



# **A U.S.-Japan-Australia Trilateral Dialogue**

By Rorry Daniels & Professor L. Gordon Flake

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## **INTRODUCTION**

On March 16, 2017, the National Committee on American Foreign Policy (NCAFP) conducted a U.S.-Japan-Australia Trilateral Dialogue which addressed the future of U.S.-Asia Policy, the implications of the rise of China, the problem of North Korea and regional security. This meeting took place following the Trump-Abe summit and in advance of the Trump-Xi summit.

This report covers the day's discussions, following the agenda prepared by the NCAFP. A list of participants is included in the appendix.

## **REGIONAL SECURITY PERSPECTIVES**

The American presenter outlined the most significant factor in regional security as the uncertainty surrounding China's growing economic reach and military influence. He described a strategic capability competition in which China tries to deny the U.S. access to allies and friends along China's border, while the U.S. works to ensure such access. Yet, despite an effective push by China to expand its defensive perimeter many miles out to sea, the region has been relatively quiet and crisis-free (with the notable exception of North Korea, to be discussed in detail below). Smaller powers continue to deepen cooperation with China economically while relying on the U.S. for security assurances or guarantees. What remains to be seen is how China will behave when it is fully 'risen'—will it continue an assertive approach or be tempered by regional dynamics?

From a Japanese perspective, the future regional balance of power is largely up to the United States and the Trump Administration. There is a great deal of uncertainty over America's commitment to the international liberal order and to the post-World War II alliance system, given America's decision to pull out of the Trans-Pacific Partnership agreement (TPP) and statements made by President Trump. While Japan has a general understanding that the U.S. expects a greater contribution from its allies in both costs and strategy, it is limited in its military capabilities by its constitution and by Japanese public opinion, even after passing new legislation that allows for collective self-defense—a concept that has yet to be put to a practical test. Developments on the Korean peninsula and in the South China Sea are likely to shape Japan's security posture. Both areas require the U.S. and China to face differing strategic goals and intentions. So, U.S.-China relations remain a deciding factor in regional stability.

An Australian presenter emphasized the need to strengthen deterrence and coordination among Asia-Pacific powers to respond to a shift in the military balance away from the United States. He worried that Australia has become complacent and that its strategic goals do not match the pace and scope of threats to regional security. Australia can and should act more proactively in developing its capabilities and building its security and economic partnerships in South and Southeast Asia. The U.S.-Japan-Australia grouping is a good place to build such cooperation, but Australia could also focus on capacity-building in Southeast Asia, not only to bolster resilience in response to Chinese pressure on maritime and other issues, but also to deal with the coming challenge of jihadi terrorists that will return home to the region from conflicts in the Middle East.

Broadly, the participants agreed that a U.S. shift away from a leadership role in the Asia-Pacific would create a vacuum that must be filled. It would give and perhaps already has given China and Russia a greater role in regional dynamics. But so far the U.S. has not changed its military posture in the region, and President Trump has sought good relations with both Prime Minister Abe and President Xi Jinping. A Japanese participant described this period as one of ‘wait-and-see.’ There is confusion about U.S. intentions because of a seeming lack of coordination on policy issues, but there is some degree of confidence at least among the Americans that major cabinet-level appointments have been filled by capable professionals. The interests of the United States have not changed; therefore, U.S. policies are likely to continue regardless of a new Administration.

Meanwhile, there are incentives for Japan and Australia to strengthen security cooperation bilaterally and also multilaterally to include India and others. There are multilateral fora at which Japan and Australia can assume larger roles if the U.S. is unwilling to do so. And the U.S. can continue to do its part to balance against China’s military modernization, not to contain or constrain its rise, but to allow such a rise to continue peacefully and without confrontation.

## **HOW TO DEAL WITH NORTH KOREA**

There was general pessimism about the policy options to end North Korea’s nuclear weapons program, despite a shared sense of urgency to address the problem before North Korea demonstrates the capability to hit the United States mainland with a nuclear-armed ICBM. The window of opportunity for a pre-emptive strike is closing, and there was little to no enthusiasm among the participants for such action, given the likely collateral damage to U.S. allies in Seoul and Tokyo, as well as damage to U.S. efforts to engage China proactively on this issue.

President Trump’s North Korea policy is still undergoing revision, but the situation on the ground is forcing the U.S. to respond publicly to North Korea provocations in the midst of the policy review. It is, in the words of an American presenter, like “repairing the engine on a speeding car as you’re racing on the track.”

A likely Trump Administration policy will include increased emphasis on reinvigorating the U.S. military—particularly strategic ballistic missile defense systems and ground-based interceptors—coupled with an increase on secondary sanctions, with diplomacy as the second-tier objective. An American presenter thought that returning to freeze negotiations with North Korea is unlikely due to North Korea’s history of signing and ignoring previous international agreements, but would not rule out a political solution to the current impasse if the U.S. could be convinced of the DPRK’s seriousness to denuclearize.

The Japanese are also of the perspective that negotiations with North Korea are unlikely to be fruitful. Japan is conscious that if the U.S. does pursue negotiations with North Korea, this could be viewed as U.S. recognition of North Korea as a nuclear weapons state and would undermine the non-proliferation regime, perhaps increasing calls among U.S. allies to develop indigenous nuclear weapons. A Japanese participant thought strengthening nuclear deterrence against North Korea was the most important response. Strengthening sanctions against North Korea and conducting Five-Party Talks (with participants in past Six-Party Talks China, Japan, Russia, South Korea, and the United States, minus North Korea) could be components of this approach.

An Australian participant characterized Australia as an engaged partner in efforts to end North Korea’s nuclear program. China and Japan are key economic partners for Australia. It is committed to non-proliferation and concerned about the humanitarian situation in the DPRK. Also, in the event of conflict, Australia would be expected to be involved in stabilizing the region in solidarity with Japan and South Korea as U.S. allies.

Several participants pointed out that any policy toward North Korea has to take into account the interests and objectives of South Korea, which is currently in political transition. It may be that, in the words of an American presenter, the most appropriate policy remains “careful coordination with allies and other partners in the region to make sure whatever happens does not impact our shared interests.” Such an approach would avoid the trap of negotiations that assume their own momentum while buying North Korea time to further develop its nuclear capabilities, or a confrontation with the DPRK that divides the U.S. from its allies.

### **THE FUTURE OF U.S.-ASIA POLICY**

An American presenter described future U.S. foreign policy as likely to be more reactive than strategic. This characterization is not pejorative—in the eyes of the American participant, a weakness of the Obama Administration’s foreign policy was that it was too predictable, allowing room for exploitation because consequences were easy to anticipate. An element of unpredictability could help the U.S. creatively respond to today’s global challenges.

The presenter went on to say that U.S. economic engagement in the region will continue with an increased emphasis on bilateral agreements. The economic growth of Asia and its growing middle class ensures such engagement. However, America is likely to approach trilateral relationships with caution, conscious that such trilaterals may be viewed negatively by China. But the U.S. will remain supportive of all countries that work together to integrate amongst themselves on the basis of shared values, including commitment to the rule of law, democracy and freedom of expression.

The Japanese presenter echoed a preference for bilateral rather than multilateral engagement from the new U.S. Administration, and was pleased that Prime Minister Abe and President Trump seem to have established a good working relationship. There are elements of the TPP deal that may survive in bilateral agreements, including high trade and investment standards, reducing market barriers and enhancing opportunities for growth and investment in the Asia-Pacific. Japanese companies should continue to play a role in regional investment and capacity-building. It would be helpful for the U.S. to acknowledge those contributions and achievements.

Though the presenter recognized a tactical value in unpredictability, Japan would advocate for a more ordered and predictable U.S. strategic approach to the establishment of a regional order. Only after the U.S. does so could Japan appropriately address the Trump Administration's desire to renegotiate burden-sharing within the alliance.

The nature of China's ambition is of continuous concern to Australia. An Australian presenter described China's rise as a phenomenon while noting that it has also been schizophrenic in its approach to the international liberal order, preferring to pick and choose which rules to follow and which to discard. The presenter went on to caution that China's rise is not inevitable. The Chinese leadership is often concerned about managing policies in terms of domestic challenges. To best approach China, he suggested that we must be very clear about what we want and to stick with it. In this regard, abandoning TPP and pulling away from the U.S. 'pivot' or rebalancing policy are not helpful to managing relations with China or promoting our shared interests. Similarly, we must make clear what we will not tolerate and to stick firmly to these principles as well.

The luncheon discussion on the future of U.S.-Asia Policy highlighted the sensitive nature of trilateral cooperation. On the one hand, there is no need for alliance partners such as the U.S., Japan and Australia to consult with China on trilateral policies; on the other hand, there is also no need to antagonize China when there is the possibility for real positive-sum cooperation between the trilateral partners and China. What is most important is promoting, protecting and strengthening our shared values, and translating these values to policies that welcome Chinese cooperation without compromising our interests. In this respect, it is important for Japan and Australia to recognize their regional influence outside of the context of their relationships with the U.S.

## THE RISE OF CHINA AND ITS IMPLICATIONS

The rise of China was framed by both the Japanese and Australian presenters as an opportunity to think about the broader region. While the rise is in itself a significant and important achievement, the region is much broader than China alone and thinking about China's rise in a regional context is not equal to taking an anti-China posture. It is important, stressed the Japanese participant, not to exacerbate Chinese nationalism or to create a self-fulfilling prophecy by developing an explicitly anti-China strategy. Instead, regional strategy should imagine the kind of China we want to see in the future and be based on a comprehensive, long-term approach. A Japanese participant reminded the group that there is a strong sense of liberal internationalism among Chinese intellectuals and this can be a positive force in China's development.

The Australian presenter outlined China's One Belt, One Road initiative (OBOR) as President Xi's signature external policy—a rationalization and extension of China's interests economically and strategically across Southeast Asia, the Indian Ocean and in Central and South Asia. Historically, these types of projects have progressed from trade to overstretch to pushback. So it is important to remember that Chinese experts still see their own strategy as limited, characterized by non-interference, and uninterested in becoming a security player beyond their immediate region. Although Western experts may perceive China's strength and power to be far greater than in the past, in reality we may underestimate their vulnerabilities as they move from a passive to a more active foreign policy. And an overemphasis on the risk of a rising China downplays the interests of other powers in the region.

The Australian presenter held up Japan as an example of national resilience—a reminder that middle and smaller powers have more staying power when they have sustained political will. It is unclear if China's political will can remain unchanged as the system makes reforms necessary to continue economic growth. In the meantime, the presenter prescribed a policy of 'strategic patience,' while advocating for a peaceful co-existence that is based on mutual trust.

The American presenter was concerned that the U.S.-China relationship is increasingly characterized by strategic rivalry and mutual suspicion, thus undermining any efforts toward mutual trust. While there have been previous difficulties in bilateral relations and many ups and downs throughout the years, there seems to be a hardening of the rising power/established power paradigm since the 2008 financial crisis. The presenter laid out what he saw as more assertive Chinese policies post-2008: calling for an end to the U.S. alliance system and a reduction in U.S.-ROK military exercises; a crackdown on dissent and criticism that has included attempts to influence foreign universities as well as the harassment of human rights advocates; protectionist policies that have dismayed the U.S. business community, which was historically a champion of U.S.-China relations; and a general illiberal political direction that sees Xi Jinping consolidating his power through "internal housecleaning."

It remains to be seen how U.S.-China relations will develop under the new Trump Administration. American participants saw President Trump's China strategy as risky, particularly with regard to questioning and then reaffirming our One China policy, but also by pressure put on China to resolve trade imbalances and to deal with North Korea. However, it is still unclear which voices inside the Administration will ultimately lead China policy and there is time for a clearer strategy to emerge.

Participants generally agreed that China's recent economic coercion of South Korea to protest the deployment of the THAAD missile defense system played into regional concerns about China's tendency toward mercantilism. Australian participants noted an economic and security dichotomy in their relations with the U.S. and China, but it is important to remember that they are not alone in this situation and can lend support to neighbors who are also navigating these relationships.

Significantly, an American participant noted that the language of new collective self-defense legislation could lend credibility to Tokyo's efforts at trilateral or bilateral relationships with other regional partners including Australia, India and others. A Japanese participant agreed that although such action is still incredibly sensitive domestically, the right of collective self-defense is not limited to the alliance with the U.S.

## **CONCLUSIONS AND RECOMMENDATIONS**

The future of the region seems largely dependent on the commitment of regional powers to the current liberal international order. This order is under stress worldwide as evidenced by a general backlash against globalism; increasing populism, authoritarianism, and nationalism; the return of geopolitics following the so-called 'end of history;' and religious extremism. However, this order has also supported one of the most extraordinary development projects in modern history—the rise of China and the lifting of millions of people from poverty across the region.

The election of a populist President and political outsider in the United States has greatly contributed to the uncertainty regarding global stability. Yet, the interests of regional powers—including the United States, Japan, and Australia—have largely remained the same. The United States may be increasingly focused on its domestic agenda, but that does not mean that its values of democracy, rule of law and freedom of expression are no longer relevant. These values are shared among a large concert of nations, and these nations can play a larger leadership role in defending and promoting the liberal international order.

Japan and Australia, along with the U.S., can support a number of initiatives that preserve this order, including capacity-building in Southeast Asia, anti-piracy and anti-terrorism efforts, and robust support for high-standard economic agreements. Japan and Australia can work with India, Indonesia and other regional partners to advance these efforts.

The U.S. seems poised to continue to play a large role in regional security, but must continue to reassure China that it welcomes a peaceful rise. It would be helpful for the U.S. to define its vision for the future of Asia, and the role it envisages for China in this future. Although there is a great deal of uncertainty over the U.S. role in the region in the Trump Administration, there is even greater uncertainty over China's intentions as it continues to develop economic and military power. China, for its part, must continue to articulate its vision for its own future and to match actions to these ideals. The China Dream, Asian Infrastructure Investment Bank (AIIB), OBOR and other Chinese-led institutions and ideas are not threats to regional peace and stability in and of themselves, but the loose definition of such concepts by Chinese officials and experts creates concern among those that share their history and geography that they will be operationalized in a zero-sum manner.

The expansion of a bilateral U.S.-Japan dialogue to include Australia considerably enriched the discussion and highlighted areas of potential collaboration. Given the current uncertainty surrounding U.S. policy, the potential for trilateral coordination and cooperation is increasingly evident. The U.S., Japan and Australia can work together to bolster and integrate capabilities to be able to better respond to challenges. If the U.S. is no longer interested in multilateral fora such as the East Asian Summit, ADMM+ and other groupings, Japan and Australia can do their part to play a larger role.

It will remain important to frame these efforts not as an anti-China campaign but as a strong underwriting of the current international liberal order that is supported with our shared values and has broadly benefited the region.

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**PRESENTS**

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**A U.S.-JAPAN-AUSTRALIA TRILATERAL CONFERENCE**

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**PARTICIPANTS**  
**(in alphabetical order)**

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**Mr. Koji ABE**  
*Deputy Chief of Mission*  
Consulate-General of Japan in New York

**John V. CONNORTON, Esq.**  
*Trustee, National Committee on American Foreign Policy*  
*Of Counsel, Hawkins Delafield & Wood, LLP*

**Professor L. Gordon FLAKE**  
*CEO*  
Perth USAsia Centre, University of Western Australia

**Mr. Bruce KLINGNER**  
*Senior Research Fellow, Northeast Asia*  
The Heritage Foundation

**Professor Rory MEDCALF**  
*Head, National Security College*  
Australian National University

**Mr. Masashi MIZOBUCHI**  
*Deputy Consul General*  
Consulate-General of Japan in New York

**Mr. Evans J.R. REVERE**  
*Senior Advisor*  
Albright Stonebridge Group

**Mr. Andrew SHEARER**  
*Senior Advisor on Asia Pacific Security*  
Center for Strategic & International Studies (CSIS)

**The Honorable John BERRY**  
*President*  
American Australian Association

**Mr. Orlando CAMARGO**  
*Principal*  
The Dilenschneider Group

**Professor Matake KAMIYA**  
*Professor of International Relations*  
National Defense Academy of Japan

**Rear Admiral Michael McDEVITT (Ret.)**  
*Senior Fellow*  
Center for Naval Analyses

**The Honorable Nick MINCHIN**  
*Consul General*  
Consulate-General of Australia in New York

**Ms. Hatice MORRISSEY**  
*Trustee*  
National Committee on American Foreign Policy

**The Honorable Jeffrey R. SHAFER**  
*Consultant*  
JRSHAFER INSIGHTS

**Professor Yoshihide SOEYA**  
*Professor, Faculty of Law*  
Keio University

**The Honorable Reiichiro TAKAHASHI**  
*Consul General*  
Consulate-General of Japan in New York

**Dr. Elsin WAINWRIGHT**  
*Visiting Senior Fellow, NYU Center for International Cooperation*  
*Adjunct Associate Professor & Non-Resident Fellow*  
United States Studies Centre, University of Sydney

**Professor Donald S. ZAGORIA**  
*Senior Vice President*  
National Committee on American Foreign Policy

**The Honorable Michael THAWLEY**  
*Director & Partner, Capital Strategy Research*  
Capital Group

**Lieutenant General Noboru YAMAGUCHI**  
*Professor, International University of Japan*  
*Senior Fellow, The Tokyo Foundation*  
*Advisor, Sasakawa Peace Foundation*

#### **OBSERVERS**

---

**Ms. Rorry DANIELS**  
*Associate Project Director, Forum on Asia-Pacific Security*  
National Committee on American Foreign Policy

**Ms. Simran MAKER**  
*Project Associate*  
National Committee on American Foreign Policy

**Mr. Fumihito SHINOHARA**  
*Vice Consul, Political Affairs*  
Consulate General of Japan in New York

**Ms. Juliet LEE**  
*Associate Project Manager, Forum on Asia-Pacific Security*  
National Committee on American Foreign Policy

**Mr. Scott RICHARDSON**  
*Director of Public Diplomacy*  
Consulate-General of Australia in New York

**Mr. Stephen WHITTAKER**  
*Program Coordinator & Assistant to the President*  
National Committee on American Foreign Policy