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Assessing the Dynamics of the Japan–South Korea Economic Conflict (2019–2023)

A Comprehensive Analysis of Trade War Characteristics

Topic and Research Question

Trade wars are shaped by a complex interplay of economic, political, and strategic motivations (Todo 2020). The significance of the trade conflict between Japan and South Korea, that lasted from 2019 to 2023, lies in the fact that both states are institutionally similar and democratically aligned. Moreover, as will be shown later, the conflict had implications for international institutions such as the World Trade Organisation (WTO).

Unfortunately, the topic gained less academic attention compared to a similar case of the trade war between the US and China. Hence, the aim of this thesis is to fill that gap by offering not only an in-depth examination of the Japan-South Korea trade conflict itself, but also bringing consistency in current frameworks in the field of trade wars. Moreover, this study recognises that trade conflicts are not always black and white and they require a nuanced approach.

Considering the facts stated above, the key research question of the thesis is:

Can the economic conflict between Japan and South Korea in the years 2019–2023 be characterised as a trade war?

State of the Art

The term “trade war” is a debated concept. One can regularly see it in the news headlines or academic works, but the definition is rarely provided. Furthermore, some scholars do not draw the line between a trade war and a trade dispute, which leads to confusion of these terms. The works by Hur (2018) and Bekkers et al. (2019) helped this research to identify and contextualise the core differences between the two concepts.

A **trade dispute** is a narrow, issue-specific clash, usually limited to one policy or a few products, with restrained retaliation that’s typically handled and resolved through WTO procedures (Anderson 2002, Bown 2005, Ito et al. 2020). A **trade war** is a sustained, multi-sector confrontation with reciprocal escalation using a mix of tariffs and/or non-tariff measures (e.g., export controls, licensing, standards), complicates the supply chain dependencies, and often alongside attempts to sidestep or stalemate normal dispute-settlement processes (Conybeare 1985, Bekkers et al. 2019, Crowley 2019).

Trade-war scholarship undermines the aspect of international cooperation and a rules-based system;

institutions like the WTO’s dispute-settlement process help resolve disagreements and deter escalation (Grossman and Helpman 1995, Bown 2019). Yet rising protectionism and newer forms of conflict increasingly test the effectiveness of these institutions.

Methodology and Approach

The framework is informed by strategic trade policy, game-theoretic escalation models, and institutionalist theories of WTO dispute settlement and security exceptions. The analytical framework operationalises five dimensions: **Scope of Retaliation, Policy Instruments Used, Retaliatory Measures, Duration, and Legal Violations**, with explicit thresholds and a severity scale for non-tariff measures. Evidence is built through process tracing of policy documents by countries’ respective ministries, WTO filings (DS590), official trade statistics, and reputable industry reports, triangulated across sources.

Methods include coding each measure along the five dimensions, sequencing actions on a dated timeline, and classifying outcomes against pre-set criteria. To enhance validity, aggregate trade figures were not relied upon; specific policy measures were analysed, and robustness was assessed against external shocks (e.g., COVID-19, semiconductor cycle). The result is a transparent, replicable classification that can be applied to other conflicts.

Main Facts

The empirical analysis centres on Japan’s July 2019 move to impose case-by-case export licensing on **fluorinated polyimide, hydrogen fluoride, and photoresists** used in Korea’s semiconductor and advanced-manufacturing industries. The licensing regime replaced general permits with individual screening, introducing delays and uncertainty for shipments of these inputs. In response, South Korea downgraded Japan in its export-control preferred-partner lists, signalling reduced trust in bilateral facilitation. South Korean authorities also introduced customs and procurement frictions that raised administrative costs for Japanese suppliers. Seoul simultaneously initiated WTO dispute-settlement proceedings as DS590 to challenge the measures.

The sectoral reach extended beyond semiconductor production to high-tech chemicals, optics, and related equipment linkages. Beyond formal channels, informal consumer boycotts affected selected Japanese goods

and services in the Korean market. Security cooperation was briefly drawn into the conflict through signalling around General Security of Military Information Agreement (GSOMIA) between the US, Japan, and South Korea, highlighting the breadth of the fallout. During the whole period, the WTO process did not yield a substantive ruling due to Tokyo’s implied reliance on General Agreement on Tariffs and Trade (GATT) Article XXI referred as National Security Exception. The core licensing structure served as the dominant instrument shaping firm behaviour until March 2023.

Results

The economic conflict between Japan and South Korea can definitively be characterised as a trade war, satisfying all five dimensions of the analytical framework.

Key findings show the conflict involved retaliation across multiple industries, extending beyond initially targeted high-tech components to affect electronics, chemicals, consumer goods, and defence cooperation, amplified by civilian boycotts and informal trade restrictions. Both nations primarily relied on Non-Tariff Measures (NTBs). Japan introduced individual export licensing and South Korea – bureaucratic and classification-based measures, which escalated beyond initial restrictions to intertwine national security and historical grievances, leading to a temporary loss of trust. The core trade restrictions persisted for nearly four years, becoming structurally embedded as WTO mechanisms were strategically bypassed by Japan’s refusal to formally engage in legal proceedings.

This case highlights a concerning weakening of institutional authority within global trade governance, as strategic disengagement can effectively halt conflict resolution without explicit legal breaches.

Future research could develop more dynamic escalation models, test the framework across a broader range of case studies to refine analytical dimensions, and investigate the long-term institutional and economic consequences of such legal ambiguities and informal retaliations.

Dimension	Criterion	Threshold met?
Scope of Retaliation	Multi-sectoral impact	Yes
	Political and diplomatic entrenchment	Yes

Policy Instruments Used	Use of trade-restrictive measures (NTBs, export controls)	Yes
	Disproportionate or asymmetric retaliation	Partially
Retaliatory Measures	Reciprocal retaliation	Yes
	Escalation beyond initial trigger	Yes
Duration of Conflict	Persistence beyond 12–18 months	Yes
	Institutional resolution failure	Yes
Norm and Legal Violations	Legal ambiguity / avoidance (e.g., Article XXI without invocation)	Yes
	Procedural or substantive WTO violations	Yes

References

All references can be found in the full version of the MA thesis available at:
<https://theses.univie.ac.at/detail/76692/>

About the Author

Margarita Lichtinger holds a BA in Linguistics from Moscow State Linguistic University. Starting her journey from having passion to East Asian languages, she gained interest in geopolitics of the region thanks to EcoS. After the graduation she will apply the obtained skills in the area of international business while always staying curious and asking questions to things happening in the world politics.

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