

U.S.-Japan-India Strategic Dialogue August 25-27, 2011 Washington, D.C.

Recognizing the strategic potential for expanding cooperation on regional and global challenges and the shared values among the United States, Japan, and India, the Center for Strategic and International Studies (CSIS), the Confederation of Indian Industry (CII), in collaboration with Aspen Institute India, and the Japan Institute of International Affairs (JIIA) initiated the U.S.-Japan-India Strategic Dialogue in June 2006.

Co-chaired by Yoshiyuki Kasai, Chairman of the Central Japan Railway Company, former CII Chief Mentor Tarun Das, CSIS President John Hamre and former Deputy Secretary of State Richard Armitage, and directed by Michael Green of CSIS and now jointly with Karl F. Inderfurth, the Wadhvani Chair at CSIS, the Strategic Dialogue convened for the eighth time in Washington, D.C., from August 25 through August 27, 2011. As before, all the sessions and other events were held on an off-the-record basis to help stimulate debate. Meetings and consultations were also held with the administration.

The Japanese delegation expressed deep appreciation for U.S. and Indian humanitarian assistance and disaster relief activities in response to the March 11 disasters. The U.S. and Indian delegations expressed support for reconstruction efforts and a robust recovery in Japan.

Building on a number of discussions, participants have been urging all three governments to move towards a first track dialogue and enthusiastically welcome the decision to convene such a first-track meeting. Based on this most recent CSIS-JIIA-CII dialogue, and in anticipation of the three governments' trilateral, participants recommended a focus on the following themes in particular:

SECURITY AND FOREIGN AFFAIRS

- The United States, Japan, and India should cooperate in the development of an open and inclusive Asia-Pacific regional architecture. All three countries are members of the East Asia Summit and related meetings but India is not a member of the Asia-Pacific Economic Cooperation (APEC) forum and the United States and India are not involved in the Association of Southeast Asian Nations plus Three (ASEAN +3) dialogue. However, all three countries share strategic convergences, common values and a commitment to democracy and the rule of law and the three governments should compare and coordinate agendas in multilateral forums to ensure the advancement of common objectives and interests.
- The United States, Japan, and India each share cooperative but challenging bilateral relationships with China. A discussion of visions for China's role in the Asia-Pacific region and the world would be a constructive development and in no way an indication of zero-sum politics or containment strategies precisely because all three nations seek to broaden cooperation and economic ties with China, have a stake in China's successful management of development challenges, and would like to see China as a responsible stakeholder in promoting peace, stability and prosperity. At the same time, the United States, Japan and India share concerns at the rapid pace of China's military modernization and operations, the lack of transparency in this military build-up, its assertive posture and questions about China's intentions with respect to territorial disputes, cyberspace, and outer space.
- Continued participation of the three navies in the annual Malabar exercises is welcome and the three countries should also explore wider areas of security cooperation, such as maritime security, freedom of

navigation, counterproliferation, counterpiracy, and defense industrial collaboration, which would require Japan to change its three principles on arms export and to adequately establish its cyber security policy. Trilateral security cooperation should extend from East Asia to the Indian Ocean in its scope.

- As the United States draws down forces in Afghanistan, the three nations should enhance discussions of longer-term strategy for that region. Both Japan and India have major stakes in the outcome of security developments in Afghanistan. Japan and India are major contributors of economic assistance to that country and India has historic and strategic ties and interests in stability that could be at risk during this difficult transition.

ECONOMIC ISSUES

- Participants addressed the challenges facing each of the three economies and also explored strategies for restoring growth in the United States and Japan and sustaining growth in India. Prevalent themes for the United States included the balance between stimulus and fiscal discipline and a commitment to trade liberalization, specifically passing the United States-Korea Free Trade Agreement (KORUS FTA) and advancing negotiations over the Trans-Pacific Partnership (TPP). Fiscal reform and trade liberalization including TPP also featured prominently as pillars of a long-term growth strategy for Japan as it begins to recover from the March 11 disasters. Demography, domestic savings, a rising middle class, and relatively low public debt were identified as fundamental strengths of the Indian economy, while corruption, concerns about the pace of reform, and regulatory hurdles were deemed obstacles to increased foreign direct investment.
- Participants welcomed the entry into force of the Japan-India Comprehensive Economic Partnership Agreement and the numerous trade and investment initiatives outlined in the U.S.-India Strategic Dialogue Joint Statement of July 19, 2011, as evidence of the rapid increase in economic ties with India. These developments coincide with other encouraging signs for the future, such as a December 2010 Japan Bank for International Cooperation (JBIC) survey noting that India has become the most promising country for Japanese manufacturing investment in the long term.
- In recognition of the importance of solidarity among the three nations, participants underlined the significant role that the United States and Japan must continue to play in India's emergence as an economic power through intensified trade, investment, infrastructure building and technology transfer.

ENERGY

- Japanese delegates explained the situation at the Fukushima Daiichi nuclear power plant and the strategic energy choices facing the nation.
- Participants expressed anticipation that Japan will continue to be an international leader in peaceful nuclear energy development. The corporate alliances between the United States and Japan dictate that the U.S. role in nuclear energy hinges on sustained Japanese leadership, and it is important for Japan to continue shaping global standards for international safety and nonproliferation in cooperation with the United States and India. Drawing on lessons learned from Fukushima would be helpful in this regard.
- The energy discussion concluded with broad agreement that negotiations between India and Japan on a civil nuclear cooperation agreement resume at an appropriate time, and that pending issues should be

resolved at the earliest to ensure the full implementation of the U.S.-India Agreement to which both sides are strongly committed.

CONCLUSION

Participants made frank assessments of the political environments in their respective countries and agreed that the current partisanship and popular mistrust of politicians in all three capitals should not be allowed to prevent the United States, Japan, or India from exercising their leadership responsibilities in promoting security and prosperity in the Asia-Pacific region and beyond. This is a critical juncture in world history and the three countries should increasingly exert their strategic and diplomatic weight in the international system based on shared interests and common values.

NEXT STEPS

The three delegations agreed to conduct the next session of the U.S.-Japan-India Strategic Dialogue in India as early as spring 2012.