

The Australia-India-Japan Trilateral Needs a Post-Covid Outlook

Dr Jagannath Panda



Perth USAsia Centre

VOL **7**

INDO-PACIFIC ANALYSIS BRIEFS 2020



INDO-PACIFIC ANALYSIS BRIEFS 2020

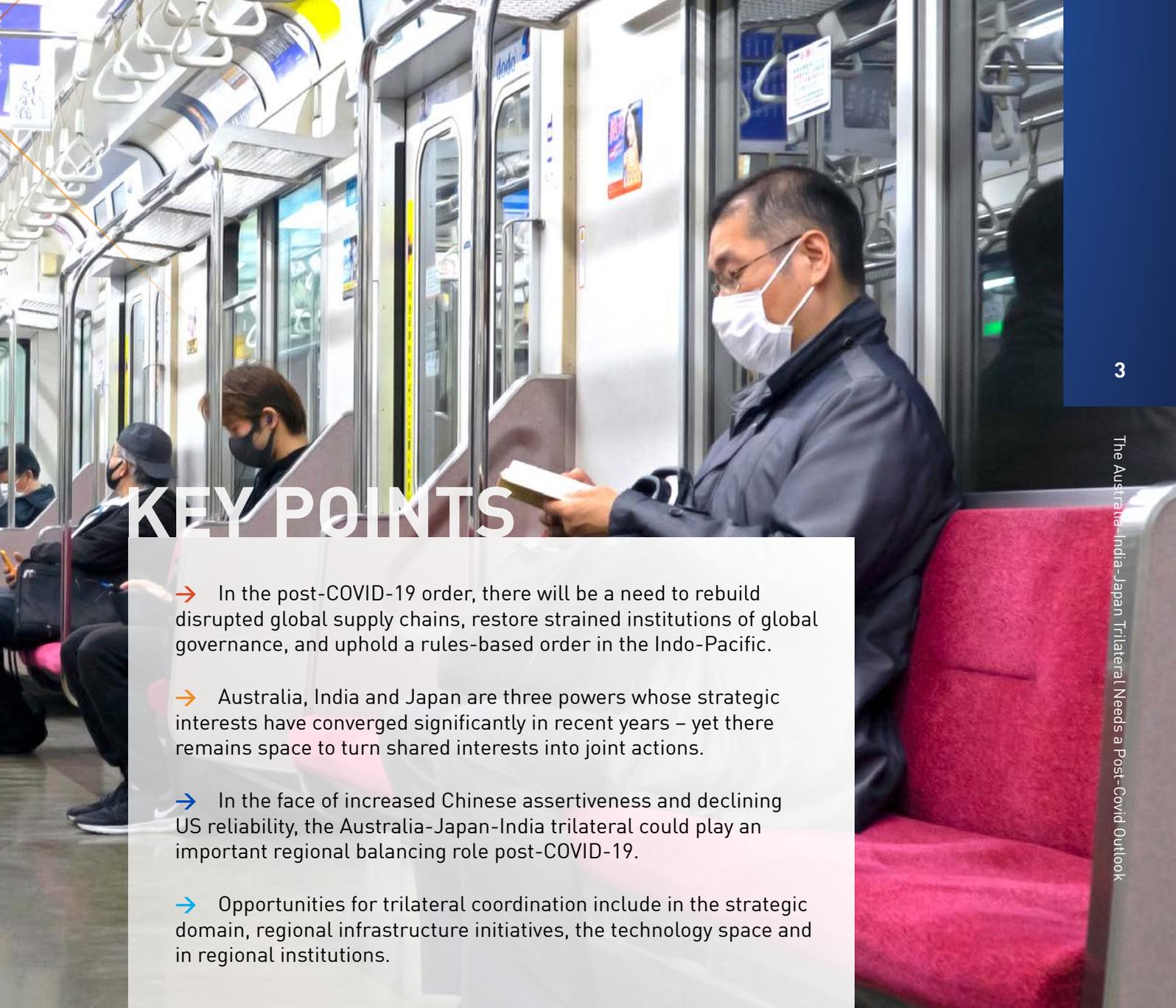
The Perth USAsia Centre's Indo-Pacific Analysis Briefs seek to provide perceptive and contemporary insights from across the region. The series features leading analysts from Asia, Australia and the US to deliver up-to-the-minute assessments on issues of national and regional importance. This series will shine a light on the issues that remain critically important to Australia and the Indo-Pacific at a time when global events may otherwise dominate the news cycle.



AUTHOR **Dr Jagannath Panda**

Research Fellow and Centre Coordinator for East Asia at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi

Dr. Jagannath P. Panda is a Research Fellow and Centre Coordinator for East Asia at the Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), New Delhi, India. He is an expert on India-China Relations, China, Indo-Pacific security, Indian Foreign Policy and Korean peninsula. Dr. Panda is also the Series Editor for *Routledge Studies on Think Asia*. Dr. Panda is the author of the book *India-China Relations: Politics of Resources, Identity and Authority in a Multipolar World Order* (Routledge: 2017). He is also the author of the book *China's Path to Power: Party, Military and the Politics of State Transition* (Pentagon Press: 2010). He is also the editor of the newly released edited volume *India and China in Asia: Between Equations and Equilibrium* (Routledge, 2019). Dr. Panda is a Member of the Editorial Board of the *Journal of Asian Public Policy* (Routledge). He has published in leading peer-reviewed journals like *Rising Powers Quarterly*, *Journal of Asian Public Policy* (Routledge), *Journal of Asian and African Studies* (Sage), *Asian Perspective* (Lynne Reiner), *Journal of Contemporary China* (Routledge), *Georgetown Journal of Asian Affairs* (Georgetown), *Strategic Analyses* (Routledge), *China Report* (Sage), *Indian Foreign Affairs Journal* (MD Publication), *Portuguese Journal of International Affairs* (Euro Press) etc.



KEY POINTS

- In the post-COVID-19 order, there will be a need to rebuild disrupted global supply chains, restore strained institutions of global governance, and uphold a rules-based order in the Indo-Pacific.
- Australia, India and Japan are three powers whose strategic interests have converged significantly in recent years – yet there remains space to turn shared interests into joint actions.
- In the face of increased Chinese assertiveness and declining US reliability, the Australia-Japan-India trilateral could play an important regional balancing role post-COVID-19.
- Opportunities for trilateral coordination include in the strategic domain, regional infrastructure initiatives, the technology space and in regional institutions.

At a time when the world is battling to re-establish supply chain networks and address global governance concerns, the Australia-Japan-India (AJI) trilateral has immense strategic potential. Having its origin in 2015,¹ this trilateral was aimed at preserving the regional order of sovereignty, equality, territorial integrity and self-determination while balancing out the Chinese outreach in the region.² With a thrust on “open, inclusive, stable and transparent” architecture in Indo-Pacific, the AJI trilateral has continued to prevail at the official level to discuss the regional dynamics affecting their national securities. Thus far however, the trilateral has lacked the institutional framework and culture needed to solidify cooperative drive among members. Furthermore, all three countries are strongly connected with China, a strategic contradiction constraining their avenues of cooperation. China is both Australia and Japan’s top import-export destination³, as well as India’s top import market.⁴

The Covid-19 pandemic has acutely revealed to the three nations the need to lessen their dependency on China. With Japan allocating USD 2.2 billion from its coronavirus stimulus package to encourage the reallocation of Japanese businesses out of China,⁵ and Australia calling for an inquiry into the origins of the pandemic,⁶ the scope for the Australia-Japan-India trilateral to take centre stage is ripe. With a guided framework of cooperation, the trilateral can emerge as a stepping stone towards regional economic recovery, and drive regional power redistribution away from China.

With the adoption of a “4I” approach – *integration, infrastructure, information technology and inclusiveness* – the AJI trilateral can strengthen the rules-based order that the nations’ individual and collective Indo-Pacific visions stress.



Strategic integration

A more integrated approach to defence, security and economic collaboration post-COVID would significantly build the trilateral, and enhance respective national power status. Japan and Australia have advocated for the continued presence of India in the Regional Comprehensive Economic Partnership (RCEP), repeatedly assuring that the door remains open for New Delhi.⁷ While India debates its potential re-engagement with RCEP following a withdrawal in late 2019, strategic convergence at the sub-regional level must become a key trilateral focus.

For example, the Pacific Island Countries (PICs) could emerge as an important area for trilateral cooperation. Geographically close to both Australia and Japan, and given the low economic development levels of the PICs, Japan and Australia can leverage India's increased presence in the Pacific region. Moreover, Australia, Japan and India are all maritime democracies⁸. By taking a stronger interest together in Asia's maritime affairs, they can provide a balance to the rapidly building Chinese presence, move away from their dependency on the US and create an "agency" amongst themselves. The absence of historical grievances between the three nations only adds to the potential of the trilateral.

The potential to attract large-scale Foreign Direct Investment (FDI) is also growing. With all three nations facing risks in their economic relationships with China, creating investment opportunities amongst themselves can provide an immense economic boost. With multinational corporations trying to expand their supply chains beyond China, the trilateral grouping must provide a united economic policy package to attract investment.

Infrastructure cooperation

Infrastructure cooperation is a logical next step for economic cooperation between the AJI trilateral. There are a number of initiatives that can be built upon.

India's Act East Policy (AEP) has found strategic consonance with Japan's 'Expanded Partnership for Quality Infrastructure' and 'Free and Open Indo-Pacific' outlook, leading to the establishment of the Japan-India Act East Forum in 2017.⁹ This is aimed at identifying projects for infrastructural connectivity and the economic modernisation of northeast India. In parallel, the Japan-Australia Economic Partnership (JAPEPA), which came into effect in 2015, has promoted Japanese investment in Australia in the infrastructure and connectivity sectors.¹⁰

Unfortunately, economic cooperation of this type is lacking in India-Australia. While India and Australia have amped up negotiations over the Australia-India Comprehensive Economic Cooperation Agreement (CECA), they are yet to actualise in final terms.¹¹ A stronger push to conclude CECA, particularly in lieu of India in RCEP, could lead to an enhanced trilateral structure to fulfil the economic and infrastructure demands of the region. Such a resolve is visible in Australian government's current South Asian regional program that stresses on both grassroots cooperation in areas such as energy, food, agriculture and water as well as in areas such as trade facilitation and infrastructure. A serious infrastructure cooperation between India and Australia will add strength to the trilateral.

Furthermore, the partaking of Australia in the 'Platform for Japan-India Business Cooperation in Asia-Africa Region' must be explored.¹² Also, deeper cooperation with East African littoral states - where China has been increasing its clout - could go a long way in furthering trilateral ambitions.

Information technology cooperation

A post-Covid order will provide Australia, India and Japan further opportunities to diversify their foreign economic relationships, which are presently highly-dependent on China. Technology was a major area of discussion during Defence Minister Rajnath Singh's Tokyo visit in September 2019.¹³ In India, the focus on 'Make in India', 'Skill India' and 'Ayushman Bharat' will see a renewed push in the post-Covid order. Participation by Japan and Australia in such Indian schemes would be fruitful, especially in the technology field.

A major point of contention is India's decision to allow Huawei to participate in its 5G trials,¹⁴ a move that drew concern from both Japan and Australia. India's decision to allow Huawei's participation stems from its technology dependence on China, which warned India of "reverse sanctions" if it banned Huawei.¹⁵ While in a post-Covid order, India could reconsider its Huawei decision, it is highly unlikely that the company can be banned in India. Huawei's first overseas R&D centre is in Bengaluru, and the company entered Indian markets almost 20 years ago.¹⁶ Reaching a consensus that allows India to further its 5G aims while strengthening its relations with its trilateral partners is essential. In February 2019, Japan and India agreed to work together on 5G, and their third round of cyber talks in the same month saw the inaugural inclusion of 5G as a key topic.¹⁷

Another area of potential collaboration concerns Japan's Osaka Track, proposed by Shinzo Abe in 2019 at the G-20 summit.¹⁸ The Osaka Track aims at creating global guidelines that allow for a rules-based free movement of data beyond national borders. India at the time refused to sign up, attesting the Track undermined multilateral negotiating processes and created a lack of digital industrialisation policy space in developing nations.¹⁹ Australia is a signatory to the scheme,²⁰ and India's inclusion should be negotiated to strengthen trilateral technology sharing.

Enhancing institutional inclusiveness

It is not possible for Australia-Japan-India to always depend on the "Quad" with the US, nor is it feasible to promote regional architectures which exclude China entirely. Inclusivity can not only make China less hostile; but also present to other Asian nations, Indo-Pacific powers and African littorals that the trilateral is an important coalition in the design of new regional institutions.

India's Indo-Pacific Oceans Initiative (IPOI),²¹ proposed at the East Asia Summit in 2019, is a potential cooperative venture for the trilateral. Via the IPOI, a focus on cooperative maritime security, the strengthening of Asian economies and the sustainable use of maritime resources can be promoted within the rubrics of the trilateral.

The Asian Infrastructure Investment Bank (AIIB) is another platform which can emerge as a potential avenue for strategic convergence. At present, Japan is not a member of AIIB, while both India and Australia are. Japan's refusal in 2015 to join AIIB (along with the US) reportedly stemmed from its belief that funds raised via the Bank will be invested in projects that mainly suit China.²² The potential inclusion of Japan in the AIIB can be part of the trilateral strengthening process - if not as a full member, then a conditional partner. A trilateral push for projects and funds will be harder to ignore, promoting AIIB's "lean, clean and green" premise.²³

To drive closer integration, collaboration in regional institutions can bind and strengthen the trilateral. Australia and Japan have been close partners in regional groupings like the East Asia Summit (EAS) and Asia Pacific Economic Cooperation (APEC). India's inclusion in APEC has been advocated by Australia for long and can be furthered within the trilateral.²⁴ In principle, Australia also supports both Japan and India's United Nations Security Council (UNSC) permanent membership bid. With India and Australia being members of the Indian Ocean Rim Association (IORA) and Japan serving as a dialogue partner, a deeper integration within the framework can also be advocated in the post-Covid period.



Endnotes

- 1 "Joint Statement on India and Japan Vision 2025: Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World (December 12, 2015)", *Ministry of External Affairs: Government of India*, at <https://mea.gov.in/incoming-visit-detail.htm?26176/Joint+Statement+on+India+and+Japan+Vision+2025+Special+Strategic+and+Global+Partnership+Working+Together+for+Peace+and+Prosperity+of+the+IndoPacific+Region+and+the+WorldDecember+12+2015> (accessed on May 24, 2020)
- 2 David Lang, "Security interests draw Japan, Australia and India closer", *Japan Times*, July 8, 2015, at <https://www.japantimes.co.jp/opinion/2015/07/08/commentary/japan-commentary/security-interests-draw-japan-australia-india-closer/#.XsntkC2B3fY> (accessed May 24, 2020)
- 3 "Japan", *OECD*, at <https://oec.world/en/profile/country/jpn/>; "Australia", *OECD*, at <https://oec.world/en/profile/country/aus/>
- 4 "India", *OECD*, at <https://oec.world/en/profile/country/ind/>
- 5 Isabel Reynolds and Emi Urabe, "Japan to Fund Firms to Shift Production Out of China", *Bloomberg*, April 8, 2020, at <https://www.bloomberg.com/news/articles/2020-04-08/japan-to-fund-firms-to-shift-production-out-of-china> (accessed on May 16, 2020).
- 6 "Australia demands coronavirus enquiry, adding to pressure on China", *CNBC Markets*, April 19, 2020, at <https://www.cnb.com/2020/04/19/australia-demands-coronavirus-enquiry-adding-to-pressure-on-china.html> (accessed on May 16, 2020).
- 7 Suhasini Haider, "Japan, Australia still hopeful of India's rethink on RCEP", *The Hindu*, December 9, 2019, at <https://www.thehindu.com/news/national/japan-australia-still-hopeful-of-indias-rethink-on-rcep/article30259774.ece> (accessed on May 16, 2020).
- 8 C. Raja Mohan, 'Delhi, Tokyo, Canberra', *Carnegie India*, 10 February 2017, <https://carnegieindia.org/2017/02/10/delhi-tokyo-canberra-pub-67972>
- 9 "Launch of India-Japan Act East Forum", *Ministry of External Affairs: Government of India*, December 5, 2017, at https://www.mea.gov.in/press-releases.htm?dtl/29154/Launch_of_IndiaJapan_Act_East_Forum (accessed on May 16, 2020)
- 10 "Japan-Australia Economic Partnership Agreement", Department of Foreign Affairs and Trade, at <https://www.dfat.gov.au/trade/agreements/in-force/jaepa/Pages/japan-australia-economic-partnership-agreement> (accessed on May 16, 2020).
- 11 Australia-India Comprehensive Economic Cooperation Agreement, Department of Foreign Affairs and Trade: Australian Government, at <https://www.dfat.gov.au/trade/agreements/negotiations/aifta/Pages/australia-india-comprehensive-economic-cooperation-agreement> (accessed on May 16, 2020).
- 12 Priya Chacko and Jagannath Panda, "Time for thinking the Australia-India relationship afresh", *East Asia Forum*, March 31, 2019, at <https://www.eastasiaforum.org/2019/03/31/time-for-thinking-the-australia-india-relationship-afresh/> (accessed on May 16, 2020).
- 13 Jagannath Panda, "National narratives guiding India-Japan ties", *WION*, December 3, 2019, at <https://www.wionews.com/opinions/national-narratives-guiding-india-japan-ties-268064> (accessed on May 15, 2020).
- 14 "Huawei allowed to participate in India's 5G trial phase, but will it be allowed to win?", *ZDNet*, January 7, 2020, at <https://www.zdnet.com/article/huawei-allowed-to-enter-5g-trial-phase-but-will-it-be-allowed-to-win/> (accessed on May 15, 2020).
- 15 Sanjeev Miglani and Neha Dasgupta, "Exclusive: China warns India of 'reverse sanctions' if Huawei is blocked - sources", *Reuters*, August 6, 2019, at <https://in.reuters.com/article/huawei-india/exclusive-china-warns-india-of-reverse-sanctions-if-huawei-is-blocked-sources> (accessed on May 16, 2020)
- 16 Regina Mihindukulasuriya, "Many countries have blocked Huawei, but India can't afford to ban it from its telecom story", *The Print*, December 27, 2018, at <https://theprint.in/economy/many-countries-have-blocked-huawei-but-india-cant-afford-to-ban-it-from-its-telecom-story/169813/> (accessed on May 16, 2020).
- 17 "Japan, India agree to join forces on 5G technology as Huawei concerns linger", *The Strait Times*, February 25, 2020, at <https://www.straittimes.com/asia/east-asia/japan-india-agree-to-join-forces-on-5g-technology-as-huawei-concerns-linger> (accessed on May 15, 2020).
- 18 Abe heralds launch of 'Osaka Track' framework for free cross-border data flow at G20", *The Japan Times*, June 28, 2019, at <https://www.japantimes.co.jp/news/2019/06/28/national/abe-heralds-launch-osaka-track-framework-free-cross-border-data-flow-g20/#.XsZ4pZXitPY> (accessed on May 16, 2020).
- 19 D. Ravi Kant, "India boycotts 'Osaka Track' at G20 summit", *Live Mint*, June 30, 2019, at <https://www.livemint.com/news/world/india-boycotts-osaka-track-at-g20-summit-1561897592466.html> (accessed on May 16, 2020).
- 20 "Azevêdo joins Prime Minister Abe and other leaders to launch "Osaka Track" on the digital economy", *World Trade Organization*, June 28, 2019, at https://www.wto.org/english/news_e/news19_e/dgra_28jun19_e.htm (accessed on May 16, 2020).
- 21 Jagannath Panda, "THE STRATEGIC IMPERATIVES OF MODI'S INDO-PACIFIC OCEAN INITIATIVE", *East West Center*, April 8, 2020, at <https://www.eastwestcenter.org/publications/the-strategic-imperatives-modi's-indo-pacific-ocean-initiative> (accessed on May 16, 2020).
- 22 "Why Japan won't join the AIIB", *Japan Times*, April 20, 2015, at https://www.japantimes.co.jp/opinion/2015/04/20/commentary/japan-commentary/japan-wont-join-aiib/#.Xr_02C2B3fY (accessed on May 16, 2020).
- 23 "China-led AIIB will be lean, clean and green - official", *Reuters*, April 12, 2015, at <https://www.reuters.com/article/us-asia-aiib/china-led-aiib-will-be-lean-clean-and-green-official-idUSKBN0N302B20150412> (accessed on May 16, 2020).
- 24 "India should be an APEC member: Australian Shadow Trade Minister", *Business Standard*, January 21, 2019, at https://www.business-standard.com/article/news-ians/india-should-be-an-apec-member-australian-shadow-trade-minister-119012100197_1.html (accessed on May 16, 2020).

About the Perth USAsia Centre

The Perth USAsia Centre, located at The University of Western Australia, is a nonpartisan, not-for-profit institution strengthening relationships and strategic thinking between Australia, the Indo-Pacific and the USA. The Centre is a leading think tank focusing on geopolitical issues, policy development and building a strategic affairs community across government, business and academia. Since the Centre's inception in 2013, the Centre has collaborated with over thirty partners to convene more than four hundred events across sixteen cities in eight countries, engaging a world-class community of more than 10,000 strategic thinkers and leaders.

Disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

© Perth USAsia Centre 2020

This publication is subject to copyright. Except as permitted under the Copyright Act 1968, no part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

Notwithstanding the above, educational institutions (including schools, independent colleges, universities and TAFEs) are granted permission to make copies of copyrighted works strictly for educational purposes without explicit permission from the Perth USAsia Centre and free of charge.



Perth USAsia Centre

M265, 3rd Floor, Old Economics Building,
The University of Western Australia,
35 Stirling Highway, Crawley WA 6009, Australia

@ perthusasiacentre@uwa.edu.au

🐦 @PerthUSAsia

f PerthUSAsia

in linkedin.com/company/perth-usasia-centre

perthusasia.edu.au



perthusasia.edu.au

M265, 3rd Floor, Old Economics Building, The University of Western Australia, 35 Stirling Highway, Crawley WA 6009, Australia



Perth USAsia Centre

- @ perthusasiacentre@uwa.edu.au
- 🐦 @PerthUSAsia
- f PerthUSAsia
- in linkedin.com/company/perth-usasia-centre
- 📍 perthusasia.edu.au