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JAPAN AND RUSSIA:

THE NORTHERN TERRITORIES BORDER DISPUTE

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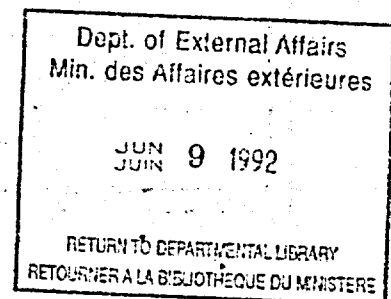
THE RUSSO-JAPANESE BORDER DISPUTE:
THE NORTHERN TERRITORIES

Summary:

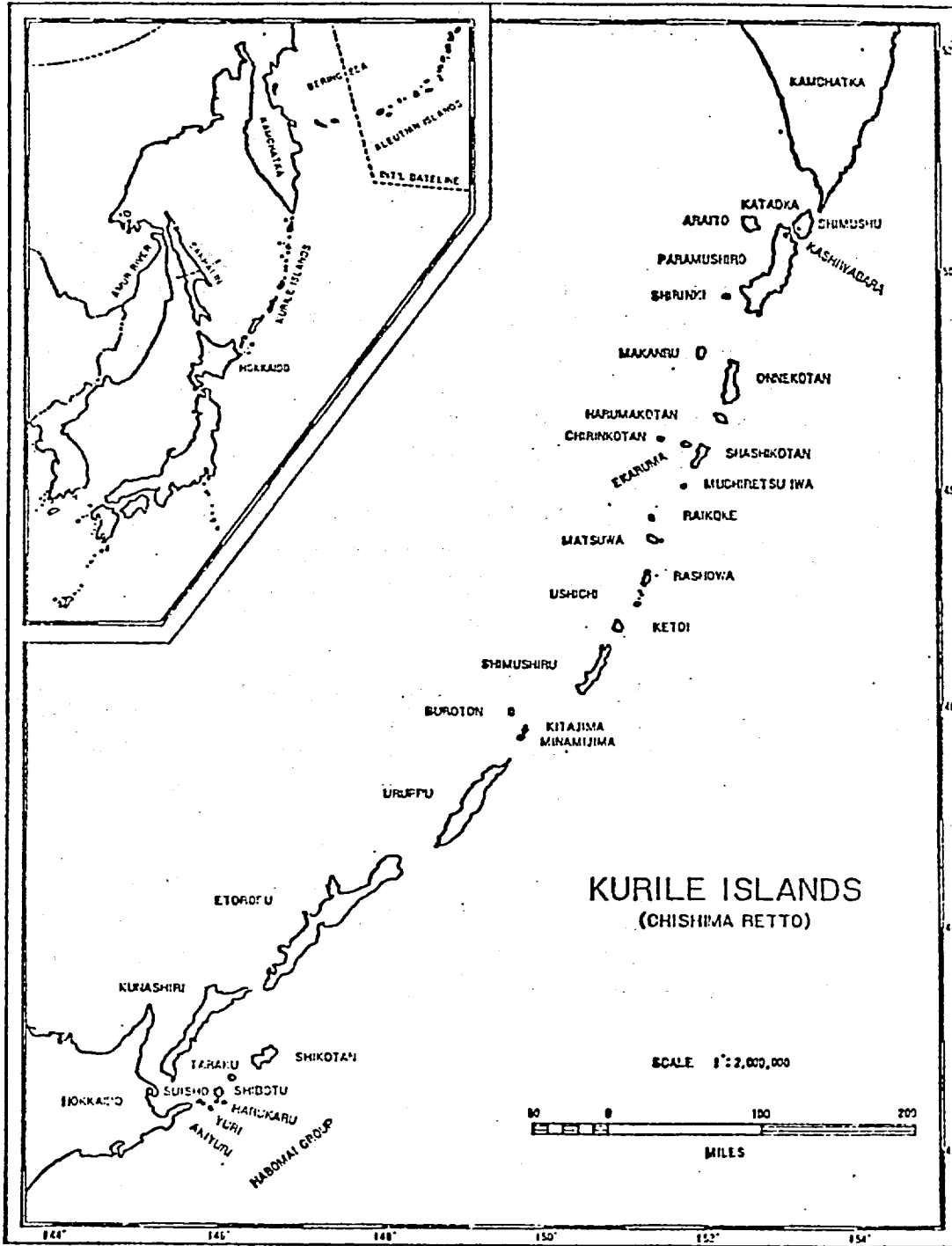
The dispute between Japan and Russia regarding sovereignty over what Russians describe as the Southern Kuriles and the Japanese refer to as the Northern Territories has been a persistent irritant in bilateral relations since 1945. The conflicting claims are a result of Allied dispositions of Japanese possessions by the Yalta and Potsdam Declarations, and by the provisions of the San Francisco peace treaty which deprived Japan of its sovereignty over the Kurile Islands, without legally assigning title to another state and without defining which islands belonged to the Kurile chain.¹ Over the years, Japan and the Soviet Union (and now Russia) have held intermittent talks involving a variety of legal and historical claims to the disputed islands. While these talks have been unsuccessful, Japan now enjoys virtually unanimous (if unofficial) Western acceptance of its policy of insisting on return of the four islands of the Northern Territories before concluding a peace treaty with Russia.

Despite the recent introduction of Germany as "mediator" (reported widely by the European media but not commented on by either the Russian or Japanese Foreign Ministries), it is difficult to see when or how this issue will be resolved, especially as it serves as a useful tool for the Japanese in their policy of maintaining an aloof relationship with Russia.

Japan continues to highlight Russian force deployments in the Far East as a major source of concern. A resolution of the Northern Territories issue would have immense implications for Japanese defence planners and, as it would remove for Japan one important underpinning of the continuing validity of Japan-USA security cooperation, for Asia Pacific regional stability.



KURILE ISLANDS



Occupation or Annexation?

Soviet forces occupied the Northern Territories in 1945, following Stalin's commitment to Roosevelt and Churchill at Yalta in February 1945 to enter the war against Japan within two or three months of Germany's surrender. Since the Yalta agreement included an "understanding" among the three great powers that Moscow would, *inter alia*, regain the Kuriles as a reward for helping to defeat Japan, the Soviets wasted little time in landing forces on the islands even though occupation could not be completed until after Japan's surrender.²

It is not known why the western Allies agreed to the transfer of the Kuriles, though some observers have suggested that President Roosevelt, who was under the impression that Japan had taken all of the Kuriles by force from Russia in the 1904-5 Russo-Japanese War,³ failed to take into account a State Department memorandum recommending that Japan be allowed to retain the islands.⁴ This understanding was subsequently reflected in the terms of the peace treaty which Japan concluded with the United States and other Allies at San Francisco in 1951. The Treaty reads, in part:

"Japan renounces all right, title and claim to the Kurile Islands and to that portion of Sakhalin and the islands adjacent to it over which Japan acquired sovereignty as a consequence of the Treaty of Portsmouth of September 5, 1905".⁵

The leader of the Japanese delegation to the San Francisco peace conference, Prime Minister Shigeru Yoshida, sought to protect Japanese territorial integrity by arguing that Czarist Russia had not opposed to Japan's 1875 acquisition of Etorofu and Kunashiri, and that Shikotan and the Habomais group had been administratively part of Hokkaido Prefecture, and had never been treated by Tokyo as having belonged to the Kuriles proper.

Yoshida received little support in his efforts and, under considerable pressure to bring the conference to a conclusion, agreed to the text cited above. The Soviet's were equally dissatisfied with the lack of definition as to which territories were to be included and that, while the treaty indicated that Japan would cede territories, it did not specify which country was to receive them. This was a major factor in Moscow's subsequent refusal to sign the peace treaty.⁶

The San Francisco treaty stipulated that only signatories could be beneficiaries which, in Japan's view, negated any Soviet (now Russian) claim to the Northern Territories. Other early arguments cited by Japan were:

- the Soviet Union had acted "illegally" in declaring war on Japan and occupying Japanese territory, since the 1941 Soviet-Japan Neutrality Pact could not be abrogated before April 1946;
- the Soviet Union had, in 1942 as a member of the United Nations, subscribed to the Atlantic Charter thereby committing itself not to seek aggrandizement of its territory as a result of the war;
- the Cairo Declaration of November 27, 1943 (in which Allied intentions regarding the disposition of Japanese territories following the termination of hostilities were outlined) enumerated various areas such as Manchuria, Formosa, the Pescadores and Korea which would be removed from Japanese control, but did not mention the Northern Territories per se;
- the residual clause of the Cairo Declaration stated that "Japan will be expelled from all other territories which she has taken by violence and greed"; as the Northern Territories did not fall into that category, they presumably were intended to remain under Japanese sovereignty;⁷
- the Yalta agreement had no legal status as it was a "secret understanding" among three leaders rather than their governments, with Japan under no obligation to abide by its terms as it neither agreed with the terms nor knew about them when they were drawn up.⁸

These early arguments, of varying conviction, were effectively rebuffed by the Soviets and were unsuccessful in garnering international support, and Tokyo soon shifted its argument from the Yalta agreement to concentrate on the legality of the terms of the San Francisco peace treaty.

By the mid-1950s, the Japanese focus was on the question of whether Etorofu, Kunashiri, Shikotan and the Habomais group should in fact have been considered as belonging to the Kuriles. Both Tokyo and Moscow resurrected historical claims in support of their positions. The Japanese argued that none of the disputed islands were part of the Kuriles as defined in the 1821 Edict of Czar Alexander I, and both sides argued that the wording of the Shimoda Treaty of 1855 and the St. Petersburg Treaty of 1875 lent support to their claims. Under the former, the boundary between the two countries was established between the islands of Etorofu and Uruppu. The further clarification that

"L'Ouroup ainsi que les autres îles Kouriles situées au nord de cette île appartiennent à la Russie",

however, was ambiguous as to whether Etorofu and the other islands to the south were also considered to be part of the Kuriles. Nor did the St. Petersburg Treaty, under which the

18 remaining islands from Uruppu to Shumushu were transferred to Japan in exchange for the relinquishing of Japanese interests in Sakhalin, provide a definitive answer, although the wording in this case appeared to favour the Japanese interpretation.⁹

Throughout the presentation of claims and counter-claims Soviet forces remained firmly established in the Northern Territories; in response the Japanese re-directed their approach to determine whether Moscow could be enticed to return any of the islands and to identify the first opportunity to broach the issue. This presented itself in June, 1955 when the two governments opened formal talks on the conclusion of a peace treaty and the establishment of diplomatic relations. After more than nine months of negotiations, however, the talks stalled on the question of the disposition of the Northern Territories with the Soviets insisting that the issue had already been settled. To reinforce this position, and in an action presaging later events when territorial and fisheries questions were implicitly linked, the Soviets announced (on the day following the extension of the talks) the establishment of a unilateral fishery control over a large area of the high seas in the Sea of Okhotsk to the east of the Kamchatka Peninsula.

Because of the serious adverse effects expected on Japanese fisheries operations, Tokyo dispatched the Minister of Agriculture and Fisheries to Moscow for more intensive negotiations. A fishery agreement was subsequently concluded in May 1956, but with the stipulation that its implementation would be subject to the conclusion of a peace treaty following resumption of diplomatic relations. Since it was clear to both sides that the Northern Territories dispute would continue to pose an insurmountable obstacle, it was agreed to proceed with the normalization of relations as quickly as possible. On 19 October 1956, a joint declaration was signed terminating the state of war and restoring diplomatic relations, but was understood by both Tokyo and Moscow as not constituting a formal peace treaty.

The Japanese did, however, make some progress on the issue, in that paragraph nine of the joint declaration stated:

"The Union of Soviet Socialist Republics and Japan agree to continue, after the restoration of normal diplomatic relations between (them), negotiations for the conclusion of a peace treaty. In this connection, the Union of Soviet Socialist Republics, desiring to meet the wishes of Japan and taking into consideration the interests of the Japanese state, agree to transfer to Japan the Habomais islands and the island of Shikotan. The actual transfer of these islands to Japan to take place after the conclusion of the peace treaty."

This undertaking was short-lived. The renewal of the Japan-U.S. Security Treaty in 1961 led Moscow to qualify its commitment by stating that the Habomais group and Shikotan could be transferred only after all foreign troops were withdrawn from Japan and a peace treaty signed between Japan and the Soviet Union. In response, the Japanese could

only argue that Moscow's assertion had no status as a unilateral amendment to a joint declaration was not binding on either party.¹⁰ In spite of this disclaimer, many attempts were made subsequently by Tokyo to interpret the Soviet statement as leaving open at least some possibility that Moscow might be prepared to negotiate the return of the disputed islands.

In May 1969, in an effort to develop a more coordinated approach to the issue, the Diet established the "Association on the Northern Territories Problem"¹¹ to conduct research and disseminate information and to provide assistance to former holders of fishing rights in disputed waters. By naming members of all political parties to the Association's governing body, or Council, the government was able to reach a loose consensus of how to proceed.¹²

The dispute assumed a much higher profile when, in 1970, Moscow declared a 200 mile fishing zone based on the inclusion of the Northern Territories.¹³ With Tokyo under pressure to reach an early agreement on fishing quotas in order to salvage at least part of the seasonal catch, the Soviets argued for wording in the proposed agreement which would have constituted Japanese acknowledgement of Soviet claims. After prolonged negotiation, the two sides settled on wording which stipulated that none of the provisions of the agreement would be construed in such a way as to prejudice the positions or views of either government on various problems concerning bilateral relations.

During the October 1973 talks between Brezhnev and Prime Minister Tanaka, the Japanese side sought agreement that bilateral issues to be discussed included the territorial issue; Japanese official and media reports indicated Brezhnev's response was a short and terse "Da". In fact, prospects for settlement continued to be elusive for the remainder of Brezhnev's term, with Japan becoming more resolute in insisting that the Northern Territories be returned in toto and the Soviet Union ceasing any pretence of being prepared to transfer them in the absence of any convincing incentives.

Strategic Concerns:

For Japanese defence planners, Russia now poses the principal potential military threat to Japan and to East Asia.¹⁴ The Japan Defence Agency (JDA) estimates that the Russian Federation/CIS¹⁵ maintains one fourth to one third of its strategic missiles, one sixth of its ground troops, one quarter of its aircraft, and over one quarter of its naval forces in the Far East. In addition, Backfire bombers capable of carrying nuclear-armed air launched cruise missiles (ALCMS) have been deployed in the region. The JDA views Japan's strategic position, denying the Russian Pacific Fleet free access to the open ocean, and astride air and sea lanes which link eastern Russia with north and east Asia, as providing a geographic basis for a possible Russo-Japanese military confrontation.¹⁶

The strong negative public perception of the old Soviet Union by the Japanese and, in the current global resource supply situation, the lack of interest by the business community in Siberian development leave only a small (if growing) domestic Japanese constituency pressing for improved bilateral relations. Gorbachev's early arms reductions initiatives enjoyed relatively little credibility in the face of massive Soviet conventional and nuclear forces deployed near Japan,¹⁷ including the deployment of conventional forces to the Northern Territories.¹⁸ At the core of this hostility lay the seemingly insolvable problem of the Northern Territories.

Japanese and Soviet initiatives in the late 1980s to resolve the territorial issue were designed to convince Japanese domestic opinion that progress was possible. Such exercises benefitted both the Soviets - who continued to court Japanese investment and economic assistance, and the LDP governments of Prime Ministers Takeshita, Uno, and Kaifu - which had staked their reputation on the eventual reversion of the islands to Japan.¹⁹

The boundary dispute was, however, directly related to the USA-USSR strategic balance of power, over which the Japanese had very little influence (and which still effects how Moscow, Washington and Tokyo approach the issue). The Northern Territories provided the Soviet Union with naval and air facilities necessary for defending Soviet ballistic missile submarine (SSBN) bastions in the Sea of Okhotsk and the Sea of Japan.

While the size and number of Russian/CIS forces in Asia Pacific have stabilized - and in some areas have been reduced - in the last four to five years, the experience during the Brezhnev years had been one of inexorable quantitative and qualitative expansion. The JDA has suggested that there is, as yet, no convincing evidence that Russian military doctrine and defence planning in Asia Pacific differs from that of the old Soviet Union. Soviet military doctrine considered Asia Pacific to be a major potential area of conflict, and defence plans called for force deployments designed to defend the USSR and to allow the concentration of forces in other regions for offensive purposes. Secondary military objectives included:

- protecting strategic strike capabilities (specifically SSBNs);
- conducting strategic and theatre-nuclear strikes;
- neutralizing Japan and South Korea to prevent them from supporting American forces;
- controlling ocean areas contiguous to the USSR,;
- interdicting American naval forces;
- containing China;

- controlling key straits in the region;
- attacking allied sea lines of communication (SLOCS).

These missions highlight the strategic importance of the Northern Territories and the Kuriles, control of which would have facilitated the movement of naval forces between the Sea of Okhotsk and the Sea of Japan, including the resupply of Petropavlovsk.

In the event of hostilities, control of the straits adjacent to Japan would have been seriously contested. Soviet planners realized that American and Japanese naval units would have been capable of causing substantive damage to Soviet vessels in confined waters, and Soviet attack submarines and strike bombers would have attacked allied naval and air forces, specifically U.S. carrier battle groups, before they could reach within striking range of the USSR or contribute to the air battle over the Northern Territories, the Kuriles, and Hokkaido.

To penetrate U.S. fleet air defenses, and to neutralize Japanese forces, the Soviets would have had to conduct mass coordinated attacks with long-range, land-based, air-to-surface missile (ASM)-capable bombers and with sea launched cruise missiles (SLCMs). Long-range land-based interceptor aircraft would have been deployed to protect Soviet bases from attack. In response, American and Japanese forces would have had to gain air superiority over the Northern Territories, the Kuriles, the eastern Sea of Japan, and the southern Sea of Okhotsk, and to destroy Soviet bombers before they reached their cruise missile launch points (approximately 320 km from target).

It is hardly surprising that the Japanese had been unable to enter into serious negotiations on reversion with the Soviets; the question could not be addressed successfully without the agreement and active participation of the United States.

To these strategic and military realities must be added the burden of history and the past litany of Soviet sabre rattling tactics whose objective was to intimidate the Japanese, to the point where they would question the value of maintaining a security relationship with the United States, but whose real effect was to provide a convincing argument for increased Japanese defence spending and to keep the Soviet Union in top ranking of those countries most mistrusted by the Japanese public.²⁰

From the Soviet perspective, the Japanese security posture of the late 1980s was cause for concern, including a series of increases in Japanese defence spending, American naval and air bases in Japan and the suspected presence of nuclear weapons at these facilities; the growing Japanese focus on the capabilities of the "offensive" Air (ASDF) and Maritime (MSDF) Self Defence Forces rather than the "defensive" Ground (GSDF) Self Defence Force; and the extension of zones patrolled by the ASDF and MSDF to 1,000 nautical miles offshore in cooperation with American forces.²¹

The disintegration of the Soviet Union robbed Japan of much of the *raison d'être* of its defence policy. Yet Japan continues to be of central importance to Washington's Asia Pacific strategy which stresses forward deployment (at reduced levels) and the requirement for secure bases, especially in the absence of stability in the Korean Peninsula and the uncertain situation in China, the growing influence of India, and the question of finding effective substitutes for American naval and air bases in the Philippines.

A review of the Japan-United States security relationship illustrates that, even in periods of tension arising from the trade and economic dimensions of the bilateral relationship, Japan had never considered an alternative to the American security umbrella. From the early 1980s until the establishment of the Commonwealth of Independent States, there had been little divergence between Japanese and American assessments of the nature of the threat to Japanese and regional security.²²

But there is no longer a Soviet Union, and there are some Japanese policy makers who are of the opinion that there is now no direct military threat to Japan. Russian/CIS SSBN bastions are viewed by these officials as defensive measures subject to future strategic arms limitations negotiations. If so, the main rationale for Japan's alliance with the United States has disappeared as unexpectedly and as thoroughly as the old Soviet threat, and the resulting policy vacuum will be destabilizing to the entire Asia Pacific region. To counter this, the Japanese government, through the LDP, the JDA and the Foreign Ministry has expressed itself highly sceptical of Yeltsin, and has argued that the formal end of the Soviet Union does not change the geopolitical fact that Russia remains the main potential antagonist for the United States, Europe, and Japan. Japanese strategic thinking will continue to be based on the absolute necessity of maintaining strong defence links with the United States.

Difficult Choices:

The recent self-appointment of German Foreign Minister Genscher as mediator in the Northern Territories dispute²³ has complicated matters for the Japanese (and presumably for the United States as well). Genscher's motives are not difficult to understand: Japan has defended its reluctance to contribute generously to Russian reconstruction as a protest over the lack of progress on the Northern Territories issue. For Genscher, resolution of this problem (and the eventual signing of a Russo-Japanese peace treaty) would lead to large scale Japanese financial assistance to Russia and ease the burden now borne disproportionately by Germany (and would enhance Genscher's own political standing in Germany). But a resolution of the territorial issue, coupled with an admission by Tokyo that Russia no longer poses a strategic threat to Asia Pacific, would lead to opposition party demands for a reduction of defence spending and would call into question the continued need for a formal security relationship with the United States.

The abrogation of the Japan-USA security agreement would open up a Pandora's Box of bilateral and multilateral problems. Japan-bashers in the United States and those in Asia Pacific who fear Japan would be united in their criticism, although for different reasons.²⁴

Virtually all Asia Pacific governments have vivid memories of Japanese militarism, and many regional actors' determination to retain a stabilizing American military presence is designed as much to keep a lid on Tokyo's suspected military aspirations as to guard against Russian encroachment. These suspicions have made much more difficult Japan's attempts to satisfy American requests for greater burden-sharing and those international critics who demanded that Japan assume a greater and more activist political role in world affairs. Increases in the Japanese defence budget (necessary to provide increased host nation support to American forces stationed in Japan) have been criticized by China, Korea and others. Debates in Tokyo over Japanese participation in United Nations sanctioned peacekeeping operations have been viewed suspiciously and commented on disparagingly by many in Asia Pacific.

It is unlikely that Japan will drastically alter its security policy in the near to mid-term. Japanese strategic thinking will continue to be based on the absolute necessity of maintaining strong defence links with the United States.²⁵ The continuation of a formal bilateral security arrangement, which brings with it a "lifeline" of support in an increasingly unfriendly U.S. Congress, and a measure of stability to Asia Pacific (Japan contained) will continue to be more valuable to Japan than the political survival of Yeltsin's Russia or an enhanced relationship with Germany.²⁶ With Yeltsin's hold on power seemingly as precarious as that of Gorbachev when he failed to bring a solution to the Northern Territories dispute during his visit to Tokyo in 1991, it is uncertain whether a decisive move on the issue (if only Russia's acknowledgement of Japanese sovereignty with dates for reversion to be settled later) will take place during Yeltsin's planned September visit to Japan. After all these years, the saga of the Northern Territories might not yet have reached its last chapter.

END NOTES

1. This paper uses the term "Northern Territories" to describe the islands of Etorofu, Kunashiri, Shikotan, and the Habomais group, which form the southernmost part of an archipelago stretching from the northwest coast of Hokkaido to the southern tip of the Kamchatka peninsula. Usage of this term does not denote acceptance of Japanese sovereignty, but follows current Western diplomatic practice.
2. The Soviets declared war three months after the cessation of hostilities in Europe, when the atomic bomb had already devastated Hiroshima and, some historians have argued, there was little left for Moscow to do except to collect its territorial reward.
3. Department of External Affairs correspondence reviewed by the author.
4. Roosevelt's lack of background on the territories issue, combined with an understandable preoccupation with the more pressing issue of getting Moscow into the Pacific war, led him to agree to Stalin's demands within five minutes (more, some observers have noted, that it objectively deserved).
5. Article 2, paragraph c.
6. For a detailed history of Russo-Japanese activities and claims see: John J. Stephan, The Kuril Islands, Clarendon Press, Oxford, 1974, and Gerald Segal, "Normalizing Soviet-Japanese Relations", RIIA Special Paper, 1991.
7. Though the Soviet Union was not a formal signatory to the Cairo Declaration, it did ascribe to the Potsdam Declaration of July 26, 1945 which provided that the articles of the Cairo Declaration were to be fulfilled.
8. While the early focus of Japan's arguments was on the Yalta Agreement, Tokyo did not raise the fact that various other provisions of Yalta had not been implemented. Specifically, since those arrangements which provided for the U.S.S.R. to regain some of its former pre-eminence in Manchuria (including restoration of the Russian lease of the naval base at Port Arthur) had been ignored, Tokyo could well have argued that there was no reason why the "understanding" on the Kuriles should have been honoured.
9. "Sa Majesté l'Empereur de toutes les Russies, pour Elle et Ses héritiers cède à Sa Majesté l'Empereur du Japon le groupe des îles dites Kouriles qu'Elle possède actuellement, avec tous les droits de souveraineté découlant de cette possession, en sorte que désormais le dit groupe des Kouriles appartiendra à l'Empire du Japon. Ce groupe comprend les dix-huit îles ci-dessous nommées 1) Choumchou (Shumushu),...18) Ouroup (Uruppu)."
10. On 27 December 1991, to the surprise of many observers, Russian Foreign Minister Kozyrev publicly accepted as valid for Russia the 1956 Declaration. (Reported on Russian television news programmes on 29 December 1991.)
11. Established under Public Law No. 34 of 1969.
12. Party positions at time of enactment:

The ruling Liberal Democratic Party (LDP) called for the return of Etorofu, Shikotan, Kunashiri and the Habomais group as they were not part of the Kuriles and were not surrendered under the San Francisco peace treaty, and for the disposition of the Kurile Islands proper (Uruppu to Shumushu) to be determined by a conference of the countries concerned.

The Japanese Communist Party (JCP), which had supported Moscow's claim for more than 20 years, reversed its position in 1969 and became one of the most vocal proponents of reversion.

The Japan Socialist Party (JSP - since renamed the Social Democratic Party) called for the eventual return of all islands between Hokkaido and Kamchatka.

(The JCP and JSP insisted that an abrogation of the Japan-USA security treaty be a condition of reversion.)

The Buddhist-affiliated Clean Government Party (Komeito) argued for the return of the Northern Territories, but with the added proposal that all islands from Uruppu north become a United Nations Trust territory under Japanese administration.

A common feature of the positions taken by the various parties was that little or no attention was paid to the status of Sakhalin. (Japanese authority over the island was acknowledged by the 1855 Treaty of Shimoda but was relinquished by Tokyo in 1875 in exchange for sovereignty over the remaining Kuriles. Japan was awarded title to southern Sakhalin by the Treaty of Portsmouth in 1905, and occupied the northern half between 1918 and 1925 in support of its Siberian intervention.)

13. A similar issue occurred in February, 1992 when Russia and South Korea announced a bilateral agreement allowing South Korea to operate in what Japan claims is disputed waters. The Japanese have lodged formal complaints in Moscow and Seoul.
14. Much of this material in this section appeared in: Stewart Henderson, "Japanese National Security Policy: Changing Perceptions and Responses", EAITC Policy Planning Staff Paper 92/1, January, 1992.
15. For the purposes of this paper, Russia is deemed the successor state to the Soviet Union.
16. Prior to the dissolution of the USSR, Soviet ground forces in the Far East numbered about 390,000 (500,000 if troops deployed along the Sino-Russian border were included) and had undergone continuous qualitative improvements in tanks, armoured infantry fighting vehicles, surface-to-surface missiles, assault helicopters and multi-rocket launchers. Over 2,300 of the Soviet Union's 8,840 combat aircraft (strategic and tactical bombers, interceptors, and patrol aircraft) were deployed in the Far East. The Pacific fleet, with 908 ships including 95 principal surface combatants and 140 submarines, was the largest in the Soviet Navy and is now the principle fleet of Russian Federation/CIS forces.
17. From 1986 until mid-1991, Soviet regional security proposals were at best challenged and at worst dismissed by Western and most Asian governments, among the most resistant being the Japanese. The long-expected visit to Japan by Gorbachev in April 1991 did not produce the anticipated breakthrough in bilateral relations that might have led to Japanese agreement - at least in principle - on the need for regional security discussions. Neither Gorbachev nor Kaifu had the domestic political backing necessary to overcome the institutional and political obstacles blocking a peace treaty. Gorbachev's new security proposals (the establishment of a five nation - USSR, USA, China, India and Japan - forum to discuss broad Asia Pacific issues; and USSR-USA-Japan trilateral discussions on regional security) were described by the Japanese as "premature".

18. In early 1990, Soviet ground strength in the Northern Territories was estimated at one division (15,000 troops) armed with tanks, amphibious personnel carriers, helicopters (redeployed from Afghanistan), and long range artillery (130mm cannon). In addition, 40 MiG-23 Flogger fighters were deployed in Etorofu. The disclosure by Tokyo of these deployments helped to keep the issue of reversion in the public mind.
19. With the reversion of Okinawa in 1970, the Northern Territories is the last significant territorial issue left unresolved from World War Two (a peace treaty would be the last political issue, although the disintegration of the Soviet Union will have unpredictable effects on negotiations).
20. In conversations with the author, Japanese officials often referred to the Soviet declaration of war and the subsequent lengthy imprisonment of over 500,000 Japanese prisoners of war to explain the historical animosity the Japanese felt toward the Soviet Union. More recent events, such as the September 1983 destruction of Korean Air Lines flight 007 (which claimed 28 Japanese among the 269 victims), numerous espionage episodes and recurrent violations of Japanese territorial waters and airspace, reinforced official and public scepticism of Soviet intentions.

It would be wrong to suggest, however, that there has been no progress on Russo-Japanese border relations. During Foreign Minister Nakayama's October 1991 visit to Moscow, he and Russian Foreign Minister Pankin signed documents on exchanging notes on reciprocal group visits, without the necessity of visas, by Soviet citizens living in the Northern Territories and Japanese citizens. The waiving of visa requirements for individual visitors is currently being examined.

The authoritative Nihon Keizai Shimbun reported on 14 October, 1991 on a series of Japanese incentives for reversion. The newspaper, citing unidentified officials accompanying Foreign Minister Nakayama, suggested that Tokyo would be willing to offer Japanese citizenship or permanent resident status to Soviet residents of the Northern Territories. According to the story, reprinted by TASS, Soviet residents would be entitled to remain on the islands after reversion. Those who wished to return to the USSR would be compensated by Japan for the value of their property and relocation costs. The report went on to suggest that the Japanese approach to Soviet military personnel would be based on the "German model" and envisaged financial compensation of Yen 1.7 million (C\$15,000) per serviceman.

While the status of these proposals are open to question, they do represent a new approach by Tokyo which in the past had failed to take into account the sentiments of Soviet residents on the question of reversion. At the time of the Nakayama-Pankin talks, the Sakhalin Oblast Soviet Executive Committee held a press conference denouncing the idea of reversion and called instead for the creation of a "free economic zone on the territory of the southern Kuriles and the island of Hokkaido" (reported by Moscow Radio Rosii Network on 15 October, 1991). Russian President Yeltsin, in a news report carried by Interfax, 17 October 1991, indicated his displeasure with the statement by RSFSR Deputy Foreign Minister Georgiy Kunadze that reversion of the Northern Territories to Japan was "inevitable".

The Russian campaign to retain the Northern Territories is being organized by Valentin Fedorov, head of the Sakhalin administrative region.

21. The Russian memory is also long, and recalls the Japanese attack on Port Arthur in 1905 and the humiliating defeats leading to the USA-influenced Treaty of Portsmouth the Japanese incursion in Siberia and northern Sakhalin in 1919, the occupation and annexation of Manchuria and perceived threats to Mongolia and Siberia during the Japanese war with China.

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.

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