

22. Various U.S. Administrations, and Congress, have over the years taken issue with the relatively small budgets the Japanese have devoted to defence. Congressional critics have also linked trade issues with defence. While both governments have sought to keep trade and security apart, the 1987 Toshiba-COCOM scandal, the FSX imbroglio, and the ongoing Structural Impediments Initiatives (SII) talks suggest that the two areas are no longer separable. The continued rise in Japanese defence budgets and increased Japanese financial contributions to support American forces deployed in Japan have been welcomed by Washington, and both countries continue to work quietly (and closely) to increase joint efforts to enhance Japanese and regional security.
23. Various media, 1-3 March 1991; there have been no official statements from any of the three concerned foreign ministries. The Japanese Foreign Ministry has politely dismissed this initiative as something that had been reported by the "western" press but that not been discussed with Japan. There has been no diplomatic follow-up by Bonn.
24. For a detailed treatment of regional security concerns see: Stewart Henderson "Canada and Asia Pacific Security", EAITC Policy Planning Staff Paper 92/3, January 1992.
25. It is not lost on the Bush Administration, Congress - or the Japanese - that the United States has to borrow from Japan in order to ensure American security, a situation which is untenable in the long run. The Japan-United States security relationship, while indispensable to both, will become more complex in the face of increased bilateral trade friction and a growing (if grudging) realization that Russia no longer poses a credible threat to the stability of Asia Pacific.
26. The recent announcement by President Bush of a G-7 \$US 24 billion aid package to the CIS, to which Japan is a party, might reduce somewhat Japan's economic leverage on Russia for the return of the Northern Territories. It is interesting to note that, currently, the MFA which, by tradition, is the ministry more sensitive to international considerations is the government body that espouses a hard line on economic assistance to Russia in the hope of satisfying domestic pressure for the return of the Northern Territories, while the conservative Ministry of Finance would like to adopt a more flexible attitude in order not to break rank with the G-7 and to contribute to global economic stability.