

Shared Goals, Converging Interests: A Plan for U.S.–Australia–India Cooperation in the Indo–Pacific

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Abstract

The United States, Australia, and India face common challenges and opportunities in the Indo–Pacific region that are defined by their shared values and interests. These include sea-lane security, counterterrorism, nonproliferation, and disaster relief. A formal trilateral dialogue gives these three countries an opportunity to understand and act together to address current and future challenges more effectively. Such an attempt to arrive at a mutual understanding of each others’ concerns will help promote the Indo–Pacific as an area conducive to economic and political stability, security, free and open trade, and democratic governance.

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Liberal democratic powers in the Indo–Pacific¹ share a strategic interest in enhancing a web of relationships that promote economic and political stability, security, continued free and open trade throughout the region, and democratic governance. U.S.–India–Australia trilateral cooperation should be a critical element of this underpinning.

U.S. security pacts with Japan, South Korea, Australia, Thailand, and the Philippines will remain the key pillars of U.S. foreign policy in Asia. For its part, Australia’s security in the region relies heavily on a robust U.S. alliance, in conjunction with partnerships with Asian powers, and Australia’s own military and diplomatic capabilities. While India’s regional engagement is limited in scope, New Delhi is slowly building and strengthening political and economic ties as well as enhancing its naval diplomacy in the region. India signed a free trade agreement (FTA) with the Association of South East Asian Nations (ASEAN) in 2009 and joined the East Asian Summit (EAS) as a founding member in 2005. It signed an FTA with Japan in 2011 and is strengthening its multifaceted relationship with the U.S.

The U.S., Australia, and India can reinforce and strengthen their unilateral and bilateral efforts in the region by coordinating more broadly in areas of shared strategic, economic, and security interests. This paper examines the prospects for enhanced trilateral dialogue and cooperation among the U.S., Australia, and India as an important component of an overall strategy that enhances collaboration and prepares them to handle various exigencies that confront their shared interests and the broader order that they seek to promote.

Cooperation on Asia–Pacific Issues

The U.S. and Australia already participate in the robust Trilateral Strategic Dialogue with Japan, which was upgraded to the ministerial level in 2006. The framework of the dialogue has evolved over time with changes in political leadership, but the logic of a trilateral partnership based on a combination of values, interests, and capabilities has survived. This logic would naturally accommodate a rising India.

In 2007, former Japanese Prime Minister Shinzo Abe proposed that India join in order to formalize a four-way strategic dialogue. However, China’s negative reaction to the first formal meeting of the quadrilateral grouping at the level of additional secretaries in 2007 helped to cause all four countries eventually to back away from the idea, and the initiative lost steam.

While the quadrilateral initiative has withered, the increasing number of security concerns in the region has prompted Indian, Japanese, and U.S. officials to pursue trilateral cooperation. The three nations recently announced their intention to establish a trilateral dialogue on regional and global security at the level of assistant secretary to discuss such issues as maritime security, humanitarian assistance, and regional economic partnership.

Clearly, India is not averse to the idea of trilateral or quadrilateral mechanisms in the region. In fact, the recent formalization of a trilateral dialogue among India, the U.S., and Japan on regional and global issues reflects India’s commitment to such mechanisms, which are increasingly security-driven. Similarly, the U.S. and India have held four rounds of senior-level talks on Asia–Pacific issues since April 2010 that will serve as the basis for the trilateral discussions with Japan. During her trip to India in July 2011, U.S. Secretary of State Hillary Clinton highlighted U.S. interest in India’s playing a larger security role in Asia.

1. In this paper, Indo–Pacific refers to the areas of the Indian Ocean and the Western Pacific. Asia–Pacific refers to East Asia and the Pacific.

Meanwhile a healthy web of bilateral security dialogues and links has developed among U.S. allies and partners in the region, formalized in a pattern of “connecting-the-spokes” security declarations: Australia–Japan (2007), Japan–India (2008), Australia–India (2009), and Australia–South Korea (2010). Of these, the Australia–Japan relationship is the most advanced, involving 2+2 defense and foreign ministers’ dialogue as well as practical cooperation in logistics, intelligence, and increasingly high-end training.

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This paper recommends that the U.S., Australia, and India pursue a formal trilateral dialogue to complement the new U.S.–Japan–India trilateral dialogue, the ongoing U.S.–Japan–Australia dialogue, and the web of bilateral declarations and talks. Forging separate trilateral tracks of dialogues will facilitate coordination among the four nations while they remain focused on the specific dynamics of each triad. It will also provide a basis for eventually reestablishing an official quadrilateral

dialogue in the event political circumstances in the region suit its revival. Integrating economic, political, and security relationships among the U.S., Japan, Australia, and India will bolster the collective security of all four countries.

Defense Cooperation

The U.S., Australia, and India have the opportunity to strengthen trilateral collaboration on defense by capitalizing on well-established defense ties between Washington and Canberra and the solid foundation of cooperation that has been forged between Washington and New Delhi. The Australia–India leg holds promise but remains underdeveloped. Just as trilateral coordination helped to improve the Japan–Australia relationship, it can also facilitate closer ties between Australia and India and spur India’s involvement in the developing regional security architecture.

Improving collaboration in the defense sector among all three nations would better prepare them to limit the impact of any military conflict in the region and to coordinate humanitarian relief as well as operations to deal with transnational security problems. With smart diplomatic management, establishing closer security cooperation and integrating defense capabilities will help to maintain peace and stability in the region and deter disruption of the territorial status quo or security of vital sea-lanes. The three countries also have a particular interest in consulting on Chinese defense modernization and its impact on regional security.

U.S.–Australia. U.S.–Australia defense cooperation is already extensive, involving joint facilities, major multiservice combined exercises, a level of intelligence sharing enjoyed by only a handful of America’s closest allies, co-development of weapon systems, and joint planning from the strategic level to the operational level. U.S.–Australian cooperation is continuing to expand and deepen. Moreover, the prospect of increased U.S. access to military bases in Australia—for instance, ports and airfields on the northern and western coasts—would provide a building block for trilateral cooperation with India in the Indian Ocean.

U.S.–India. In 2005, India and the U.S. signed a 10-year defense framework agreement that calls for expanded joint military exercises, increased defense-related trade, and establishment of a defense and procurement production group. This has paved the way for the U.S. to provide India with six C-130J military transport aircraft and eight P-81 maritime reconnaissance aircraft (a customized variant of the P-8) and to transfer the decommissioned USS *Trenton* to the Indian Navy.

While the U.S. was disappointed by India’s decision to deselect two U.S. companies from bidding on the India Air Force’s requirement for 126 medium multirole combat aircraft (MMRCA), India’s ambitious military modernization

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campaign will present additional opportunities for U.S. companies to supply India's defense requirements. In fact, in June 2011, India's Cabinet Committee on Security approved the purchase of 10 C-17 military cargo planes from Boeing. India's plans to spend around \$35 billion over the next five years to upgrade its defense forces will offer ample opportunities for closer U.S.–India defense cooperation.

India and the U.S. hold regular joint exercises across all services at increasing levels of complexity, including multilateral exercises such as the U.S.–India Malabar naval exercise, which included Australian, Japanese, and Singaporean participation in 2007. Japan participated again in the 2009 Malabar exercises, which were held near Okinawa.

Australia–India. Australia and India have improved their defense ties in recent years. They concluded a joint declaration on security cooperation during Australian Prime Minister Kevin Rudd's visit to India in November 2009, marking a useful step forward in their bilateral security relationship. The declaration identifies eight specific areas for further cooperation: policy coordination in regional affairs, bilateral cooperation within regional frameworks such as the East Asian Forum and ASEAN, a defense dialogue, terrorism, transnational organized crime, disaster management, maritime and aviation security, and law enforcement cooperation.

However, the declaration is less substantial than its Australia–Japan counterpart, and progress in fleshing it out and implementing it remains uneven. The tempo of bilateral military exercises has been slow, and India does not yet treat Australia as a priority security partner. Apparently, a major reason for this is continued Indian disappointment with Canberra's failure to change its policy banning uranium sales to India for civil purposes. Nonetheless, they have made progress in defense dialogue, with talks now taking place annually between service chiefs and national security advisers.

Australia and India have rich opportunities to expand their practical defense collaboration, not only in maritime exercises and patrolling, but also, for instance, in some major military acquisitions. Both have ambitious plans for modernizing their blue-water navies and would benefit from sharing lessons and insights. Both are acquiring P-8 maritime surveillance aircraft from the U.S., and it would be logical for them to cooperate in training and maintenance and possibly even share surveillance data. Their fleets will likely find themselves monitoring contiguous maritime zones.

Enhancing Trilateral Collaboration. To enhance trilateral defense collaboration, each country must take steps to build confidence and trust in the sustainability and reliability of such a partnership. While Australia and the U.S. have maintained a robust military alliance since 1951 and have fought side by side in every major international conflict for the past 100 years, the U.S. and Indian militaries and the Australian and Indian militaries have a long way to go in building full trust in their military-to-military relations.

For its part, the U.S. should prioritize reforming U.S. export control regulations and licensing procedures to open more opportunities for co-production and co-development of military projects with India. The U.S. took a significant step in this direction earlier this year by removing the Indian Defense Research and Development Organization and the Indian Space Research Organization from the U.S. Department of Commerce's Entity List, which bars export of certain dual-use technologies.

U.S. legislators also recently passed legislation requiring the Defense Department to submit a detailed report by early November on the status of U.S.–India security ties and a five-year plan for enhancing this cooperation in the Indo–Pacific region. The legislation should help to catalyze efforts to deepen U.S.–Indian defense ties and spur the U.S. bureaucracy to change U.S. export controls and licensing requirements that may be inhibiting military cooperation and trade with India.

To augment the case for further reform of U.S. export controls, India should pursue a General Security of Military Information Agreement (GSOMIA) with the U.S. that would permit the sharing of sensitive military information,

particularly for military exercises and operations. The U.S. and India have pursued such discussions in the past, but India has balked at signing a formal agreement out of fear of compromising control of sensitive information. The U.S. and Australia have a strong GSOMIA in place.

India needs to engage all three of its military services in active dialogue with their U.S. and Australian counterparts. There is a perception in Washington that New Delhi is focused primarily on technology acquisition rather than discussing strategically significant issues with U.S. counterparts. Such discussions could address force posture, power projection, and command and control. The Indian defense bureaucracy tends to view U.S. interest in these issues with suspicion and has been reticent to expand dialogue with its U.S. counterparts beyond a certain point.

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While building confidence between the security services of the respective countries may take time, Indian leaders can help by setting strategic priorities with the U.S., Australia, and Japan and by developing road maps for achieving them. Indian strategic planners seem largely to agree with their U.S. counterparts about threats in the region but are sometimes reluctant to develop combined approaches to mitigate these threats. Nevertheless, even if India appears to be hesitant now,

its interests may eventually drive it toward its U.S. and Asian partners. A strong India will contribute to peace and stability in Asia.

Maritime Security

Trilateral coordination and cooperation in defense and security matters among the U.S., Australia, and India would serve to strengthen maritime security in the Indian Ocean region and help to maintain freedom of navigation in the entire Indo-Pacific area. Since 2009, there have been a series of maritime incidents in which Chinese naval or paramilitary vessels and aircraft have challenged or harassed American, Japanese, Vietnamese, and Philippine vessels in the South China Sea, East China Sea, and Yellow Sea far seaward of China's 12-nautical-mile territorial limits. China also is reported to have elevated the South China Sea to one of its geographically determined "core interests" in contacts with senior American officials, including the U.S. Secretary of State, in 2010.

Indian and Australian trade depends heavily on sea traffic through the Indo-Pacific region. Two-thirds of Indian oil and gas imports transit the Indian Ocean, and most of Australia's resource exports transit East Asian waterways

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to China, Japan, South Korea, and Taiwan. The burgeoning Australia-India energy and resource trade is also primarily seaborne. India is understandably wary of China's growing role in the Indian Ocean, particularly China's interest in developing major port facilities in South and Southeast Asia. The U.S. should help to build the capacity of Australia and India to monitor and protect the maritime routes that link the Asian nations with each other and the rest of the world.

The Indian Navy. India is steadily building up its naval capabilities, paying particular attention to enhancing the Eastern Naval Command's role in India's overall naval strategy and foreign policy. India's Western Command, headquartered in Mumbai, has traditionally received the bulk of resources and attention, but India is slowly shifting its focus eastward to cope with expected increasing Chinese naval activity in the Bay of Bengal and Indian Ocean and to enable India to project power into the Asia-Pacific.

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India has the world's fifth largest navy, which is organized into three commands: western, southern, and eastern. In 2001, India established a tri-services command at Port Blair in the Andaman and Nicobar Islands. The navy has one aircraft carrier and plans to have three carriers by 2020 as part of India's naval expansion program. However, difficulties in procurement and deficiencies in its own shipbuilding sector could stall India's progress in developing its naval capabilities.

India has also carefully cultivated ties with the countries of the Indian Ocean rim, including Mauritius, Maldives, Seychelles, and Madagascar. It has provided these countries with naval support, such as offshore naval patrol vessels, staff, and training. In February 2008, India convened the Indian Ocean Naval Symposium (IONS), inviting participants from the littoral states, including Australia, to discuss maritime security. The United Arab Emirates hosted the second conference in May 2010, and the third is scheduled to be held in Indonesia in October 2011. Australia would be a logical future host. The U.S., the United Kingdom (U.K.), and Japan are observers to the organization.

India also is pursuing better ties with several Southeast Asian navies, notably Vietnam's, to balance Chinese naval power and protect access to the Indian Ocean. New Delhi initiated a security partnership with Hanoi in 2000 that emphasized defense training, supply of advanced weaponry, and the potential for India to gain access to the South China Sea through the Cam Ranh Bay naval and air base. Indian officials have long understood the importance of Vietnam in the South China Sea and its potential to balance the Chinese naval presence in the Western Pacific. The Vietnamese have demurred on granting India access to Cam Ranh Bay, but they recently gave India rights to use a small port at Nha Trang.

Indian and Western media sources reported that a Chinese ship or caller challenged the INS *Airavat*, an Indian naval vessel, off the coast of Vietnam on July 22, demanding that the Indians explain their presence. The INS *Airavat* was the first ship to visit the port at Nha Trang under the new Indo–Vietnamese port arrangement. Although uncertainty still surrounds this particular incident, the dynamic of Sino–Indian competition at sea is likely to intensify as Chinese interests expand westward and India's expand eastward.

Anti-Piracy Operations. Countering piracy to ensure unimpeded trade and commerce is an important avenue for future trilateral cooperation. Somali piracy is a growing threat in the Arabian Sea off India's west coast. India has engaged in anti-piracy operations since 2008, disrupting around 30 piracy attempts and arresting more than 120 pirates. India also is responsible for securing the exclusive economic zones of Maldives, Seychelles, and Mauritius.

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In the past, India has been more interested in addressing piracy bilaterally than in joining multinational piracy organizations. Several of the bilateral relations that India has developed within the Indian Ocean rim should contribute to strengthening the trilateral dialogue among India, the U.S., and Australia. Additionally, bolstering trilateral cooperation in countering piracy could contribute to other broader international forums. For example, Combined Task Force (CTF) 150 was formed initially as a counterterrorist operation but has been active in countering piracy since 2007. In January 2008, the U.S. Fifth Fleet headquarters in Bahrain established CTF 151 to address piracy off the Somali coast.

India, the U.S., and Australia should continue to look for opportunities to train together in multilateral maritime exercises as they did in 2007 during the annual U.S.–India Malabar naval exercise. The 2007 Malabar exercise became a path-breaking event in which the U.S., India, Australia, Japan, and Singapore conducted a multilateral naval exercise together for the first time. In 2009, the Malabar exercise off the coast of Okinawa included Japanese

ships. Japan was scheduled to participate in the 2011 Malabar exercise but pulled out to deal with the aftermath of the earthquake and tsunami in March.

Space and Missile Defense

Cooperation among Washington, Canberra, and New Delhi could also provide opportunities for improving each country's defensive capabilities in space and ballistic missile defense. The logic driving strategic defense cooperation is that nuclear deterrence and broader strategic deterrence are best enhanced by improving defensive postures as opposed to focusing on second-strike capabilities. Rather than increasing the capacity of strategic forces to destroy soft targets, a strategic defensive posture emphasizes limiting the capacity of the opponent's strategic forces to inflict damage. All three countries have an interest in enhancing and explaining this potentially stabilizing dynamic.

Defending space networks against attack should be a critical element of this broader defensive posture. The defense of space networks and ballistic missile defense can go hand in hand. In principle, future missile defenses, including a constellation of space-based interceptors, could counter most kinds of ballistic missiles and some types of anti-satellite weapons. Australia and the United States are stepping up their cooperation on space situational awareness.

While the three sides remain far from sufficiently comfortable to develop, deploy, and manage missile defenses jointly in the near term, it could become an area for trilateral cooperation sometime in the future. Trilateral and bilateral Track II dialogues involving experts and scholars should contribute to and strengthen cooperation at formal levels and gradually build the necessary comfort levels.

In January 2011, the U.S. officially removed export controls on several subsidiaries of India's Defense Research and Development Organization and the Indian Space Research Organization. By removing these organizations from the Entity List, which restricts export of certain dual-use technologies, the U.S. has signaled that it is no longer seeking to isolate or punish India for its missile and nuclear programs, but instead is seeking to cooperate with New Delhi in stemming global proliferation.

Australia's position on missile defense is ambiguous. The Labor government has expressed some opposition to development of national missile defense systems, which it considers a destabilizing force, preferring instead to focus on theater systems. However, there is a tension within the ruling Labor Party on this issue. The 2009 Australian defense white paper tempered its criticism of missile defense with an acknowledgement of Australia's wish to keep its options open.

When Australia's three new air warfare destroyers are completed, the Australian Navy will deploy the U.S.-produced Aegis Combat System, an integrated naval combat system that uses powerful computers and radars to track and guide weapons to destroy enemy targets. By then, political obstacles will likely have been overcome, clearing the way for arming Australia's air warfare destroyers with a small number of interceptor missiles. Furthermore, the U.S. and Australia have a long history of cooperation on space-related matters of national security, including early warning and strategic communications.

Meanwhile, India is experimenting with an indigenous ballistic missile defense capability while remaining keen to acquire the U.S. Aegis system. New Delhi has long since overcome any ideological resistance to the idea of missile defense. The Indian position has evolved from an ambivalent approach in the early 2000s to supporting and developing its own missile defense system. The change took place for two reasons: the prospect of high-technology transfer as part of the missile defense system and the possibility that India might be integrated into the new nuclear order, which made successive Indian governments adopt postures more supportive of the missile defense option.

Counterterrorism

The U.S., Australia, and India face a common threat from global terrorists seeking to disrupt their way of life and undermine their democratic foundations and institutions. They have common interests in working to stabilize Afghanistan, stemming transnational terrorism, and addressing homegrown terrorism.

The U.S. has achieved significant gains against al-Qaeda since 2001. During 2011, it has done so mainly by enhancing intelligence operations inside Pakistan and escalating the drone missile campaign against terrorists in Pakistan's tribal areas bordering Afghanistan. Aside from eliminating Osama bin Laden in a U.S. Special Forces raid in Pakistan on May 2, the U.S. drone strikes have eliminated a number of other key al-Qaeda leaders, including Anwar al-Awlaki in Yemen in late September and Atiyah Abd al-Rahman, al-Qaeda's number-two commander, in Pakistan in August.

However, al-Qaeda's recent setbacks will not end global terrorism. Al-Qaeda affiliates throughout the Middle East and South Asia, and to some extent in Southeast Asia, remain motivated and capable. The Pakistan-based Lashkar-e-Tayyiba, which was responsible for the 2008 Mumbai attacks, is just one example of an al-Qaeda affiliate that operates mainly in South Asia but poses a threat to all three countries.

Afghanistan. All three countries share the goal of stabilizing Afghanistan and ensuring that it does not again become a safe haven for international terrorists. While the U.S. and Australia are involved in combat operations in Afghanistan, India has supplemented the international effort by providing humanitarian and development assistance and shoring up its diplomatic and political position within the country. A recent agreement between Kabul and New Delhi opened the door for India to expand training of Afghan security forces in India. Australia also has significantly stepped up its development assistance to Afghanistan.

The U.S. strategy in Afghanistan hit serious roadblocks in the second half of 2011. U.S.–Pakistan ties sharply deteriorated, as marked by statements from retired U.S. Chairman of the Joint Chiefs of Staff Admiral Michael Mullen, who told a congressional committee on September 22 that the Haqqani network of Afghan insurgents was a “veritable arm” of Pakistan's intelligence service. Two days before Admiral Mullen's testimony, Dr. Burhanuddin Rabbani, head of Afghanistan's High Peace Council, was assassinated, calling into question U.S. and Afghan efforts to seek reconciliation with the Taliban. As the U.S. formulates a new strategy for promoting peace in Afghanistan, it should consult closely with both Canberra and New Delhi about ways to facilitate a resolution that preserves the democratic and human development gains made over the past 10 years.

All three countries share the goal of stabilizing Afghanistan and ensuring that it does not again become a safe haven for international terrorists.

The U.S., Australia, and India can cooperate toward the goal of preventing Taliban elements from regaining control. Accelerated troop withdrawals beyond what the conditions on the ground justify would undermine U.S. and NATO leverage at the negotiating table and set the stage for a return to extremist Taliban rule. Washington and Canberra should bolster New Delhi's initiatives to shore up the country's democratic institutions and promote respect for the rights of women and religious minorities as a guard against Taliban extremists gaining ground in Afghan politics. Washington and Canberra should also strenuously avoid a “blame the victim” suspicion about India's role in Afghanistan. As a long-time target of terrorism linked to entities in Afghanistan, India has every right to safeguard its interests there.

Transnational Terrorism. The three countries should increase consultations and information and intelligence sharing on terrorist networks. These groups include al-Qaeda, Lashkar-e-Tayyiba, Jemaah Islamiyah, and other groups and individuals that are loosely or closely affiliated with al-Qaeda. This trilateral cooperation could extend to discussion of how to prevent globally inspired but locally generated attacks.

India has long faced the terrorist scourge but experienced its most psychologically damaging attack in Mumbai in November 2008, when nearly 160 people—including a number of Americans and Australians—were murdered in multiple gun attacks throughout the city. Although Australia has not experienced a major terrorist attack on its territory, 88 of its citizens were killed in the 2002 Bali attacks, and its embassy in Jakarta was attacked in 2004. In response, Australia and the U.S. helped Indonesia to fund, equip, and train Densus 88, a highly successful elite counterterrorism police unit.

Particularly since 2005, counterterrorism in Southeast Asia has been a success story, although the hotel attacks in Jakarta in July 2009 and a number of smaller attacks in Indonesia since then serve as reminders of the threat. Abu Sayyaf remains active in the southwestern Philippines, requiring the continued presence of American military advisers. The arrest of Umar Patek, who was involved in the 2002 Bali bombing, points to the continuing significance of international terrorist networks. Patek is Indonesian, was trained in Afghanistan, was a fugitive in the Philippines, and was finally arrested in Pakistan.

Indonesia remains home to a number of violent and nonviolent groups dedicated to establishing an Islamic state. In the past year, the Darul Islam movement, the most famous Islamist insurgents in Indonesia's modern history, resurfaced in the shape of the Islamic State of Indonesia, sending shock waves through the Indonesian establishment. The group's recruitment efforts, particularly on college campuses, have set off alarm bells about the neglect of Indonesia's nonsectarian ideological roots and have led to renewed interest in reviving civic education in the school system.

Homegrown Terrorism. Homegrown terrorist groups, often inspired by global terrorist groups, threaten most of South Asia. Such groups and “lone wolf” terrorists are also a matter of great concern in the U.S. and several other Western nations. Tackling homegrown terrorists presents a set of challenges that are different from those that global terrorist groups present. The U.S., India, and Australia should jointly reassess their strategies for countering global terrorism and adapt them to dealing with homegrown terrorist groups and individuals.

Likewise, there needs to be a trilateral initiative in identifying, assessing, and countering chemical, radiological, biological, and nuclear (CRBN) terrorism. The possibility of terrorist groups carrying out such attacks has increased greatly since 9/11. Terrorist groups in South Asia and other parts of the world have multiplied in number, strength, capability, and networking and often have state sponsorship. As the number of nuclear power stations and related infrastructure increases in the coming years, particularly in unstable countries such as Pakistan, the possibility of nuclear materials falling into the hands of terrorist groups or attacks on nuclear installations will increase. The possibility of terrorists carrying out chemical, biological, or radiological attacks remains equally serious.

With the creation of Australia's new Counter Terrorism Control Centre and India's Multi-Agency Centre to integrate intelligence efforts, the three countries can share best practices in terrorist prevention techniques and information gathering and collation. They can also cooperate in strengthening legal processes and in developing investigative and law enforcement capacity in the countries of South and Southeast Asia. Australia's experience in working with India and the U.S. on intelligence and security preparations for the 2010 Commonwealth Games in New Delhi was instructive for all three partners and may have given them a new awareness of and respect for each other's interests and capabilities.

Nonproliferation Challenges

Nonproliferation challenges remain a concern. However, the context has changed considerably since the end of the Cold War with an increasing number of countries pursuing nuclear weapons and delivery systems.

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Proliferating States. A history of China–Pakistan collaboration in nuclear and missile development and active programs in Iran and North Korea are major concerns for the U.S., Australia, and India. These developments have far-reaching potential to alter the military balance in Asia. While India, the U.S., and Australia acknowledge these challenges, they have failed to coordinate in a way that begins to address them. Concerns about the Pakistani nuclear program and worrying developments in North Korea should convince the U.S. and Australia to work more closely with India to coordinate and shape nonproliferation policy that will contribute to a stable Asian security order.

It is equally important for India, the U.S., and Australia to coordinate their positions on Iran. The Indian approach has been rather ambiguous in recent years. India is keen to work with Iran, given its growing demand for energy resources, but is uncomfortable with Iran’s clandestine nuclear activities, especially when they have been linked to Pakistan. Thus, the Indian approach seems increasingly in tune with the West in supporting sanctions against Iran.

The Indian and American governments have a common vision on Iran to the extent that neither wants to see a nuclear weapons–capable Iran. However, Washington and New Delhi have major differences in their approaches to achieving this goal. Both believe that a nuclear Iran is not in the interest of regional stability. Iran is a major regional power, and the new sense of nationalism sprouting in several Asian countries could set in motion sectarian confrontations. An Iranian bomb could drive other countries in the region—Egypt and Saudi Arabia in particular—to go nuclear.

However, India is keen that the U.S. and other key players use dialogue and diplomacy to resolve the issue. It believes that a purely punitive approach toward Iran is unlikely to yield positive results. India would instead favor an approach that recognizes Iranian national pride and one that is pursued under the U.N. umbrella. Differences with the U.S. in this regard will likely persist. However, despite these differences, at a minimum, the three countries can share information, coordinate their approaches, and occasionally find overlapping short-term interests.

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The Nonproliferation Regime. While North Korea and Iran pose individual nonproliferation challenges, the larger challenge is the crisis of the nonproliferation regime itself. The nonproliferation regime’s inability to address these threats indicates its weakness, which may result in the failure to stem further proliferation, particularly in Asia. In an extreme deterioration of strategic circumstances, Japan, South Korea, and Saudi Arabia would be potential candidates for going nuclear, particularly if the North Korean and Iranian nuclear weapons programs were not stopped and if the credibility of U.S. extended deterrence markedly declined.

Similarly, the lack of attention to vertical proliferation by some nuclear states has contributed to the horizontal proliferation in Asia. States and regimes need to look realistically at the demand side of the problem. If nuclear weapons are considered legitimate for some, others are bound to seek them. This is particularly relevant in the sense of competition, rivalry, and conflict in the Asia–Pacific context.

There is much merit in trilateral policy and intelligence dialogue on these challenges. For instance, the risk of Pakistani nuclear weapons and knowledge proliferating to terrorists is a major concern of all three nations. The more general expansion of Pakistani nuclear efforts is also a shared challenge, including the growth of the nuclear arsenal and the planned sale of two new Chinese power reactors without Nuclear Suppliers Group approval. China’s circumvention of the NSG process will only further weaken the regime. Therefore, the three nations should work to develop relationships and direct lines of communication that would facilitate real-time intelligence sharing.

A second aspect could be further tightening controls on the flow of technology and materials, both internally and externally. In September 2011, India strengthened the security of nuclear materials and technologies by setting up

the Nuclear Safety Regulatory Authority of India (NSRAI), replacing the Atomic Energy Regulatory Board (AERB). The NSRAI will report directly to the Indian Parliament.

While each country is following several such measures, coordination among the three countries would make transfers of these materials that much harder. Enhancing multinational security measures such as the Container Security Initiative and Proliferation Security Initiative also is essential. India has not been entirely forthcoming on some of these measures, not necessarily because it is against the idea of instituting such measures, but because of a lack of confidence in the program's implementation. However, trilateral dialogue on nonproliferation could help to raise Indian comfort levels with the PSI in particular, which it so far has been unwilling to join.

India and the Nonproliferation Order

India's commitment to nonproliferation has been steadfast even though it has remained outside the formal international nonproliferation regime. The U.S.–India nuclear deal recognizes India's track record on nonproliferation. The India-specific Nuclear Suppliers Group (NSG) waiver granted in 2008 has allowed India to maintain its nuclear weapons deterrent and to gain access to civilian nuclear technology and fuel without signing the Nuclear Non-Proliferation Treaty (NPT). Inherent in the agreement is the expectation that India will continue its positive track record on nonproliferation and commit to the same standards as those expected from other nuclear-armed NPT member states.

President Barack Obama's stated intention of bringing India into the four major nonproliferation groupings—the Nuclear Suppliers Group, Missile Technology Control Regime (MTCR), Australia Group, and Wassenaar Arrangement—recognizes that India and the global nonproliferation regime have common interests. One of the key global powers of this century simply cannot be left out of the nonproliferation tent. India's membership in these four regimes would help to strengthen these institutions. This would also benefit India by clarifying and coordinating internal positions on many of these issues.

India's commitment to nonproliferation has been steadfast even though it has remained outside the formal international nonproliferation regime.

The three countries can help to develop fresh thinking about India's relationship to the NPT and the nonproliferation regime that accounts for the reality that India is highly unlikely to join the treaty as a non-nuclear weapons state at any time in the near future. This will be challenging because the traditional criteria for membership in most multilateral nonproliferation groups has always included NPT membership. Despite the intent at the highest level in the U.S.

political leadership, building a consensus in favor of Indian membership in any of these regimes will take time.

The Australia Group. The Australia Group is the logical place to begin India's formal entry into the global export control network. Because it focuses on chemical and biological weapons precursors, it is not connected to any residual sensitivities about nuclear issues. Given India's massive chemical industry and growing biotech sector, excluding the country from the relevant export control regime is unsustainable.

Australia could play a major role in facilitating India's entry into the Australia Group's effort to control proliferation of chemical and biological weapons. Canberra is the permanent chair of this arrangement and could advise India on harmonizing its export controls and interagency coordination as well as encourage other Australia Group participants to welcome India's admission. Active Australian assistance on this front could also help to overcome any remaining misperceptions in New Delhi that Australia does not trust India on nonproliferation.

The necessary administrative preparations for membership in the Australia Group on chemical and biological weapons nonproliferation export controls would have the added advantage of clearing away some of the internal

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muddle in the Indian government about its policy. For instance, because of a lack of coordination between India's Defense Research and Development Organization (DRDO) and the Ministry of External Affairs, the DRDO continued to have stocks of chemical weapons even after India signed an agreement with Pakistan against the holding of chemical weapons in 1992 and before it signed the Chemical Weapons Convention (CWC) in 1993, although there are credible assessments that these stocks have since been destroyed in compliance with India's CWC obligations.

Missile Technology Control Regime. India has a strong interest in curbing missile proliferation. Given the significant damage done by China–Pakistan, China–North Korea, and China–Iran missile transactions, India is keenly interested in curbing further proliferation. India's ability to contribute significantly to curbing missile proliferation will be constrained if it is not part of the MTCR.

Wassenaar Arrangement. India's entry into the Wassenaar Arrangement to limit the proliferation of conventional arms and dual-use goods and technology is long overdue. As with the other export control systems, India has traditionally been a target of such regimes, but India's increasing economic, trade, and technological strengths suggest that it has more in common with such arrangements. Although India is still not a major arms exporter, there is a need for greater coordination between India and the Wassenaar Arrangement, and this coordination will be mutually beneficial.

Nuclear Suppliers Group. Of the four regimes under discussion, the NSG could prove to be the most difficult, but it is symbolically the most significant for India given that the NSG was established as a tightening measure after India's first nuclear test in 1974. India's entry into the NSG would be particularly important given the close linkage between proliferation and terrorism in Asia.

The three countries could also coordinate to put nonproliferation issues squarely on the agenda of regional forums, such as the East Asia Summit, and to use these venues to put added pressure on nations that tolerate or support proliferation. Given that certain NSG members are insistent on criteria-based rules for India's membership, the U.S. and Australia could work together in establishing certain criteria that might facilitate India's membership.

Economics

Global imbalances are the heart of this decade's economic crises. While the reasons for these imbalances and their role in causing the global economic downturn continue to be debated, the idea, first conveyed by Ben Bernanke, that the world is suffering from a "savings glut" continues to be raised in most discourses. From this perspective, relatively repressed consumption and excess saving in the developing world, led by China, helped to foster a global deficiency of demand relative to supply. It is too simplistic to draw the line of causation from one end of the global economy to the other—especially given the role that loose U.S. monetary supply has played in the crisis—but there is little disagreement about certain trends.

It has become increasingly clear that public consumption has reached unsustainable levels in the United States and other parts of the industrialized world. Less obvious is the fact that the developing world cannot continue to rely on excessive consumption elsewhere in the system to support its growth. As China becomes a larger part of the global system, it will not be able to sustain its growth story in a world economy that is growing at less than 4 percent per year on average.

Developing Asia holds more than \$3.8 trillion in reserves, 80 percent of which is held by China. Almost all of these reserves are invested in treasury bonds or similar instruments that yield less than 2 percent in real terms or almost zero in local terms if the economic growth of these countries and asset appreciation are taken into account. The quantum of reserves held at no return signals lost domestic income and, therefore, lost consumption in developing Asia.

The seemingly paradoxical flow of capital from poor developing countries to capital-rich developed countries is seen as a “flight to quality.” U.S. Treasury securities remain the world’s premium (risk-free) asset given the breadth and liquidity of the market underwritten by high-quality institutional development, which supports financial market flows and ensures contract enforcement.

It has become increasingly clear that public consumption has reached unsustainable levels in the United States and other parts of the industrialized world.

Reserve accumulation can be a form of insurance that developing nations seek in order to reduce the probability of an output drop induced by capital flight. Developing countries can reduce the need for such insurance by investing in institutional development of their financial sectors in combination with financial liberalization and improvement of their legal systems. Developing nations need to view the excessive accumulation of foreign exchange reserves, which carries real economic costs, less as a sign of strength and more

as an indication of waste in the system that inhibits more wholesome economic growth.

The United States needs to show leadership in contributing to this rebalancing by committing to its own fiscal consolidation. For the United States and deficit nations in the European Union, the choice of fiscal consolidation is between acting voluntarily and preemptively or waiting for the market to force them to act later, which will be far more disruptive.

On the other hand, India and other developing countries need to develop healthier and more resilient economies that are less reliant on exports. China in particular needs to reduce its fixed investments and instead stimulate domestic consumption. China’s fixed capital formation at 50 percent of gross domestic product (GDP) is unsustainably high compared with the global average of 20 percent.

India is often presented as better placed to cope with the global economic downturn because of its dependence on domestic demand, but this is not entirely accurate. Exports of goods and services account for nearly 50 percent of India’s GDP, and Indian securities and currency markets have proved highly sensitive to global cues.

All parts of the global economic system need to recognize that rebalancing is necessary. This is not a zero-sum game, but each country will need to surmount immense political objections because the initiatives for rebalancing are not in the short-term interests of influential political constituencies in each country.

Energy

The dramatic increase in energy prices in the past decade has been blamed, at least partly, on increased consumption by developing countries, especially China and India. In 2010, the Organisation for Economic Co-operation and Development (OECD) countries consumed 2 percent more energy than they consumed in 2000, while energy consumption in the European Union remained flat. Yet in the five years prior to the financial crisis in 2008, oil prices rose by 370 percent, traded coal prices rose by 460 percent, and natural gas prices rose by 120 percent.

In 2010, China overtook the United States as the world’s largest energy consumer, accounting for 20 percent of global energy consumption. India is currently the world’s fourth-largest energy consumer, and its energy consumption is expected to more than double by 2035.

When America and Britain were industrializing in the 19th century, they took 50 years to double real income per person. Today, however, in a globalized world, China has achieved the same feat in nine years, and India is not far behind. During the 1950s and 1960s, India’s per capita income grew at slightly more than 1 percent per annum,

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but India's per capita income is now growing at 7 percent per annum. This means that millions of households are moving out of “low energy” and “no energy” lifestyles. The provision of “high energy” lifestyles, although far lower in quality than that in OECD economies, requires building extensive infrastructure, which in turn adds to the demand for energy and thus contributes to carbon emissions.

The phenomenal growth in GDP and energy consumption and the resulting reduction of poverty and improvement in the quality of life for hundreds of millions in developing countries should be applauded rather than feared. This is also precisely why addressing climate change has become such a highly charged global issue.

Many developing countries, including China, have relatively energy-inefficient economies. Thus, high economic growth translates into much higher incremental energy demand. Broadly speaking, producing \$1,000 worth of GDP in non-OECD countries takes 3.4 barrels of oil compared to only 1.1 barrels in OECD countries (at market exchange rates). Economic growth in emerging Asia is three times—four times in China—more energy-intensive than in OECD economies, while carbon intensity of energy use is 28 percent higher in developing Asia.

Coal, the most carbon-intensive of fossil fuels, will likely fuel industrialization and growth in developing Asia to a large extent. China, India, and Indonesia together are expected to account for more than 90 percent of the incremental coal demand by 2035. China, the largest coal consumer, already consumes almost half of the world's coal. India's own coal demand is rising each year as both countries become increasingly dependent on coal imports to make up for a rising shortfall in domestic production. China and India already account for one-fourth of the entire global coal trade. In the absence of a technological breakthrough that delivers affordable carbon-free electricity, the carbon emissions from developing Asia will likely continue to grow well past 2030, although at a slower pace than before.

India's per capita income is now growing at 7 percent per annum.

The luxury of saying no to the option of nuclear energy may not exist for countries such as India. With major resource constraints and lack of access to conventional fossil fuels, such countries will need to look at nuclear power in the long run. Thus, nuclear energy remains a key area in which a dialogue among the three could help to enhance greater energy security.

In oil, China and India continue to account for a lion's share of incremental demand in annual crude oil consumption. In 2010, the United States imported 9.6 million barrels per day of crude, of which only 18 percent (1.7 million barrels) came from the Persian Gulf. China and India each import roughly the same quantity of crude from the Persian Gulf region today and are likely to see their oil imports increase steadily in the future.

The challenge for Australia, India, and the U.S. is to work together to combat economic imbalances and changes in energy patterns and to find solutions that have broader appeal. The three can come together to develop both conventional and non-conventional gas (such as shale gas and coal bed methane). The energy markets in the three countries need to develop stronger links and become far more integrated than they are.

Diversification of the energy basket will eventually stem from greater research. Trilateral cooperation on energy research could promote locally appropriate energy solutions, realizing global benefits in lower prices because the three countries are major energy players.

Asian Security Architecture

U.S. forward-deployed military forces, alliances, and extended nuclear deterrence remain the bedrock of geopolitical stability in the Western Pacific and the Indian Ocean. Nonetheless, the rise of China—particularly

its rapid development of anti-access and area-denial capabilities such as missiles, submarines, and advanced combat aircraft—is posing the first serious challenge to U.S. military preeminence in Asia in half a century. This is compounded by America’s current economic problems, which will see significant cuts in U.S. defense spending for the first time in more than a decade.

The United States is responding to these challenges by strengthening traditional alliances, developing new partnerships, and updating its force posture in Asia to increase its access to and presence in Australia, Southeast Asia, and the Indian Ocean. While these elements remain the foundation of the U.S. security presence in the region, Washington is also increasing its engagement in regional multilateral security organizations to address shared regional challenges, such as maritime security, humanitarian assistance and disaster relief, and peacekeeping. The United States attended the first ASEAN “Defense Ministers Plus” meeting (ADMM+) in 2010, and in 2011, the U.S. President will attend the East Asia Summit (EAS) for the first time.

Australia has long been an active participant in and builder of Asia–Pacific regional organizations, including APEC, the ASEAN Regional Forum (ARF), and the East Asia Summit. Indian engagement in security institutions focused on the Pacific Ocean has long been fitful but has gathered pace in recent years, consistent with India’s Look East policy. India and Australia are ASEAN dialogue partners and ARF members. They became foundational members of the EAS in 2005 with strong support from Japan, Singapore, and other East Asian countries. However, India’s interest in joining APEC has been uneven, and its efforts have been unsuccessful to date.

The involvement of Australia, India, and the United States in Asia’s emerging multilateral security institutions—particularly American inclusion in the EAS—provides a significant opportunity for trilateral cooperation. Given their common values and the growing number of shared interests—including sea-lane security, counterterrorism, nonproliferation, and disaster relief—it makes sense for Washington, New Delhi, and Canberra to caucus on these issues. As appropriate, they could bring in other key partners, such as Japan and South Korea, and work toward solutions in regional organizations involving China. Enhanced trilateral dialogue would be the starting point for identifying overlapping interests, agreeing on shared objectives where possible, and coordinating positions ahead of important multinational meetings.

One important shared goal should be bolstering a regional order based on freedom of navigation, free and open commerce, and the rule of law. This includes ensuring that regional security forums (e.g., ADMM+ and the ARF) engage with pressing problems, such as putting in place a multilateral mechanism to reduce the risk of conflict in the South China Sea. Strong concerted positions taken by the United States, India, and Australia can create space for other regional countries, including Southeast Asian states. It also means working together to ensure that leaders address significant regional security challenges in the EAS, starting with robust discussion about maritime security. Instituting naval confidence-building measures could be a priority area for trilateral cooperation.

Australia has long been an active participant in and builder of Asia–Pacific regional organizations, including APEC, the ASEAN Regional Forum, and the East Asia Summit.

APEC is an economic forum, not principally a security forum. Yet APEC contributes to broader regional goals, and leaders invariably discuss whatever regional challenges are on their minds, irrespective of whether they are economic or political. Therefore, given India’s increasing economic and strategic enmeshment with East Asia and the United States, excluding India from APEC makes little sense.

Democracy and Human Rights. Australia, India, and the United States have unique histories, sociopolitical challenges, and geopolitical interests, but as three of the world’s oldest continuous democracies with diverse populations, robust institutions, and inclusive vibrant civil societies, they share many values. There is scope for them to work together trilaterally and with other like-minded partners to support democracy promotion, human rights, and good governance.

All three were among the core group of participants in the U.S.-initiated Asia–Pacific Democracy Partnership and the Bali Democracy Forum. They could work together more closely in these and other relevant regional forums to promote effective democratic governance in the Indo–Pacific. For example, India, Australia, the United States, Japan, and other like-minded countries could put their combined weight behind a common vision for Burma and encourage progress toward genuine political reform. They could also explore coordinating positions on human rights in the U.N. system.

Finally, the United States, Australia, and India have development programs in Afghanistan, parts of Africa, the Lower Mekong countries, and other places where trilateral cooperation could target effective democratic governance as a core objective.

What the Three Democracies Should Do

This paper provides ideas for establishing U.S.–Australia–India dialogue and coordination across a host of economic, political, and security issues. In addition to the vast value of trilateral cooperation in its own right, the dialogue could lay a policy foundation for the U.S., Japan, Australia, and India to revive formal quadrilateral security talks if they decide it is in their collective interests at some point. Some analysts already view the 2009 Australia–India Joint Security Declaration as advancing the informal development of a quadrilateral relationship among the U.S., Japan, Australia, and India.

“Mini-lateral” dialogues involving U.S. security partners and allies can have stabilizing benefits beyond improving information exchange and coordination among the parties involved. These meetings can provide venues for the sharing of assessments and policy judgments about regional strategic circumstances, thereby improving the quality of information, communication, and policy responses by each country. This, in turn, can prevent them from misjudging each other, misreading other nations’ behavior, or overreacting during times of tension or crisis.

This is in the interests of all countries in the region. The United States, Australia, and India should work proactively and transparently to emphasize to other nations, including China, the stabilizing qualities of a multilayered regional diplomatic architecture.

To foster closer effective cooperation across the range of common interests, the U.S., India, and Australia should:

- **Begin an official trilateral dialogue on broad foreign policy, strategic, and governance issues across the Indo–Pacific region, including Southeast Asia and the South Pacific.** The involvement of Australia, India, and the United States in Asia’s emerging multilateral security institutions provides a significant opportunity for trilateral cooperation. Given their common values and the growing number of shared interests, Washington, New Delhi, and Canberra should caucus on these issues and work together toward solutions in regional organizations. Enhanced trilateral dialogue would be the starting point for identifying overlapping interests, agreeing on shared objectives where possible, and coordinating positions ahead of important multinational meetings.
- **Coordinate on defense issues, particularly on enhancing cooperation on intelligence, surveillance, and reconnaissance.** While developing enhanced trilateral collaboration, it is important to remember that India has differing views on the desirability of formal defense alliances. While Australia has embraced the presence and cooperation of powerful partners (i.e., the U.K. and the U.S.) in protecting its security and sovereignty, India has never been interested in developing military alliances, preferring instead to maintain “strategic autonomy.” Indian leaders’ aversion to close military partnerships and continued suspicions of the U.S.—especially within India’s political left—will limit the pace and scope of trilateral defense cooperation. The objective should be to begin modestly and focus on informal, functional forms of cooperation, starting with occasional exercises and training activities and building a robust and candid security dialogue.

As confidence and trust build among the three nations, they should explore closer strategic and operational collaboration, beginning with transnational security issues and potentially moving into more high-end areas. In time, these might include surveillance, maritime expeditionary operations, anti-submarine warfare, and perhaps even integration of theater missile defense systems.

The three countries might then eventually consider cooperation in development of national missile defense technologies and systems. Discussions on ballistic missile defense could begin through the establishment of a trilateral working group. A key issue for such discussions would be to consider ways of ensuring that any possible three-way missile defense cooperation has a net stabilizing effect in India's wider deterrence relations with Pakistan and China, such as by reducing the imperative for India to invest heavily in an enhanced nuclear second-strike capability.

- **Develop trilateral initiatives for keeping the Indian Ocean safe and secure and encourage India to join CTF-151.** India and the U.S. have worked together in informal low-level efforts to address piracy off the coast of Somalia and in the Gulf of Aden. However, India has not joined the U.S.-led Combined Task Force 151, which the U.S. established as a major multilateral counterpiracy effort. The U.S. and Australia should encourage India to join the CTF-151, recognizing that as its naval capabilities grow, it will be increasingly important for India to participate in multinational efforts to address piracy and maintain freedom of the seas.

The U.S. should work with India and Australia to discuss possible new arrangements for the three countries to take the lead in shaping a rules-based maritime security order for the Indo-Pacific. These three nations are well placed to lead in shaping such an order in consultation with other Indian Ocean partners and key external stakeholders, including China, Japan, South Korea, and ASEAN. India and Australia are well positioned to coordinate the pieces of Indian Ocean architecture, including IONS and the so-far unimpressive Indian Ocean Rim Association for Regional Cooperation.

India, the U.S., and Australia should begin working on a code of conduct for naval vessels and other maritime activities in the region and an action plan for dealing with violations of such a code. The three powers should consider what would be the best forum for developing or managing such a code: perhaps an enhanced version of IONS or a new forum with conditions of entry based on capabilities, interests, willingness to contribute, and a demonstrated willingness to abide by the rules.

- **Start a trilateral dialogue on counterterrorism.** This dialogue should focus on trilateral initiatives to fortify democratic trends and institutions, particularly in Afghanistan and Southeast Asia, and build on lessons learned in each. All three countries face terrorist threats and have a vested interest in preventing the resurgence of extremist Taliban elements in Afghanistan and ensuring that the country never again becomes a launching pad for global terrorism.

The three countries can share best practices in terrorist prevention techniques, technologies, and information gathering and collation. They can cooperate to strengthen legal processes and develop investigative and law enforcement capacity to deal with terrorism cases in the countries of South and Southeast Asia. Likewise, this dialogue as well as the proposed trilateral political dialogue could be a venue for coordination on aid, education, and development programs with a counterterrorism dimension.

- **Coordinate more closely on global nonproliferation challenges by increasing intelligence sharing and tightening controls on the flow of technology and materials.** India-U.S.-Australia cooperation on nonproliferation issues will enable certain collective and coordinated measures, which may have greater credibility and longevity than bilateral measures in dealing with these challenges. Washington and Canberra should also encourage New Delhi to join the Proliferation Security Initiative, the U.S.-led global coalition of countries that cooperate to interdict ships suspected of carrying weapons of mass destruction or their components. Trilateral dialogues should be used as platforms to assuage India's "lack of confidence" in implementation of these measures.
- **Work together to bring India into the major nonproliferation export control groupings.** The U.S. and Australia can help to develop fresh ways of thinking about India's relationship to the NPT and nonproliferation system that acknowledge the reality that India is highly unlikely to join the treaty as a non-nuclear weapons

state at any time in the near future. This will be challenging because the traditionally accepted criteria for membership in most of the multilateral nonproliferation groups have included NPT membership.

India needs to proactively upgrade its export control system, which will strengthen its case for becoming a full-fledged member of the multilateral nonproliferation groupings. India can ensure that its domestic industries are more in line with international best practices in export control and regulation and improve end-use monitoring and verification. Australia could take a lead in assisting India's entry into the Australia Group on chemical and biological weapons nonproliferation. India, in turn, should be responsive to any such overtures.

- **Work more closely, particularly in relevant regional forums, to promote effective democratic governance in the Indo–Pacific.** For example, India, Australia, the United States, Japan, and other like-minded countries could coordinate in supporting a common vision for Burma and encouraging progress toward genuine political reform. In this regard, they can leverage each other's bilateral relationships and policies to achieve the same objectives in the region.
- **Lead the discussion concerning global rebalancing, coordinate efforts to revitalize the Doha Round of World Trade Organization (WTO) negotiations, and explore ways to free the movement of labor among the three economies.** Given their respective places in the global economic order, the U.S., India, and Australia offer a cross section of interests in rebalancing the global economy. In the WTO, agreement on outstanding issues among the three partners could serve as a spur to complete the Doha Round. Freer movement of labor would help to integrate the economies to the mutual benefit of all three.
- **Address the subsidies problems.** Domestic subsidies and cross subsidies distort consumption of energy products and services in the U.S., India, and Australia and thus contribute to inefficient use and higher levels of emissions. To minimize distortion, the three nations can strive to include trade in energy services and products in WTO negotiations. This would foster equal treatment of all like forms of energy, whether imported or domestic, allowing the market to maximize energy efficiency.

Conclusion

The U.S., Australia, and India share a range of interests that will grow with economic development and the changing power dynamics in the Indo–Pacific. The three countries should energetically explore their common interests, collaborate, and coordinate their policies. A U.S.–Australia–India trilateral dialogue would go a long way toward addressing near-term priorities even as it promotes an order in the Indo–Pacific that is conducive to economic and political stability, security, continued free and open trade, and democratic governance.