

U.S.-Japan-India Track Two Strategic Dialogue
December 10-11, 2015
Washington, D.C.

SUMMARY OF DISCUSSION

Delegations from the United States, India and Japan met for the eleventh U.S.-Japan-India Track Two Strategic Dialogue in Washington on December 10-11, on the eve of the important summit between Prime Minister Shinzo Abe and Prime Minister Narendra Modi in Delhi. The session was organized by the Center for Strategic and International Studies in partnership with Ananta Aspen Centre and the Confederation of Indian Industry (CII) and co-chaired by CSIS President and CEO John J. Hamre and former Deputy Secretary of State Richard Armitage, Ananta Aspen Centre Founding Trustee Tarun Das, and Yoshiyuki Kasai, Chairman Emeritus of the Central Japan Railway Company. The delegates engaged in candid, off-the-record assessments of political, security, economic and energy issues. Meetings and consultations were also held with the U.S. administration.

The delegates took stock of progress in developing the idea of trilateralism since this track two process began in 2006, but also expressed concern that the official dialogue has not kept pace with challenges in the security environment and called on leaders to be more explicit about the role of like-minded states in shaping the future contours of stability and prosperity in the Indo-Pacific region. The delegations agreed that the December 12 Abe-Modi summit in Delhi is particularly timely in that context.

Delegates welcomed the inaugural U.S.-Japan-India Trilateral Ministerial held in New York in September 2015 highlighting shared support for peace, democracy, prosperity and a rules-based international order. The delegates also noted the successful conclusion of the seventh round of official trilateral consultations in June 2015, as well as bilateral dialogue among defense ministers, and encouraged further coordination to reflect the shared interests of the three countries and develop a framework for trilateral cooperation.

POLITICAL OVERVIEW

Participants shared perspectives on domestic political developments in each country, representing the views of various political parties. Prevailing themes included upcoming elections in the United States and Japan, efforts at economic reform in Japan and India, and the impact of domestic politics on foreign policy. Consistent with previous sessions, there was broad agreement that there will likely be continued bipartisan support for strengthening all three bilateral relationships and delegates welcomed official trilateral consultations in that context. The delegations agreed that each country has a stake in the success and geopolitical importance of the other two and that this common strategic interest will facilitate trilateral cooperation in the years to come.

ECONOMIC ISSUES

The delegates addressed uncertainties in the global economy and agreed that robust growth in all three countries is critical to stability and prosperity in the Indo-Pacific region. Indian participants shared growth projections for the Indian economy, summarized the economic reform agenda of the Narendra Modi government and outlined challenges such as infrastructure, stable energy supply and regulatory reform. U.S. participants referenced improved economic conditions but were less certain about the midterm prospects for growth amid persistent disagreements over government spending. Delegates were encouraged by Prime Minister Abe's commitment to implementing a comprehensive strategy for sustainable growth in Japan and encouraged further progress in areas such as corporate governance reform, women's empowerment, tax reform, and health care, as well as measures to increase foreign direct investment.

Participants noted progress in Japan-India economic cooperation including infrastructure development, specifically the agreement to build a high-speed rail system connecting Mumbai and Ahmedabad, and welcomed efforts to further investment and economic cooperation under the Partnership for Prosperity. The prospects for advancing trade and investment flows between the United States and India, including the agreement by the two governments to consider a bilateral investment treaty, also featured prominently in the discussion. It was also suggested that when organizing bilateral commercial dialogues, the governments consider inviting the third party as an observer to leverage shared interests in areas such as infrastructure finance and capacity building for complex tender offerings. Delegates also proposed that a public-private working group be established to examine infrastructure financing solutions in India, taking advantage of existing bilateral exchanges. The discussion also addressed other potential areas for trilateral economic cooperation in a number of established and new fields such as the development of Indian Ocean blue economy, innovation and energy. Harnessing domain knowledge in improving regulatory culture, practices and processes would be mutually beneficial in enhancing growth, trade and commerce.

Delegates discussed the recent conclusion of the Trans-Pacific Partnership (TPP) trade negotiations and timelines for ratifying the agreement in Japan and the United States. The discussion also centered on the Regional Comprehensive Economic Partnership (RCEP) trade negotiations and Japan's unique role in that process as a party both to TPP and RCEP. Participants agreed on the importance of developing a common vision for regional economic integration over the long term and encouraged trade policy reform in India toward that end, including the acceleration of RCEP negotiations.

ENERGY COOPERATION

The three delegations discussed energy policy in all three countries and exchanged views on global oil and gas markets. Delegates agreed to encourage U.S. engagement with India and Japan on Ocean Thermal Energy Conversion (OTEC), LNG exports and the development of gas hydrates in view of the strong need for diversified sources and strategic energy interdependence across the Pacific.

Participants welcomed the restart of nuclear power plants in Japan and encouraged Japan to sustain its leadership role in the international market for nuclear energy. Participants noted the changing global civil nuclear market and agreed to urge each government to be more engaged in assuring private companies can be active in the civil nuclear business on an equal footing with state-owned enterprises. Delegates also urged the governments of India and Japan to conclude negotiations over the bilateral civil nuclear cooperation agreement and stressed the strategic importance of the agreement to all three countries and to the Indo-Pacific region. Participants also expressed their hope for solving nuclear liability issues in India.

The discussion also addressed climate change policies including recent developments at the COP21 climate talks in Paris and the potential for trilateral cooperation on sustainable clean energy initiatives. In particular, participants agreed on the potential for clean energy solutions utilizing both existing technologies and new arenas of innovation. In view of India's new renewable energy targets, India is in a unique position to develop and decarbonize at the same time, while the United States and Japan have the technology and capital to assist with the transition and set a precedent for other developing countries. The United States will have to deal with the need to reduce carbon emissions at a time when oil and gas prices are declining.

Participants also agreed on the need for energy infrastructure modernization with proper financing. In this context, participants noted the importance of high-quality and environmentally friendly infrastructure development, as well as physical and cyber resilience.

SECURITY AND FOREIGN AFFAIRS

Participants agreed that international cooperation with China is critical, but the three countries need to recognize that efforts to forge agreements on global issues such as climate change, multilateral engagement in new institutional frameworks such as the BRICS, and other global constructs for cooperation with China are not moderating Chinese behavior in the Indo-Asia-Pacific region. All three delegations recognized the need to be attentive to strategic equilibrium in the region and to the integrity of ASEAN, Bangladesh, Afghanistan and other potentially vulnerable states impacted by shifting power dynamics in the region.

Japanese participants reviewed the security policies of the Abe administration, namely developments in defense strategy focused on maritime security in the East China Sea and the recently approved package of legislation detailing defense policy reforms such as the decision to exercise the right of collective self-defense and thereby enhance coordination and interoperability with allies and partners. The Abe government's security policies were enthusiastically endorsed by the U.S. and Indian delegations.

The delegates reaffirmed the importance of combating terrorism in all its forms and addressed the threat posed by ISIS.

The delegations noted the advances in bilateral U.S.-India and Japan-India security cooperation, emphasized the shared commitment of all three countries to maritime security, particularly the principle of freedom of navigation, and reiterated the centrality of an Indo-Pacific strategic framework for Asia with the South China Sea at its core. Delegates welcomed Japan's participation in the recent Malabar naval exercises and called for regularized trilateral naval exercises and a higher level of participation and complexity.. The subsequent U.S.-Japan maritime exercise in the South China Sea, where the JS Fuyuzuki sailed side-by-side with the USS Theodore Roosevelt, was welcomed as an important step in alliance cooperation. The hope was also expressed that Japan might expand defense industrial collaboration with India and the United States, capitalizing on changes to the Japanese ban on exports and the recent establishment of the Acquisition, Technology and Logistics Agency (ATLA) in the in the Ministry of Defense.

Delegates stressed the importance of networking with like-minded countries in the Indo-Pacific region, and the potential for a quadrilateral dialogue including Australia was raised in that context. There was consensus that such networking is critical to developing federated defense capabilities as a foundation for regional security. The delegates agreed that an Australian decision to partner with Japan on its future submarine would be a catalyst for greater interoperability among maritime states in the Indo-Pacific region. The delegates welcomed the establishment of an India-Japan-Australia trilateral dialogue among senior officials.

Participants also agreed on the need for trilateral coordination on the agendas for multilateral institutions such as the G20 and furthering a consensus on the rules and norms that should govern the international order.

CONCLUSION

All three delegations agreed that at this critical juncture in world history, the United States, Japan and India should continue to explore opportunities for joint leadership in the international system based on shared interests and common values. Participants looked forward to convening the twelfth round of the U.S.-Japan-India Track Two Strategic Dialogue at the earliest possible date.