

CRS Report for Congress

Emerging Trends in the Security Architecture in Asia: Bilateral and Multilateral Ties Among the United States, Japan, Australia, and India

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Summary

Some analysts have questioned whether U.S. security interests in the Asia Pacific region are best served by its existing framework of bilateral alliances. The region is now facing an array of changes: deepening trade links, the formation of new regional institutions, and increased attention to the threat of Islamic terrorism. Against this backdrop, China's rise represents the key driver in the evolving security landscape in Asia. China is now attracting regional states with its economic power and is offering competing vision to the U.S.-centric "hub and spoke" system of alliances. In essence, China's increasing economic, diplomatic, and military strength is compelling countries to rethink existing security arrangements and take initial steps that may lead to the formation of regional groupings of nations with common interests and values. At the same time, the Bush Administration has pursued stronger defense relations with Australia, Japan, and India.

Bilateral defense ties have also developed between Canberra, Tokyo, and New Delhi, with varying degrees of engagement. Fledgling initiatives for trilateral efforts among the nations have emerged; some defense planners see these efforts as building on existing security cooperation to further U.S. goals in the region by combining forces among partners and allies. As trilateral initiatives have taken shape, some officials have begun promoting a quadrilateral grouping, which would tie together the United States, Japan, Australia, and India. Although no formal quadrilateral groupings exist, the *Malabar 07* military exercises among the four countries in September 2007 provided an opportunity to test naval cooperation. Some observers caution that moving forward too fast with such a grouping could trigger a negative response from China.

Pursuit of multilateral security arrangements holds a number of potential challenges and opportunities for the United States. Of the four leaders who championed the trilateral and quadrilateral groupings, two left office in 2007 and two face significant political challenges. Japan's constitutional restraints on military involvement may limit the scope of its cooperation, and both Australia and India have some degree of reluctance to fully engage in any forum that might alienate Beijing. Increasing capabilities among like-minded nations could enhance stability and provide a platform for responding to natural disasters and humanitarian emergencies in the region, or to potential aggression by other countries, but it also risks threatening China, potentially spurring dangerous countermeasures. Finally, there is the risk that other Asian allies, such as South Korea, Thailand, and the Philippines, could feel excluded from multilateral initiatives among the United States, Japan, Australia, and/or India. This report may not be updated.

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Introduction

Is the U.S. strategic architecture in Asia well-suited to adjust to the evolving correlates of power in Asia? The region is now facing an array of changes: deepening trade links, the formation of new regional institutions, and increased attention to the threat of Islamic terrorism. Some analysts have questioned whether U.S. security interests are best served by the existing framework of bilateral alliances, while others believe the basic architecture is sound and may only require some relatively minor changes and/or additions to meet emerging challenges. Calls for a revision of America's security architecture in Asia may be a reaction to the development of new regional groups that exclude the United States. The goals of America's strategic architecture in Asia have traditionally included preventing the dominance of Asia by any single power or coalition of powers; maintaining a system of alliances to facilitate the projection of American power when needed; and securing sea lanes of communication to facilitate American commercial access and the free flow of trade in the region.¹ American power can also be used to promote American values such as democratic governments or provision of humanitarian and disaster assistance.

China's Rise

China's rise represents the key driver in the changing security landscape in Asia. China is now attracting regional states with its economic power and is offering a competing vision to the U.S.-centric "hub and spoke" system of alliances that was largely established in the post-World War II period. China's alternative is largely being constructed around trade relationships and diplomatic initiatives manifest in the East Asia Summit, the Association of Southeast Asian Nations (ASEAN) + 3 forum, various Chinese bilateral free trade initiatives, and China's "charm offensive."² Some also interpret China's more active involvement in the Shanghai

¹ Gerald Curtis, "The U.S. in East Asia: Not Architecture, But Action," *Global Asia*, Fall 2007. See also CRS Report RL33821, *U.S. Strategic and Defense Relations in the Asia Pacific Region*, by Bruce Vaughn.

² The East Asia Summit, begun in 2005, is a pan-Asian forum that includes Brunei, Burma, (continued...)

Cooperation Organization (SCO), which conducted substantial military exercises in 2007, as China's attempt to develop an alternative security group to America's security partnerships in the region.³ China's announced defense spending rose by 17.8% to approximately \$45 billion 2007, following a 14.7% increase in 2006. Some analysts estimate real Chinese defense expenditure to be up to three times this amount.⁴ In many ways, the emerging regional security groupings evoke heartland-rimland geopolitical debates along the lines drawn by Sir Halford Mackinder and Alfred Thayer Mahan a century ago.⁵ While such geopolitical writers' theories have conceptual value, there is a danger that such paradigms can lead to needless confrontation. Though the rise of new great powers on the world stage historically has been destabilizing, if not a source of open conflict, many believe that China's rise (or resurgence) can be accommodated in a way that preserves U.S. interests and values in the region.

In essence, China's increasing economic, diplomatic, and military strength is compelling countries to rethink existing security arrangements and take initial steps that may lead to the formation of regional groupings of nations with common interests and values. The impetus behind these initiatives stems from three sources. First, economic forces of trade and investment in Asia have largely been generated by private business interests in an increasingly globalized world. National governments have widened the paths already established by trade and investment flows by concluding free-trade and other regional economic agreements. Second, diplomatic initiatives to increase political cooperation among states are generated by national governments seeking to protect their national interests and achieve national goals. The resulting regional organizations have provided a venue for face-to-face meetings and dialogue, but harmonizing political interests among Asian nations has been considerably more complicated than reducing trade and investment barriers through free-trade agreements. Third, security and military cooperation stems primarily from national perceptions of security threats — both current and future. Much of this military cooperation can be conducted “under the radar” using the guise of military exercises to test interoperability and communications.

² (...continued)

Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam, China, South Korea, Japan, Australia, New Zealand, and India. ASEAN + 3 includes ASEAN (Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam) and China, South Korea, and Japan. For a more detailed and comprehensive discussion of these, see CRS Report RL33653, *East Asia Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, by Dick Nanto.

³ The Shanghai Cooperation Organization is an intergovernmental mutual-security organization founded in 2001 that includes China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.

⁴ Mary-Anne Toy, “China's Defence Budget Set to Unnerve West,” *The Age*, March 5, 2007.

⁵ Sir Halford Mackinder, “The Geographical Pivot of History,” Royal Geographical Society, 1904 and Captain Alfred Thayer Mahan, *The Influence of Seapower Upon History: 1660-1783* (Boston: Little, Brown and Company, 1890).

There are signs that regional states anticipate a fading of American influence in the region relative to the rise of China.⁶ This is partially driven by negative opinions of U.S. foreign policy. Despite recent American initiatives, some analysts believe that Asia is turning away from the United States and that, while the U.S. retains great influence in the region, this will not last given current trends.⁷ A fundamental restructuring of American foreign policy priorities and mechanisms may, in the view of some, be necessary in order for America's poor public perception in the region to be changed.

Other Geopolitical Challenges. Beyond rising competition between the United States and China, other key geopolitical developments or potential conflict scenarios in Asia include rivalry between China and Japan, renewed tensions between India and China, the North Korea nuclear program, increasing competition for energy resources, resurgent Islamist challenges to Western interests and to moderate Muslim governments, renewed Russian focus on its security interests in Asia, instability and unrest in Burma and Thailand, and security challenges resulting from climate change. In addition, existing challenges remain, such as ongoing tension between India and Pakistan, and potential for military conflict on the Korean Peninsula or in the Taiwan Strait. An assessment of U.S. security interests in Asia must consider such challenges and shifts in the correlates of power in Asia.⁸

U.S. Response. The United States has begun to respond to these shifts and challenges in several ways. The United States has sought to reinvigorate its bilateral alliances and security ties with regional states such as Australia, Japan, and Singapore; launched an ASEAN-U.S. Enhanced Partnership Agreement; reopened military-to-military ties with Indonesia; and raised the profile of the Trilateral Security Dialogue with Japan and Australia. It also has embarked on a major initiative to develop a strategic security relationship with India. Currently, the Pentagon seems to be out in front of the rest of the U.S. government in fostering actual multi-national security cooperation among the major democratic states of Asia.

In early 2007, Vice President Dick Cheney proposed the idea that India join the trilateral group to make a quadrilateral group of like-minded democratic states.⁹ In May 2007, representatives from the United States, India, Japan, and Australia reportedly met on the margins of the ASEAN Regional Forum meeting in the first exploratory meeting to discuss quadrilateral ties.¹⁰ Beijing is thought to be suspicious of such developments and fears that they are aimed at the containment of China.

⁶ W. Minick, "China Rising: East Asia Braces as American Influence Fades," *Defense News*, March 19, 2007.

⁷ Charles Morrison and Peter A. Petri, "Renewing the Pacific Partnership," *East West Wire*, November 8, 2007.

⁸ William Tow, "America's Asia-Pacific Strategy is Out of Kilter," *Current History*, September 2007.

⁹ William Tow, "America's Asia-Pacific Strategy is Out of Kilter," *Current History*, September 2007.

¹⁰ C. Raja Mohan, "East Asian Security: India's Rising Profile," *RSIS Commentaries*, July 30, 2007.

China issued formal diplomatic protests to Australia, Japan, and India out of concern that they were forming a security alliance with the United States against China.¹¹

The U.S. force structure is shifting to adapt to regional developments in the Asia Pacific. U.S. forces have been shifted to Guam as plans have moved forward to reposition and reduce the U.S. military posture in Japan and in South Korea.¹² The U.S. military buildup on Guam can serve to maintain U.S. military deterrence and warfighting capabilities for a number of potential conflict scenarios in the Asia-Pacific region.

Congressional Role. Currently, the congressional role is primarily in oversight and monitoring of developments in Asia and in ensuring that U.S. interests are protected as the new Asian security architecture evolves. The policy questions revolve mainly around intensity (how much effort and budget to devote to Asia compared with that going to other regions of the world) and inclusiveness (which countries to include). The intensity question seems particularly pertinent now since much of Asia perceives that U.S. attention is overly focused on Iraq and terrorism while China is quietly using its economic muscle and diplomatic charm to draw Asian nations more into its sphere of influence. The inclusiveness issue also seems pertinent given the historical U.S. reliance on the “hub and spoke” system of military alliances, the fear by China of “encirclement,” and the widely held precept that more democratic nations are less likely to pose a security threat to the United States.

Other relevant congressional involvement includes the passage of a bill in 2006 that calls for the appointment of an overall U.S. ambassador to ASEAN, as well as the need for Senate ratification of the U.S.-Australia Treaty on Defense Trade Cooperation.

Democratic Values. The Bush Administration has consistently advocated that U.S. interests are best served by partnering with nations that share democratic values. In September 2007, President Bush proposed the creation of a new Asia Pacific Democracy Partnership to “provide a venue in which free nations will work together to support democratic values, strengthen democratic institutions, and assist those who are working to build and sustain free societies across the Asia Pacific region.”¹³ Some critics of the policy argue that “values-based diplomacy” may be simply a code word for excluding China and that it may feed Beijing’s fear of Washington’s strategic encirclement.¹⁴ Few in the region would support a development that would threaten regional economic prosperity that is to a large extent dependent on rapidly expanding trade with China.

¹¹ Brendon Nelson, “China Warns Canberra on Security Pact,” *The Age*, June 15, 2007.

¹² See CRS Report RS22570, *Guam: U.S. Defense Deployments*, by Shirley A. Kan and Larry A. Nicksch.

¹³ The White House, Office of the Press Secretary, “U.S. Commitment to Strengthen Forces of Freedom, Prosperity in Region,” September 7, 2007.

¹⁴ Alan Dupont, “Not the Time to Deal Out Beijing,” *The Australian*, March 26, 2007.

Bilateral Defense Relationships

China's rise has had a clear impact on existing and nascent defense relationships in the Asia-Pacific region. This section provides a brief assessment of the state of bilateral relationships among the United States, Australia, Japan, and India. Some defense ties are well-established and multi-layered, while others are embryonic. Each section examines the history of ties, current political climate, rationales for engagement, and challenges to cooperation.

U.S.-Australia¹⁵

The United States-Australia strategic and defense relationship under the rubric of the Australia-New Zealand-United States (ANZUS) alliance remains extremely close.¹⁶ Australian access to intelligence and American arms is a key aspect of the bilateral relationship. A long-standing treaty ally, Australia has fought alongside the United States in most of America's wars and established a Free Trade Agreement with the United States in 2005. In September 2007, the nations signed the Australia-United States Treaty on Defense Trade Cooperation, which would ease restrictions associated with the International Trade in Arms Regulations (ITAR) by creating a comprehensive framework within which most defense trade can be carried out without prior government approval.¹⁷ Only the United Kingdom has signed a similar agreement with the United States. Despite these ties, the relationship faces diplomatic recalibration. Prime Minister John Howard, a staunch supporter of Bush Administration policies, was defeated in parliamentary elections in November 2007. His replacement, Kevin Rudd of the Labor Party, while recognizing the constructive role that the United States plays in underpinning security in the Asia Pacific as well as the centrality of the ANZUS alliance to Australian security interests, has distanced himself from aspects of U.S. policy.

Australia looks to prudently position itself in evolving Asian power dynamics.¹⁸ Rudd, a former diplomat to China who is fluent in Mandarin, is likely to avoid policies that could be interpreted by the Chinese as being part of a containment strategy. Although there is a range of debate on the correct path that Australia should take on regional security developments in Asia, it appears that Australia will not pursue security linkages that could jeopardize its economic relationship with China. Some in Australia seek to define a position for Australia more equidistant between the United States and China to resist being drawn into a club of Asian states based on democratic values that hints of attempting to contain Beijing. Australia's key defense policy document, *Defence Update 2007*, discusses the importance of Australia's strategic relationship not only with the United States but also with Japan,

¹⁵ For background information, see CRS Report RL33010, *Australia: Background and U.S. Relations*, by Bruce Vaughn.

¹⁶ The New Zealand leg of what was originally a trilateral alliance has been suspended since the mid-1980s.

¹⁷ For more information, see CRS Report RS22772, *The U.S.-Australia Treaty on Defense Trade Cooperation*, by Bruce Vaughn.

¹⁸ Robert Ayson, "Rudd and Asia's Security," *PacNet Newsletter*. November 28, 2007.

Indonesia, and India. Australia's 47% increase in defense spending since Howard assumed office in 1996 also reflects growing uncertainty in Australia with the evolving strategic environment in Asia.¹⁹ This uncertainty was a driver in Australia's pursuit of a security agreement with Japan.

While Canberra is eager to maintain lucrative trade ties with Beijing, it is concerned over China's military build-up. Former Prime Minister Howard stated "the pace and scope of its (China's) military modernization, particularly the development of new and disruptive capabilities such as the anti-satellite missile, could create misunderstandings and instability in the region."²⁰ The 2007 *Defence Update* also states that the China-U.S. relationship "must be managed carefully."²¹ On the other hand, at times Canberra appears anxious not to antagonize Beijing: in 2004, former Australian Foreign Minister Alexander Downer commented that the ANZUS treaty did not necessarily bind Australia to enter a conflict over Taiwan.²²

United States-Japan²³

For the United States, its alliance with Japan provides a platform for U.S. military readiness in Asia. About 53,000 U.S. troops are stationed in Japan and have the exclusive use of 89 facilities throughout the archipelago. Okinawa, hosting 37 of the facilities, is the major U.S. forward logistics base in the Asia-Pacific region. Since roughly 2001, Japan has developed a more muscular foreign policy and forward defense posture, including bolstering its military alliance with the United States. High-level U.S.-Japan bilateral statements have declared an expanded commitment to security cooperation by establishing common strategic objectives, outlining major command changes, and calling for greater interoperability between the two militaries. Japan's contributions to operations in Afghanistan and Iraq reinforced the notion of the alliance as one of the central partnerships of U.S. foreign policy in Asia.

Led by former Prime Ministers Junichiro Koizumi and Shinzo Abe, Japan has moved to re-tool its pacifist post-World War II stance. In December 2006, Japan's Defense Agency was formally upgraded to a ministry for the first time since World War II, and the ruling party has approved a referendum process to amend the constitution, including the war-renouncing Article 9. Although Article 9 states that "land, sea, and air forces, as well as other war potential, will never be maintained,"

¹⁹ The Hon. Dr. Brendan Nelson MP, Minister for Defence, "Defence Update 2007 - Protecting Our People, Interests and Values," July 5, 2007.

²⁰ "China Causing Uncertainty and Unease?" *Singapore Institute of International Affairs*, July 10, 2007. This text was also echoed in the Defence Update 2007.

²¹ Department of Defence, The Australian Government, *Australia's National Security: A Defence Update 2007*.

²² "Australian Govt Under Fire For Minister's Taiwan Comments," *OsterDowJones Commodity Wire*, August 20, 2004.

²³ See CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, by Emma Chanlett-Avery, Mark E. Manyin, and William H. Cooper and CRS Report RL33740, *The Changing U.S.-Japan Alliance: Implications for U.S. Interests*, by Emma Chanlett-Avery.

the Japanese Self-Defense Forces (SDF) are in practice a well-funded and well-equipped military. U.S. officials have consistently voiced support for Japanese steps to “normalize” its defense posture.

As part of its effort to improve its own capability, as well as work more closely with U.S. forces, Japan has created a new joint staff office that puts all the ground, maritime, and air self-defense forces under a single command. A bilateral coordination center at Yokota Air Base will focus on missile defense cooperation, while a new SDF “Central Readiness Force Command” will be established at Camp Zama to create a joint operations facility with the U.S. Army command. The co-located headquarters, due to be completed by 2012, are anticipated to facilitate both greater U.S.-Japan cooperation as well as overall SDF “jointness.” SDF participation in U.S.-led military operations has led to substantial interaction and cooperation with U.S. forces, from logistics training in Kuwait before dispatching to Iraq to working together on disaster relief operations following the December 2004 tsunami in the Indian Ocean. Bilateral interoperability was also tested in June-July 2006 as North Korea was preparing to test-launch a missile; ballistic missile defense coordination was carried out under real threat circumstances.

Recent events and political uncertainty in Japan may have slowed some of the increased cooperation in the U.S.-Japan alliance. Although ties remain strong fundamentally, the Bush Administration shift on North Korean nuclear negotiations, the July 2007 House resolution criticizing the Japanese government for past “comfort women” policies, and the apparent decision not to consider exporting the F-22 to Japan may have undermined to some degree Japanese confidence in the robustness of the alliance. Koizumi and Abe’s platform of enhancing Japan’s role in global affairs had been encouraged by U.S. officials who saw Japan’s strategic interests aligning with their own. While Abe’s successor Fukuda remains committed to the alliance relationship, he is considered to be more cautious in terms of adjusting Japan’s security stance. Further, implementation of U.S. force realignment agreements depends on Tokyo providing the necessary resources and political capital. Because the realignment and transformation initiatives involve elements that are unpopular in the localities affected, successful implementation depends on leadership from the central government. If Fukuda’s party continues to struggle to re-establish itself, details of the hard-fought agreements designed to sustain the alliance politically may falter.

United States-India²⁴

The Bush Administration has pursued a strategic partnership with India since 2004, leading to a fundamental reorientation of the bilateral relationship. Many have viewed India and the United States as natural partners given that they are the world’s two most populous democracies. Efforts by Washington and New Delhi, and bipartisan congressional support for U.S.-India civilian nuclear legislation, has made

²⁴ For detailed information see CRS Report RL33529, *India-U.S. Relations*, by K. Alan Kronstadt and CRS Report RL33072, *U.S.-India Bilateral Arrangements and “Global Partnership,”* by K. Alan Kronstadt.

U.S.-India relations arguably “closer than ever before.”²⁵ In July of 2005, President Bush and Prime Minister Manmohan Singh issued a joint statement to establish a “global partnership.” Congress then endorsed the United States and India Nuclear Cooperation Promotion Act of 2006 (P.L. 109-401). The United States and India also signed a new Defense Framework Agreement in 2005.

U.S. policymakers appear now to perceive India as a key geopolitical actor in Asia rather than viewing the country through the lens of nuclear non proliferation. During the Cold War, India was more closely aligned with the Soviet Union despite being a democracy. In the post-Cold War period, India and the United States remained distant as a result of continuing U.S. emphasis on non proliferation and on Pakistan. At the same time, the prevailing Indian philosophy continued to view the world to a large extent through the prism of the Non-Aligned Movement, which India helped to create. The rise of China, energy issues, radical Islam, and a de-linking of the U.S.-Pakistan relationship from the U.S.-India relationship all have contributed to a perception of India as a desirable strategic partner in Asia.

China plays a prominent, though nuanced, role in the recent U.S.-India strategic convergence. An older generation of Indian security officials still resent China for the 1962 Sino-Indian border war, while a new generation is more amenable to India-China cooperation. India has potential areas of concern with China, such as competition for energy resources and unresolved border disputes, yet India is resistant to playing a subordinate role in any U.S. strategy to contain China. Some in India reportedly are concerned over rising competition with China and what some see as a potential strategic encirclement of India through China’s relationships with countries such as Pakistan and Burma.²⁶ India’s efforts to extend the strategic reach of its navy and attain broader blue water capabilities, including outside the Indian Ocean, may be motivated by China as well as protection of surrounding sea lanes.²⁷ The development of India’s longer range missile capabilities also reflects concerns with China. U.S. interest in India may have led to increased Chinese interest in developing ties with India. Over the past four years, India-China trade has quadrupled to more than \$20 billion per year.²⁸

While the U.S.-India civil nuclear agreement has, at least for the present, been derailed by Prime Minister Manmohan Singh’s left wing allies in parliament, sufficient momentum in the bilateral relationship appears to have been created to keep the goal of developing closer ties between New Delhi and Washington on track. Others fears that the collapse of the civilian nuclear deal could severely hamper the expansion of bilateral relations. The challenge for the next Administration will,

²⁵ President George W. Bush as quoted in “Bush Hails Partnership with India,” *BBC News*, March 3, 2006.

²⁶ Brhama Chellaney, “Forestalling Strategic Conflict in Asia,” *Far Eastern Economic Review*, November 2006.

²⁷ Gupreet Singh Khurana, “Interpreting India’s Naval Strategy,” *The Straits Times*, July 16, 2007.

²⁸ Lisa Curtis, *The Triangular Dynamic in Asia: The U.S., India, and China*, *Heritage Lectures*, April 26, 2007.

according to some, be to build on the achievements of both the Clinton and Bush Administrations. This can be done by adding “ballast” to the relationship through expanded trade and defense ties including an announced goal of doubling bilateral trade in three years, a move toward greater defense technology sharing, strengthened U.S.-India military cooperation and possible co-production of weapons systems, and expanded counterterrorism cooperation.²⁹ India’s standing in American strategic calculations also may rise should Pakistan devolve into further political unrest.

Japan-Australia

Fortified by a vibrant trade relationship, Tokyo and Canberra recently moved to upgrade defense ties. The impetus from both capitals to establish security cooperation may be a combination of fears of China’s military modernization and a drive to further expand the capabilities of the Japanese military by working with another stalwart U.S. ally. In addition to annual bilateral trade of about \$60 billion, Japan and Australia began negotiations for a free trade agreement (FTA) in April 2007. Cultural and educational exchanges are also extensive.

In March 2007, the countries concluded a security agreement, the first formal defense relationship for Japan outside of the U.S.-Japan alliance. Prime Ministers Howard and Abe released a statement affirming a “strategic partnership” based on shared democratic values and common security interests in the Asia-Pacific and beyond. Specific areas of cooperation outlined included counterterrorism, peace operations, disaster response, international law enforcement, and counter-proliferation of weapons of mass destruction. The agreement stems from some successful cooperation in the past, most notably the protection of the Japanese Self-Defense Forces by Australian troops during their reconstruction mission in Samawah, Iraq. Analysts have labeled the arrangement as somewhere between a formalized alliance and a more project-based “coalition of the willing.”³⁰

Australia, like the United States, has an interest in encouraging Japan to “normalize” its defense posture and contribute more actively to regional stability. The defense establishment in Australia generally views Japanese willingness to shed its self-imposed restraints as a positive development. In the past, Japan had been more cautious in considering any security arrangements with Australia, despite encouragement from Canberra.³¹ Many defense planners in Australia consider Japan to be a crucial component of the U.S. commitment to security in East Asia; strengthening the third leg of the trilateral security arrangement is seen as likely to have benefits for the U.S.-Australia alliance as well.³² Relaxation of the Japanese

²⁹ Karl Inderfurth and Bruce Riedel, “A Rare, Stable Partnership,” *The Baltimore Sun*, November 18, 2007.

³⁰ Yoshinobu Yamamoto, “Strengthening Security Cooperation with Australia: A New Security Means for Japan,” *Policy Forum Online 07-083A*. November 1st, 2007.

³¹ Aurelia George Mulgan, “New Directions in Australia-Japan Relations,” University of New South Wales, Australian Defence Force Academy, June 2007.

³² “Australia-Japan Relations: New Directions,” *Strategic Insights*, Australia Strategic (continued...)

ban on collective self-defense, which would allow Japan to participate in regional contingencies, would likely also be welcomed by Australian defense planners. On the other hand, some voices in Canberra stress the need for Australia to develop itself as an Asian power, independent from the U.S. position. From this vantage, Japan-Australia security cooperation could point to a new order no longer based entirely on a hub and spoke system with Washington at the center.³³

Tokyo and Canberra share a wariness of Beijing's increasing military and political strength, a factor driving their cooperative initiatives. Despite a recent warming of relations, however, Sino-Japanese rivalry is far stronger and historically rooted than any tension in the Australia-China relationship. Australia has consistently emphasized the importance of the economic relationship with China and avoided offending Beijing, including not taking sides on any Asian historical issues. Drawing closer to Tokyo may risk Australia's ability to play the role of honest broker in Asian power relations.

Japan-India

Japan and India's bilateral relationship is relatively undeveloped, but both capitals have signaled an intention to significantly upgrade their economic and strategic ties. Japan and India have found common ground in their quests to gain permanent membership on the United Nations Security Council, joining with Brazil and Germany in a formal campaign in 2004. Although overall bilateral trade remains very modest (under \$7 billion in 2006), India has been the largest recipient of Japanese foreign assistance for the past four years, displacing China. Japanese foreign direct investment (FDI) in India has soared as Japanese companies look to hedge their risks after investing heavily in China for the past several years.³⁴ The most ambitious project is a \$90 billion Delhi-Mumbai industrial corridor, for which Japan is expected to provide billions in loans and private investments.

Reciprocal visits between Prime Ministers Singh and Abe in December 2006 and August 2007 advanced the fledgling partnership. In addition to a series of economic cooperation agreements, including a feasibility study for an FTA, the leaders looked to enhance the military-to-military relationship. All three SDF chiefs visited India in 2006-2007, and Indian vessels visited Yokosuka Naval Base outside of Tokyo. Other defense initiatives include sea-lane security cooperation, military exchanges, and regular meetings of both navies. Although support for bilateral ties remains, Abe has stepped down and Singh has struggled politically, leaving some question as to whether the leadership in both Tokyo and New Delhi intends to maintain the momentum of the signed agreements.

Both Japan and India have a strategic interest in balancing China's power in the region. Japan was a strong advocate of admitting India as a member of the East Asia

³² (...continued)

Policy Institute. July 2007.

³³ Rory Metcalf, "The Changing Asia-Pacific Security Web," *The Age*, March 16, 2007.

³⁴ "From Japan with Love," *Business Today*, September 23, 2007.

Summit (EAS) as a way to dilute China's dominance of the meeting. As India's economic strength has grown, it has stretched itself strategically as well, increasingly entering the arena of Pacific powers. For both India and Japan, partnering with other Pacific militaries, particularly navies, provides a maritime balance to China, although India is more reluctant to adopt a stance that could be perceived as confrontational by Beijing. For Japan, cooperating with India's navy provides a valuable chance to train in the Indian Ocean; training and exercises elsewhere in East Asia raise uncomfortable issues because of many countries' lingering memories of Japan's wartime aggression.

Japan's and India's nascent strategic partnership represents a reversal from the harsh criticism and economic sanctions that Tokyo imposed on India following its 1998 nuclear tests. The issue of nuclear proliferation could be an area of potential contention between Japan and India. After the United States and India agreed to cooperate on civilian nuclear power, Japan voiced its reservations that this move would damage the Nuclear Non-Proliferation Treaty (NPT). Despite Japan's traditionally strict observance of international non proliferation principles, Tokyo appears to have decided not to oppose the proposed U.S.-India civilian nuclear deal if it reaches the Nuclear Suppliers Group for approval. The leaders' joint statement in August 2007 noted that they "shared the view that nuclear energy can play an important role as a safe, sustainable and nonpolluting source of energy."

Australia-India

The Australia-India relationship has long been underdeveloped. This is somewhat surprising given that the two nations share a number of traits: democratic government, the English language, membership in the British Commonwealth, complimentary economies, a love for cricket, location in the Indian Ocean region, and a common cause against Islamist terrorism.³⁵ Australia has periodically rediscovered India and sought to develop more substantial ties, with limited success. Once again, Australia and India appear to be seeking a closer relationship.

Australia-India defense ties were reestablished in 2000, after a hiatus due to differences over India's nuclear test in 1998. These ties have been largely limited to senior level visits and staff college exchanges.³⁶ In July 2007, Australia and India signed an Information Sharing Arrangement to facilitate the sharing of classified information between the defense departments, particularly in areas such as counterterrorism, peacekeeping, and maritime security. The arrangement facilitates practical cooperation and provides substance to a Memorandum of Understanding on Defence Cooperation signed during Prime Minister Howard's visit to India in 2006.³⁷ Such an initiative can be viewed as part of India's desire to play a larger role in Asian affairs beyond South Asia and the northern reaches of the Indian Ocean and to begin

³⁵ Rory Medcalf, "Uranium Thorn," *Times of India*, April 20, 2007.

³⁶ Mark Dodd, "India Defence Ties to be Tightened," *The Australian*, June 4, 2007.

³⁷ "Australia, India Sign Information Sharing Arrangement," *C4I News*, July 19, 2007.

to shape its geopolitical environment within a larger Asian context.³⁸ It also appears to be part of an Indian strategy to balance the rise of China in Asia by drawing others in.³⁹ While Australia has sought greater cooperation with New Delhi, it has placed limits on that apparently for fear of antagonizing the Chinese.

Newly elected Prime Minister Rudd has identified India as a key emerging power in Asia, but his reservations about uranium sales to India may stall the bilateral relationship. Howard had been willing to consider the sales if the U.S.-India civilian nuclear deal went through, a deal which he supported. Some in New Delhi view a uranium deal for India as “something of a litmus test of the Australian government’s wish for a genuine partnership.”⁴⁰ According to one leading Australian analyst on India, “underlying many of Canberra’s decisions about its relationship with India will be an awareness that the Asian regional security order is entering a difficult phase. The regional great powers are all hoping to shape the emerging regional architecture” and India will have a key role in that.⁴¹

Developing Trilateral Fora

As the Bush Administration has pursued stronger defense relations with Australia, Japan, and India, initiatives for trilateral efforts among the nations has emerged. Nascent three-way cooperation has built on existing bilateral alliances to further U.S. goals in the region by combining forces among partners and allies.

U.S.-Japan-Australia

Washington, Tokyo, and Canberra have pursued a formalized trilateral strategic grouping through leaders’ meetings and naval exercises. On the sidelines of the Asia Pacific Economic Cooperation (APEC) forum in September 2007, President Bush, Prime Minister Howard, and Prime Minister Abe met to reaffirm the three-way strategic dialogue. Australian and Japanese officials strived to reassure Beijing about the meeting, saying that the focus of the talks were not “directed at any country.” In October 2007, navies from the three countries conducted a drill in the Pacific west of Japan’s southern Kyushu island that involved two destroyers and two P-3C anti-submarine patrol planes from the Japan MSDF and one P-3C patrol plane each from the U.S. Navy and the Australian air force. The joint exercise simulated search and rescue activities as well as an attack on a Japanese escort ship.⁴²

³⁸ C. Raja Mohan, “East Asian Security: India’s Rising Profile,” *RSIS Commentaries*, July 30, 2007.

³⁹ C. Raja Mohan, “China and Japan Set to Redefine South Asian Geopolitics,” *RSIS Commentaries*, March 30, 2007.

⁴⁰ Ron Walker, “Uranium for India: Avoiding the Pitfalls,” *Lowy Institute*, May 2007.

⁴¹ Sandy Gordon, *Widening Horizons: Australia’s New Relationship with India*, Australian Strategic Policy Institute, May 2007.

⁴² Japan, US, Australia to Conduct Patrol Plane Drill,” *Nikkei*. (Translation from Japanese (continued...))

An integrated missile defense system, currently under consideration, may be among the most advanced of potential trilateral arrangements. After North Korea tested ballistic missiles in July 2006 and then a nuclear device in October 2006, Japan and the United States accelerated the development of a joint missile defense system that employs both land and sea-based capabilities. Australia, a long-time U.S. intelligence partner, already has expressed a willingness to share information from its satellite tracking system.⁴³ Equipment compatibility would allow Canberra to join a trilateral arrangement; the government is in the process of acquiring three destroyers equipped with the Aegis combat system, the same system used by the U.S. and Japanese militaries.⁴⁴ Although development of a missile defense shield has been cast in terms of the threat from North Korea by officials from all three countries, many analysts see China as the longer-term threat and rationale for developing a sophisticated, multi-nation system. This goal remains challenging, however, particularly given that a strict interpretation of Japan's constitution may forbid Japan to shoot down missiles that are not headed for its territory.⁴⁵

U.S.-Japan-India

The United States and Japan have sought similar trilateral arrangements with India. Compared with their respective relationships with Australia, U.S. defense cooperation and Japanese economic ties are far more modest with India. The significant strategic benefits of partnering with India, given its size and geographical location, have driven the aggressive pursuit of a more formalized security relationship. Although the three nations have not held a formal meeting, key bilateral statements have indicated support for a trilateral forum from all three capitals. In the May 2007 "2+2" meeting joint statement, the U.S. and Japanese foreign and defense ministers affirmed the shared strategic objective of "continuing to build upon partnerships with India to advance areas of common interests and increase cooperation." When Prime Minister Singh visited Tokyo in December 2006, he publicly welcomed the idea of consultation with "like-minded nations." Navies of the three countries operationalized the initiative with joint naval drills in the Pacific off Japan's east coast in April 2007. The exercise featured two U.S. destroyers, four Japanese escort vessels, and three Indian warships and focused on cooperation in the event of a major natural disaster.⁴⁶

⁴² (...continued)

Morning Press Highlights, US Embassy in Tokyo), October 10, 2007.

⁴³ "Missile Defense Spreading East," *Kommersant International*. May 24, 2007.

⁴⁴ "Australia Studies Joint Missile Defense With US, Japan," *Dow Jones International News*. June 5, 2007.

⁴⁵ "Land of the Rising Gun-Japan's Shifting Security Identity," *Jane's Intelligence Review*, September 1, 2007.

⁴⁶ Indian Navy Holds Joint Drills with Top Naval Powers," *Organisation of Asia-Pacific News Agencies*, April 17, 2007.

Evolving Multilateral Dynamics

As trilateral initiatives have taken shape, talk of a quadrilateral grouping — which would tie together the United States, Japan, Australia, and India — has emerged. Advocates for expanding quadrilateral cooperation have pointed to the “Regional Core Group” that formed in the aftermath of the 2004 Indian Ocean tsunami as a model.⁴⁷ Former Japanese Prime Minister Abe was perhaps the most vocal supporter of the four-way forum. Incoming Prime Minister Rudd, however, may have doubts about a quadrilateral grouping. Because of the fall from power or declining political fortunes of the leaders who supported the quad, it is uncertain that enthusiasm will remain for building a stronger arrangement.

Malabar Multilateral Exercises

Although no formal quadrilateral groupings exist, the *Malabar 07* military exercises provided an opportunity to test naval cooperation. The Malabar exercises have traditionally been U.S.-India bilateral exercises, begun in 1994. The April 2007 exercises featured the United States, India, and Japan, and were held off the coast of Okinawa. A second round of exercises held in September was expanded to include the navies of Australia and Singapore. The five-nation exercise in the Bay of Bengal, a strategically significant location because of the approach to the Singapore and Malacca Straits, featured over 20,000 personnel, 28 ships, 150 aircraft, and 3 aircraft carriers.⁴⁸ The navies together practiced maritime interdiction, surface and anti-submarine warfare, and air combat exercises. Military officials leading the exercises emphasized the value of practicing interoperability, for use in both high-level warfighting and future humanitarian responses.⁴⁹

China bristled at the exercises, questioning whether the grouping may form what some analysts have dubbed an “Asian NATO.” U.S. military officials insisted the exercises were not directed at any particular country, but one officer claimed that the demonstration “provides a message to other militaries, and our own, that we are capable of operating together and that we work together with our regional partners to ensure stability in the region.”⁵⁰

The naval exercises took place less than a month after the Shanghai Cooperation Organization (SCO) staged its own joint military exercises, with member states Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan all contributing troops. Dubbed *Peace Mission 2007*, the exercise featured over 4,000 ground troops and over 1,000 pieces of equipment, including 500 combat and special vehicles and

⁴⁷ U.S.-Japan-India Report, *Center for Strategic and International Studies*, August 16, 2007.

⁴⁸ “Kitty Hawk, Allies Complete Malabar Exercise,” U.S. Navy press release, September 10, 2007.

⁴⁹ “Personal Relationships Key to Malabar,” U.S. Navy press release, September 7, 2007.

⁵⁰ “Kitty Hawk, Allies Participate in Malabar Photo,” U.S. Navy press release, September 10, 2007.

70 fixed-wing airplanes and helicopters.⁵¹ After multiple rehearsals, the anti-terrorist drill was staged in front of the SCO member states' leaders in conjunction with the annual meeting in Kyrgyzstan. Although both *Malabar* and *Peace Mission* officials emphasized that their exercises were not aimed at any particular other states, the proximity both geographically and temporally led many observers to point out a potentially destabilizing competition between two military blocs.

Potential Challenges and Opportunities for the United States

Political Changes

Despite initial enthusiasm for forming trilateral and/or quadrilateral security arrangements, the conservative leaders who originally supported the idea have all been compromised by their own domestic political situations. Abe left office precipitously in September 2007 after his party suffered a major parliamentary defeat; Howard was soundly defeated in November 2007 in the Australian parliamentary elections; Singh's ruling coalition has struggled to stay intact; and President Bush faces political challenges and low public approval ratings. Maintaining the momentum for the multilateral initiatives may be challenging, depending on the inclinations of incoming administrations. Currently, the quadrilateral grouping appears to be on hold, and it remains to be seen if geopolitical forces will push cooperation forward.

Japan's Restraints

Despite Abe's strong support for expanding security ties with India and Australia, Japan's involvement in any multilateral security fora will be restricted, both legally because of Article 9 and socially because of the public's pacifist sentiments which — while declining — still remain strong. Japan's approach to the principle of "collective self-defense" has in the past been considered an obstacle to close defense cooperation. The term comes from Article 51 of the U.N. Charter, which provides that member nations may exercise the rights of both individual and collective self-defense if an armed attack occurs. A 1960 decision by Japan's Cabinet Legislation Bureau interpreted the constitution to forbid collective actions because it would require considering the defense of other countries, not just the safety of Japan itself. Abe convened a special commission to study whether the constitutional interpretation should be changed, and the members were widely expected to recommend that collective self-defense be allowed. As a result of Abe's resignation in 2007, the campaign to adjust the constitutional interpretation will likely stall, as new Prime Minister Yasuo Fukuda is considered unsupportive of the move. U.S. officials have pressured the Japanese government to allow collective self-defense, particularly in terms of allowing Japan to intercept missiles aimed at U.S. targets. Military engagement with other regional powers is likely to meet with

⁵¹ "China-Russia Relations: Between Cooperation and Competition," *Comparative Connections*, October 2007.

more public and bureaucratic resistance than furthering cooperation with the United States.

Australia's Posture

America's key policy challenge in its alliance relationship with Australia will, according to some analysts, be to keep this staunch ally from shifting to a position where Canberra sees its role as a mediator between the United States and China rather than focused on working unambiguously with the United States.⁵² This may involve countering Chinese attempts to drive a wedge between the United States and Australia. The unpopularity of the Bush Administration in Australia and its perceived unilateralist policies, including in Iraq, and the degree to which Australia's economy is benefitting from exports to China are key factors in this calculus. Australia may increasingly seek to develop its own independent ties with Asian powers, without appearing to be simply an American ally in the region. Australia's desire for a more independent foreign and strategic policy may be part of its efforts to reach out to other states such as Japan, Singapore, and India.⁵³ Canberra is also reluctant to offend China, which may place limits on its relationship with the United States. In July 2007, Australian Minister for Defence Brendon Nelson stated that "we do not wish to have formal quadrilateral strategic dialogue in defence and security matters.... We do not want to do anything which ... may otherwise cause concern in some countries, particularly China."⁵⁴

India's Ambivalence

India's rising economic and political power makes it an increasingly appealing partner for the United States, in terms of both its democratic values and its geo-strategic location. Obstacles to a closer bilateral relationship — most recently, the apparent faltering of the civilian nuclear deal in the Indian parliament — remain prominent. Further, some see India as somewhat mired in its identity as a member of the Non-Aligned Movement (NAM), a Cold-War era organization of states resisting great power politics. Through various statements, officials in New Delhi have indicated their desire to balance powers and create a "multipolar" Asia, suggesting that it may not agree with the U.S. goal of remaining the pre-eminent power in East Asia. Though India is wary of China's increasing strength, and therefore more open to cooperation with other powers, it has been insistent that it does not intend to "choose sides," and is opposed to any formal regional defense alliance. In addition, India has participated as an observer in the Shanghai Cooperation Organization (SCO) meetings.

⁵² Dan Blumenthal, "Strengthening the U.S. - Australian Alliance: Progress and Pitfalls," *Asian Outlook*, April-May 2005.

⁵³ Craig Skehan, "Nelson Seeks New Friends if U.S. Falters," *The Sydney Morning Herald*, June 15, 2007.

⁵⁴ "Australia Allays Chinese Concerns," *BBC News*, July 12, 2007.

China: Engagement vs. Isolation

For U.S. policymakers, the key challenge is to develop a strategic posture in the region that can accommodate China's peaceful economic rise while sending the signal that the United States is not leaving a geopolitical vacuum for China to fill. Developing joint capabilities through enhanced defense partnerships with like-minded states may discourage China from asserting itself in ways that harm U.S. interests. On the other hand, it risks creating a dangerous cycle of mutual hedging, in which Beijing is tempted to exhibit more aggressive behavior. This atmosphere would not be conducive to engaging China more fully as a "responsible stakeholder" in the international system. Developing multilateral groupings poses its own challenges, as all states must harmonize their approach to Beijing: at times, it may be difficult to reconcile a more conciliatory New Delhi or Canberra with a potentially more threatened Tokyo. Washington must carefully calibrate its diplomatic and military approach as it adjusts its Asia-Pacific presence to accommodate a range of competing interests.

U.S. Ties with Other Asian States

Many observers concur that the United States needs to be forward thinking and open to active and engaged partnerships and cooperation with key regional states while not pushing such cooperation to the point that it is destabilizing or unattractive to regional states. Such cooperation could better position the United States and like-minded countries to look after their shared interests through a focus on capacity building while not being formalized in a way that such cooperation appears to be aimed at containing China. An agenda aimed at the containment of China is not likely to attract regional states and could create a hostile security environment in Asia that would likely undermine U.S. and others' interests. The United States must be particularly careful not to isolate other existing allies, such as South Korea, the Philippines, and Thailand, as it pursues new partnerships in Asia. Some observers think that the election of Lee Myung-bak as South Korean president, who is considered likely to improve relations with both the United States and Japan, could provide an opening for drawing Seoul in a multilateral regional framework.