

THE QUAD

The “Quad” is a group made up of Australia, India, Japan, and the United States. The Quad was initiated in 2006 to bring peaceful cooperation into the Indo Pacific and South China Sea (SCS) regions, focusing on free movement of trade between nations, disaster preparedness, and joint military exercises. The first iteration of the Quad did not materialize for several reasons, including lack of mission clarity, lack of member country commitment, and concerns with China’s reaction.

About 10 years after its collapse, the Quad reunited in November 2017.¹ This second iteration is the manifestation of several recent trends: increasing comfort and convergence among these four countries, concerns with China’s rise led by President Xi Jinping’s aggressive policy, and a shared vision for the Indo-Pacific region. These trends all highlight the changed circumstances from 2006 when the Quad first came together and reflect the need for reinstatement of the Quad now.

Not only has China become a more aggressive and dominating power in the region, with President Xi saying in 2017, that “the era of China has arrived, no longer will we be made to swallow our interests around the world, it’s time for China to take the world center stage,” the country has also created uncertainty and disrupted established norms and peace in the region. The redevelopment of the Quad should not be viewed as a threat to China, but rather as a mechanism to ensure that a rules-based order system is in place to handle disputes and to maintain a peaceful Indo-Pacific and SCS region for all nations.

What unites the Quad’s members and separates them from other alliances is their cumulative power, their shared threat assessments, their shared commitment to rules and norms, and their willingness to stand up to China.¹ Since its revival, the Quad has met twice in both 2018 and 2019 and hopes to continue the frequency of these meetings in every successive year.¹

Defense Partnerships

In the decade prior, the four countries have witnessed and shared concerns about China’s aggressive maneuvers on both its land and sea borders and its Belt and Road Initiative. China’s BRI, a massive infrastructure project stretching from East Asia to Europe, has sparked concern from some Asian countries and the U.S. that the project will be used by China to expand its economic and political influence and ultimately lend itself to dominating the region militarily.

Japan

Japan’s defense relationships with the other members of the Quad, excepting the U.S., are less developed, but Japan has focused on expanding its security partnerships with these other

¹ The Heritage Foundation. The Quad 2.0: A Foundation for a Free and Open Indo-Pacific. July 6, 2020. Authored by Jeff Smith.

members.² For example, under Prime Minister Abe in 2006, Japan pursued closer relations with India, both bilaterally and as part of PM Abe’s “security diamond”, which is the idea that Australia, India, Japan, and the U.S. state of Hawaii form a security diamond, safeguarding the maritime from the Indian Ocean region to the Western Pacific against China.¹

Over the past two decades, Japan has worked to deepen its defense cooperation with the U.S. mainly as part of the countries’ shared interest in countering China’s dominance. Japan’s efforts to strengthen this alliance include moving legislation through the Japanese parliament to allow for broader engagement with the U.S., and pushing for the construction of a U.S. Marine air base in Okinawa.² Additionally, Japan provides bases and financial and material support to U.S. deployed forces and in January 2016, the U.S. and Japan signed a new five-year package to support U.S. forces in Japan.³

Australia

In its efforts to pursue a free and open Indo-Pacific, Australia has focused on maintaining a strong alliance with the United States, increasing defense spending, purchasing defense equipment from a myriad of suppliers, and seeking to develop strategic partnerships with countries in the region including Japan and India among others. Australia views the U.S. as its most important strategic partner and an integral source of stability in the Asia-Pacific region. The countries share a mutual interest in freedom of navigation, overflight, and other lawful uses of the sea for all.⁴

Australia continues to pursue new economic and security cooperation and people-to-people links to strengthen relationships with the other Quad members. For example, Australia and Japan have conducted bilateral and trilateral (including the U.S.) military exercises regularly, involving combat operations, anti-submarine warfare, and air force exercises.⁵ In September and October 2019, the countries held their first bilateral fighter jet exercise and Japan became a regular participant in the Australian Airforce’s Pitch Black exercise held biannually.⁵

India

The U.S. recognizes the integral role India plays in the shared vision for a free and open Indo-Pacific. In 2015, the two countries created their first “Joint Strategic Vision for the Asia-Pacific and Indian Oceans Region” and renewed their 10-year defense partnership agreement.¹ Total defense trade with India went from nearly zero in 2008 to over \$20 billion in 2020.⁶ Since 2015,

² Congressional Research Service. Indo-Pacific Strategies of U.S. Allies and Partners: Issues for Congress (R46217, January 30, 2020). Prepared by Ben Dolven and Bruce Vaughn.

³ For more information see U.S. Department of State. U.S. Relations with Japan Bilateral Relations Fact Sheet. January 21, 2020.

⁴ For more information see U.S. Department of State. U.S. Relations with Australia Bilateral Relations Fact Sheet. January 21, 2020.

⁵ For more information see The Diplomat. Japan and Australia Deepen Defense Ties. November 25, 2019. Authored by Grant Wyeth.

⁶ For more information see U.S. Department of State. U.S. Security Cooperation with India Fact Sheet. July 21, 2020.

the U.S. has sold over \$3 billion in defense articles to India including military electronics, fire control, laser, imaging, and guidance equipment, and aircraft.⁶ Additionally, for the first time ever, in November 2019, India and the U.S. conducted Tiger Triumph, a tri-service (ground, naval, and air forces) exercise to rehearse disaster response, humanitarian aid delivery, and defensive preparedness.⁶

In 2014, Australia and India reached a landmark nuclear cooperation deal and they jointly held their first naval exercise.¹ Their first joint army exercises followed in 2017.¹ India and Australia have also strengthened their maritime cooperation via the AUSINDEX biennial naval exercise and with a commitment to holding AUSINDEX biennially.² In recent years, there have been more forums for strategic dialogue and regular interactions between both services have increased through training exercises, senior visits, and staff talks on security perspectives and understanding the other's structures and capabilities.⁷

Potential for Intel Sharing

The Quad hosted its first ever counterterrorism (CT) exercise in India at the National Investigation Agency on November 21 and 22, 2019.¹ The exercise was intended to assess and validate CT response mechanisms in order to counter emerging terrorist threats and provide opportunities to share best practices.

Additionally, Quad representatives came together in March 2020 via videoconference to discuss and share information on the COVID-19 pandemic.¹ They shared their assessments of the COVID-19 situation and discussed ways to work together to mitigate its spread throughout the world. Follow up weekly video conferences are expected to cover issues including vaccine development, repatriation, providing assistance, and mitigating the impact on the global economy.

Countering China Militarily

Perhaps nowhere is the necessity for the Quad more apparent than in these four countries' joint interest in a free and open Indo Pacific and thus, the need to counter China militarily. China's aggressive actions in the region have led to destabilization, the challenging of the maritime sovereignty of many of the Association of Southeast Asian Nations (ASEAN) nations, and have exacerbated the need for the Quad.

China has built and militarized multiple land masses; invaded the sovereign airspace, fishing, and mineral rights of neighboring nations; and asserted dominance in the SCS, violating the 2002 Declaration of Parties in which all members agreed not to militarize contested areas within the SCS. When China attempted to assert its dominance against Japan around the disputed Senkaku/Diaoyu Islands and against India on the Doklam plateau, both Tokyo and New Delhi took a stand.¹ Additionally, when China's military attempted to intimidate Australia and the United States from operating in the SCS, Canberra and Washington D.C. stood their ground,

⁷ For more information see Australian High Commission. Australia-India Relationship.

unwilling to compromise their freedom of navigation. These two examples demonstrate the power and effectiveness of the Quad militarily.

All three Chinese naval fleets operate in the Indo-Pacific region. However, the U.S. Navy is stretched across the globe, with only the 7th U.S. fleet serving the Indo-Pacific.¹ Combined with the Australian, Japanese, and Indian navies, the Quad's combined naval power (189 vessels) exceeds that of China's (141 vessels) in the Indo-Pacific.¹

Japan and India, which both share long-standing territorial disputes with China, have sought to strengthen their bilateral cooperation in response to China's dominant assertions of power in the region. For example, in 2015, India and the United States invited Japan to become a permanent participant in the Malabar naval exercises, which is now a trilateral naval exercise conducted annually and involves fighter combat operations from aircraft carriers. Additionally, Japan and India have expanded joint military exercises to include army and air forces in addition to the annual Malabar naval exercise. In 2007, Navy vessels from the U.S., Japan, and India held unprecedented combined naval exercises in the Bay of Bengal.² Trilateral exercises for maritime security purposes continue.

Countering China Diplomatically

At the 74th session of the United Nations General Assembly in New York in September 2019, the Quad met to discuss collective efforts on counter terrorism, mentoring, assistance in disaster relief, airtime security, cooperation, development, finance, and cybersecurity.

All four nations oppose China's BRI. In November 2018, the U.S., Australia, and Japan moved forward with a coordinated effort to address regional infrastructure needs as an alternative to the BRI. Development Finance Institutions from the U.S., Australia, and Japan signed a Trilateral Memorandum (MOU) to cement the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific with the intent to mobilize and support private sector investment capital for new infrastructure projects, enhance digital connectivity and energy infrastructure, and come together to accomplish the mutual Indo-Pacific development goals.²

Under Prime Ministers Abe and Modi, interest in developing stronger ties between the two countries has intensified and India and Japan have increased the number of bilateral dialogues at all levels of government, supported each other in areas of mutual concern, and strengthened educational and cultural exchanges. Despite this, India remains reluctant to fully take a stand against China given its complicated areas of contention, including border and territorial disputes, China as Pakistan's primary international benefactor, and China's growing dominance in the Indian Ocean region.

Trade Relationships

The Quad nations, with over 1.8 billion people, represent a quarter of the world's population and over \$30 trillion in combined GDP.⁸ In 2018, trade between the four countries exceeded \$440 billion, with nearly \$6 trillion in trade with the rest of the world.⁸ However, China remains the largest trading partner of all four Quad members.

Creating a unifying trade agreement encompassing all four Quad members is not without its challenges as the economic freedom of businesses within each of the four countries varies. According to the 2020 Index of Economic Freedom, Australia is considered the fourth freest world economy, while Japan and the U.S. are classified as mostly free, and India is considered mostly unfree.⁸ India's reconsideration of its tariffs and its removal of red tape would open the door for a Quad trade deal by providing the economic freedom needed as well as make India a more attractive investment destination.⁸

Australia-Japan

Australia and Japan are strategic partners, but are not formal treaty allies.¹ Generally, ties between these two countries have become more institutionalized and regular.² Australia is Japan's top energy supplier. Tokyo and Canberra have signed a series of economic and security pacts, including a \$40 billion gas project.² From 2018-2019, Japan was Australia's second-largest trading partner and second-largest export market and total bilateral trade in goods and services was valued at \$88.5 billion.⁹

Australia-India

Australia and India are strategic partners, but are not formal treaty allies.¹ Bilateral trade in goods and services between these two countries grew from \$13.6 billion in 2007 to \$30.4 billion in 2018.¹⁰ Additionally, Australia and India launched negotiations on a Comprehensive Economic Cooperation Agreement (CECA) in May 2011.¹⁰ There have been 9 rounds of negotiations, the most recent was held in September 2015.¹⁰

Australia-U.S.

Australia and the U.S are formal treaty allies.¹ The U.S.-Australia Free Trade Agreement (FTA) entered into force on January 1, 2005.⁴ Total U.S. goods and services trade with Australia in 2018 totaled \$65.9 billion and bilateral direct investment (FDI) cumulatively totals almost \$230 billion.⁴ Additionally, the United States is Australia's largest foreign investor.

Japan-India

⁸ Financial Express. A Free Trade Agreement Between Quad Nations: Vision or Reality? August 26, 2020. Authored by Dr. Mukesh Aghi.

⁹ For more information see Australian Government Department of Foreign Affairs and Trade. Australia-Japan Bilateral Relationship.

¹⁰ For more information see Australian Government Department of Foreign Affairs and Trade. Australia-India Comprehensive Economic Cooperation Agreement.

Japan and India are strategic partners, but are not formal treaty allies.¹ In recent years, Japanese companies have made major investments in India, the most notable of which was the \$100 billion Delhi-Mumbai Industrial Corridor project.² In FY2019-20, Japan's bilateral trade with India totaled \$11.87 billion.¹¹ From 2000 to September 2019, Japan's investments cumulatively to India were approximately \$32.058 billion and Japan is now the third largest investor in India.¹¹

Japan-U.S.

Japan and the U.S. are formal treaty allies.¹ However, Japan did not support the Trump Administration's decision to withdraw from the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) in 2017 as Japan views the CPTPP as integral to its Indo-Pacific strategy. Japan went as far as leading an effort to salvage the Agreement in 2018. The CPTPP entered into force at the end of 2018.²

In October 2019, the U.S. and Japan signed the U.S.-Japan Trade Agreement and the U.S.-Japan Digital Trade Agreement, which was scheduled to enter into force on January 1, 2020.³ The U.S.-Japan Trade agreement eliminates or reduces tariffs on roughly \$7.2 billion in U.S. agricultural exports, while the U.S.-Japan Digital Trade Agreement provides for data transfers across borders without restrictions, ensures consumer privacy protections, promotes adherence to common principles of addressing cyber security challenges, supports effective use of encryption technologies, and boosts digital trade.³ Additionally, Japan has invested over \$480 billion in the U.S. economy cumulatively since 1990, mostly in the wholesale trade and manufacturing sectors.³

U.S.-India

The United States and India are strategic partners, but are not formal treaty allies.¹ A rising and more aggressive China will necessitate a stronger U.S.-India bilateral relationship. A bilateral trade deal between the two nations has long been in the works.⁸ The deepening stress between the United States and China has pressured American companies to diversify their supply chains, which are currently heavily dependent on China. While the U.S. has been considering India as an alternative manufacturing hub, the country's low economic freedom (discussed above) and its restrictive policies present obstacles to this.

Additionally, in 2019, the U.S.-India bilateral trade in goods and services totaled \$149 billion.¹² U.S. energy exports to India are an integral area for growth in the trade relationship. In 2018, India purchased 48.2 million barrels of U.S. crude oil.¹²

U.S. Policy Recommendations

Diplomatic Relationships

¹¹ https://mea.gov.in/Portal/ForeignRelation/India-Japan_Bilateral_Brief_feb_2020.pdf

¹² For more information see U.S. Department of State. U.S. Relations with India Bilateral Relations Fact Sheet. July 29, 2020.

President Trump should extend an invitation to the other Quad member leaders for high level meetings, which would help allay concerns with India's reluctance and would send a clear message of solidarity to the rest of the world.¹ Additionally, this solidarity would signal to the Indian bureaucracy and strategic community that the Quad is fully supported by Prime Minister Modi's office.

To increase solidarity, the Quad ought to issue joint statements and joint vision statements after meetings.¹ The countries have individually articulated almost identical views of the Free and Open Indo-Pacific strategy, including freedom of navigation, democratic governance, peaceful dispute settlement, rules-based order, zero tolerance for terrorism, respect for international law, the importance of ASEAN, and infrastructure and connectivity initiatives that are transparent, high-quality, and financially sustainable.

Defense and Military

The Quad should look at expanding defense cooperation. For example, the National Defense Authorization Act (NDAA) 2021 included a plan to train Australian, Indian, and Japanese air force pilots in Guam at the Anderson Air Force base.¹ The Andaman and Nicobar Command (ANC) in India would serve as an ideal location maritime exercises given its position at the entrance to the Indian Ocean.¹

Additionally, inviting Australia to be a permanent partner in the Malabar naval exercises would strengthen and tighten military cooperation among members of the Quad. India remains reluctant to invite Australia to participate in the Malabar naval exercises. If India decides not to, other naval exercises should be explored. For example, in May 2019, the navies of India, Japan, the Philippines and the U.S. conducted joint transit and routine exercises in the South China Sea.¹

Intel Sharing

There is a myriad of ways the Quad can seek to boost non-traditional security cooperation, such as collaborating on mine-sweeping technologies, anti-piracy operations, pollution control, pandemic responses, coast guard collaboration, counter-proliferation initiatives, and exchange of information.¹

Another way to strengthen the Quad's alliance would be to expand collaboration in the space and maritime realms.¹ For example, the Quad could create a place for shared commercial imaging data that could be used by the respective countries to boost their security policies.¹ The maritime realm is another area where the Quad can expand cooperation and data sharing. This includes the Quad nations' navies interacting on a more regular basis to familiarize themselves with each other's operating patterns and local conditions.

Additional Recommendations

The U.S. needs to continue to provide strong leadership for the Quad. Continuing to strengthen this alliance is the best way for these four countries to defend their interests and each maintain their sovereignties and independence in the face of the threat posed by China.

The U.S. should consider adding crisis response, humanitarian aid, and disaster relief to the Quad's agenda.¹ The Quad's origins stem back to a 2004 deadly tsunami in the Indian Ocean region, which killed more than 230,000 people.¹ Australia, Japan, India, and the U.S. came together to organize a quadrilateral naval relief effort. Humanitarian aid and disaster relief are areas where the Quad has the resources, will face minimal political resistance, and allow it to expand its soft power reach in the region.

Finally, a free trade deal among all four of the alliance members should be pursued to counter China's assertiveness and to solidify the Quad's free and open vision for the Indo-Pacific. A Quad Free Trade Agreement would also improve their place in the global value chain.