa Nagamine at 5 p.m. on August 2.

The Korean Government will continue various diplomatic efforts to raise global awareness about the injustice of Japan removing Korea from its whitelist. Apart from this, we will also continue to try and resolve the issue through dialogue with Japan.

Did a high-ranking U.S. official propose a standstill agreement between Korea and Japan?

QUESTION 24

ANSWER

“A senior U.S. official suggested a standstill agreement between Korea and Japan on July 29, but Japan immediately rejected it.”

On July 29, as part of the attempts to resolve the dispute between Korea and Japan, the United States suggested a standstill agreement that called on the two countries to temporarily freeze additional measures that might aggravate the situation and instead make efforts to reach a diplomatic agreement over a specified period of time.

Reacting positively to the U.S. proposal, Korea made efforts to negotiate with Japan, but regrettably, Japan immediately expressed its stance against the proposal.

Since Japan is responsible for exacerbating the situation by disregarding the efforts of Korea and the international community to resolve the issue diplomatically, we urge Japan to return to the negotiating table.

How did Korea's Supreme Court rule in the cases involving wartime forced labor during the colonial period?

QUESTION 25

ANSWER

“The Supreme Court ruled that the right of victims to claim damages against Japanese companies that benefitted from their forced labor had not been included within the scope of the 1965 Agreement Between Japan and the Republic of Korea Concerning the Settlement of Problems in Regard to Property and Claims and Economic Cooperation [henceforth “the Claims Settlement Agreement of 1965”].

The Supreme Court ruled that the victims of Japan's wartime forced labor have the right to claim damages against Japanese companies as the claims are premised upon unlawful acts against humanity directly related to imperial Japan's illegal colonization of the Korean Peninsula and its war of aggression. The ruling stated that their rights were not among the items covered in the Claims Settlement Agreement of 1965.

The Supreme Court delivered identical rulings in two separate but similar cases against Japan's Mitsubishi Heavy Industries in November 2018. At least twelve other lawsuits are underway in Korea in addition to the three cases mentioned on which decisions were upheld by the Supreme Court.

On the basis of these rulings on imperial Japan's wartime forced labor, court orders for Japanese firms to compensate the victims are being forcibly executed. Some 970-million-won worth of shares held by Nippon Steel Corp. in Korea were seized, and a court trial is underway with regard to the liquidation of the shares. Two trademark rights and six patent rights held by Mitsubishi Heavy Industries were seized. Shares held by Nachi-Fujikoshi Corp. valued at 760 million won were seized, and their liquidation is being sought in a court trial.

What is the Korean Government's stance on the Supreme Court's forced labor rulings?

QUESTION 26

ANSWER

“As a democratic country, Korea upholds the core democratic value of the separation of powers. The Korean Government respects the judicial branch's judgment on forced labor.”

As the final authoritative interpretation on the subject and scope of the Claims Settlement Agreement of 1965, the Supreme Court's rulings in October 2018 found that Japanese companies are liable for reparations.

The Korean Government respects the court's decisions regarding the historical and human rights issue of forced labor. As a democratic country, Korea upholds the essential value of the separation of legislative, executive and judicial branches, and there shall be no exceptions with regard to respecting judicial branch findings.

In 2005, following a public-private joint committee review, the then-government released its stance on published documents from the Korea-Japan talks leading up to the 1965 agreement. How does the current Administration's stance on the Supreme Court rulings in the autumn of 2018 differ from that 2005 statement?

QUESTION 27

ANSWER

“The Supreme Court rulings in 2018 do not run counter to what was announced by the public-private joint committee in 2005.”

In 2005, the public-private joint committee concluded that the Claims Settlement Agreement of 1965 had not sought damages against Japan's colonial rule but rather had sought to settle financial and civil creditor-debtor relations between the two countries on the basis of Article 4 of the 1952 San Francisco Treaty of Peace with Japan.

The Supreme Court of Korea ruled that the victims' right to claim damages arising from Japan's unlawful acts of forced labor against humanity had not been included within the scope of the Claims Settlement Agreement of 1965. The Korean Government respects the rulings, and they do not run counter to what was announced by the public-private joint committee in 2005.

Regarding Japan's argument that these Supreme Court rulings are in violation of the Claims Settlement Agreement of 1965, the rulings did not negate the Agreement. Instead, the Supreme Court interpreted the scope of the Agreement's application and clarified that the right to claim damages against unlawful, inhumane acts of forced labor was not covered by the Agreement. Therefore, we cannot agree with Japan's argument that the Supreme Court rulings violated the Agreement.

The issue of forced labor stems from an unfortunate chapter in the history of relations between the two countries, and it is truly regrettable that the wounds of the Korean victims have yet to be sufficiently remedied. Japan's reluctance to face up to the historical and human rights aspects – the roots of the issue – is tantamount to obscuring the very essence of the matter.

The Ministry of Foreign Affairs of Japan released the records of negotiation leading up to the Claims Settlement Agreement of 1965 and is arguing that the issue of forced labor was resolved with the Agreement. Do you agree?

QUESTION 28

ANSWER

“The records unveiled by Japan had been disclosed previously. The Supreme Court made the final rulings after having already considered the related content.”

The Supreme Court rulings in 2018 clarified that reparations for unlawful acts against humanity committed by Japanese companies, which were directly related to imperial Japan’s illegal colonization of the Korean Peninsula and its war of aggression – were not included in the scope of the Claims Settlement Agreement of 1965. The Korean Government respects the Supreme Court’s decisions.

The records of negotiation unveiled by the Japanese Ministry of Foreign Affairs are not something newly found or brought up but are what had already been disclosed. The Supreme Court made the final rulings after having already considered the related content.

Excerpts from the Supreme Court rulings related to arguments made by the Japanese Ministry of Foreign Affairs are as follows:

During the first Korea-Japan conference in 1952, Korea proposed an outline of a property and claims agreement that consisted of eight articles. Among the eight articles, Article 5 contains a phrase, ‘unpaid amount, compensation and claims reimbursement for other claims for conscripted Koreans.’ In the remaining seven articles, there is no mention of the unlawfulness of Japan’s colonial rule. Thus, the phrase in Article 5 did not seem to be predicated on Japan’s unlawful acts, and it is difficult to say that claims for compensation for forced mobilization is included in the phrase.

In a preliminary meeting before the fifth round of Korea-Japan talks on May 10, 1961, a Korean government official mentioned compensation for mental and physical suffering inflicted on the conscripted workers by the forced mobilization of Korean people. However, the aforementioned remark was not an official opinion of the Republic of Korea or Japan but merely a comment from a participant during the negotiation process. This point had never been consistently argued during the 13-year-long negotiations. In fact, the fifth Korea-Japan conference failed to reach an agreement due to opposition from the Japanese side.

If there is a dispute between Korea and Japan regarding the interpretation and application of the Claims Settlement Agreement of 1965, isn't there a way to resolve the issue through arbitration as Japan demands pursuant to the Agreement?

QUESTION 29

ANSWER

“Under Article 3, Paragraph 2 of the Claims Settlement Agreement of 1965, disputes not settled through consultations - as set forth in Paragraph 1 - shall be resolved through arbitration. However, Japan continues to refuse Korea's request for consultations.”

The Korean Government on June 19 this year proposed a way to resolve the issue concerning the Supreme Court rulings to Japan after carefully weighing both the urgent need to provide effective remedies for the aged victims of forced labor and Japan's call to implement the Claims Settlement Agreement of 1965's dispute settlement procedures.

Korea's proposal calls for securing financial resources from both Korean and Japanese companies on a voluntary basis and using these resources to settle payments to Korean victims of forced labor found eligible for damages in court rulings.

The Korean Government already stated on June 19 this year its willingness to accept diplomatic consultations according to Article 3 Paragraph 1 of the Claims Settlement Agreement of 1965 if Japan agreed.

Without seriously considering the proposal, Japan keeps insisting on a legal settlement while unilaterally pushing for dispute resolution procedures. This is not conducive to fundamentally resolving the issue.

Is there a possibility that Korea may suggest a new way to resolve the forced labor issue?

QUESTION 30

ANSWER

“There is no change in the Korean Government's stance that the two countries should arrange a sensible plan through dialogue that is acceptable to the victims.”

Based on the proposal announced on June 19, Korea is open to dialogue to discuss a sensible plan that is acceptable to the victims and the peoples of the two nations.

What is Korea's stance concerning the suspicions Japan has raised about possible South Korean connections to North Korea as a rationale for its imposition of export restrictions?

QUESTION 31

ANSWER

“Korea has faithfully been implementing the U.N. Security Council Resolution sanctions (UNSCRs). Korea proposed to Japan on July 12 that the two countries request the relevant Panel of Experts at the U.N. Security Council Committee to investigate how both countries have been implementing international export control regimes, but Japan refused.”

The South Korean Government remains committed to thoroughly carrying out the U.N. Security Council Resolution sanctions against the North through a coordinated effort among South Korea, the United States and Japan as well as through cooperation with the international community.

South Korea has actively responded to violations of U.N. sanctions: For the first time in the world, it impounded a vessel suspected of breaching U.N. Security Council Resolutions and indicted those involved in importing North Korean coal that was falsely identified as Russian.

In addition, the South Korean Government has notified the U.N. Security Council Sanctions Committee on North Korea, pursuant to resolution 1718, of relevant information, including any measures taken.

The South Korean Government's stance on Japan raising suspicions about its possible connections to the North as a rationale for the imposition of export restrictions is as follows: It is inappropriate for Japan to raise suspicions over South Korea's implementation of sanction resolutions against the North through the media without first presenting South Korea [a friendly nation] definitive grounds through prior notifications or explanations. We are concerned that such acts could unnecessarily develop a fracture in the two countries' coordinated effort to enforce sanctions against the North.

Most of all, Korea proposed to Japan on July 12 that the two countries request the Panel of Experts at the U.N. Security Council Committee established pursuant to resolution 1718 to investigate both countries' implementation of the international export control regimes, but Japan refused.

There has been a recent decline in people-to-people and regional government exchanges between the two countries. What is Korea's stance on this?

QUESTION 32

ANSWER

“The continuation of people-to-people and regional government exchanges between the two countries is desirable.”

People-to-people and regional government exchanges between the two countries are fundamentally desirable and should continue as they have been the foundation for building forward-looking bilateral relations. To this end, Japan should revoke the unwarranted economic retaliations as soon as possible.

