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BRICS and the China-India Construct

A New World Order In Making?

JAGANNATH P. PANDA

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This study is an academic enterprise to study and explore the China-India dynamics within BRICS. Its course is primarily based on previous publications in open academic forums. Certain sections and write-ups herein were originally presented, debated and reviewed in open academic forums and have been published in various forms, both in the IDSA (Institute for Defence Studies and Analyses) stable and outside IDSA.

The relevant IDSA publications comprise *Strategic Analysis* (Routledge), *Asian Strategic Review* (IDSA/Pentagon), and *IDSA Comments* (website) etc. Non-IDSA publications comprise the *Indian Foreign Affairs Journal*, *Asia Paper* (ISDP, Stockholm), *ISDP Policy Brief*, *Diplomatist Plus*, *Russia & India Report* (Moscow), *The Economic Times* and as chapters in book published by Enrich Professional Publishing (Singapore) and *Strategic Yearbook 2013* (NDC, Sweden) etc.

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KEY ABBREVIATIONS

People's Republic of China (PRC)
Brazil-Russia-India-China-South Africa (BRICS)
Brazil-South Africa-India-China (BASIC)
India-Brazil-South Africa (IBSA)
International Monetary Fund (IMF)
United Nations Security Council (UNSC)
World Trade Organization (WTO)
Gross Domestic Product (GDP)
Group of Twenty (G-20)
Russia-India-China (RIC)
Chinese Communist Party (CCP)
Trans-Pacific Partnership (TPP)
Outward Foreign Direct Investment (OFDI)
Renminbi (RMB)
European Union (EU)
China Development Bank (CDB)
Shanghai Cooperation Organization (SCO)
Asia-Pacific Economic Cooperation (APEC)
ASEAN Regional Forum (ARF)
South Asian Association for Regional Cooperation (SAARC)
United Nation Framework Convention on Climate Change (UNFCCC)
International Thermonuclear Experimental Reactor (ITER)
Free Trade Agreement (FTA)
UN Convention on the Law of the Sea (UNCLOS)

INTRODUCTION

The Premise

According to a broad consensus, the twenty-first century world order has arrived as a multipolar one. Within this milieu, the world's economic centre of gravity has been shifting rapidly eastward and southward, with the BRICS (Brazil, Russia, India, China and South Africa) grouping emerging as the new centre of power factors in global politics.¹ Addressing the global governance issues has been the core concern in the politics of developed and developing countries. BRICS has become a vanguard in expressing this concern, asking for bigger 'representation of Southern values and interests' in various global multilateral forums and financial institutions.² The BRICS thrust has been on addressing various essential issues like global accountability, social justice, financial legitimacy; and most of these issues concern various multilateral bodies like the World Trade Organization (WTO), the International Monetary Fund (IMF), World Bank, the United Nations (UN), and the Group of 20 (G-20).³ On the whole, the increasingly multipolar world order has invited new modes of thinking in multilateralism, involving global multilateral or financial bodies more intently in the existing developed-developing divided politics, popularly known as North-South stratagem. More than any other grouping, BRICS seems to be rising rapidly to address this politics and dialogue. The expressions 'multilateralism' and 'multipolarism' bring new insights in the context of the rise of BRICS.⁴

¹ Fen Osler Hampson and Paul Heinbecker, 'The "New" Multilateralism of the Twenty-First Century', *Global Governance*, 17, 2011, p. 299.

² Ibid. Also, see Gunilla Herolf, 'Multipolar World at the End of the First Decade of the 21st Century: How About Europe?', *Central European Journal of Public Policy*, 5(1), June 2001, p. 5.

³ Osler Hampson and Heinbecker, 'The "New" Multilateralism of the Twenty-First Century', n. 1. Also, see Robert H. Wade, 'Emerging World Order? From Multipolarity to Multilateralism in the G20, the World Bank, and the IMF', *Politics & Society*, 39 (3), 2011, pp. 347-77.

⁴ See Wade, *ibid.*

Contextualising BRICS: Multipolarism and Multilateralism

‘Multipolarity’ and ‘multilateralism’ have different connotations, but both indicate a greater level of power dissemination in global power politics. Roughly, ‘multipolarity’ implies multiple levels of interests or ‘centres of power’. The World Bank report, *Global Development Horizons 2011*, states that multipolarity implies ‘the existence of more than two growth poles in the world economy, measured as the degree of concentration of growth polarity (the lower the concentration, the greater the degree of multipolarity)’.⁵ Specifically, multipolarity implies ‘the distribution of power in which more than two nation-states have equal amounts of military, cultural, and economic influence’.⁶ In its most extensive perspective, multipolarity indicates the ‘distribution of power’ that generally combines military with economics and politics with culture.⁷ Multipolarity is also ‘interpolar’ ‘in the age of interdependence’.⁸

John Ruggie attributes *three* major characteristics to the concept of ‘multilateralism’, namely, generalised principles of conduct, indivisibility, and diffuse reciprocity.⁹ States conduct their global behaviour guided more or less by these descriptions. In short, multilateralism deliberates about collectively agreed norms, rules, collective thinking and principles.¹⁰ Multilateral institutions, bodies and institutional norms are the core of multilateralism.¹¹ In principal, multilateralism entails four institutional realms or cores: global order, international treaty regimes, international organisations, and international negotiating processes and forums.¹² In

⁵ ‘Multipolarity: The New Global Economy’, *Global Development Horizons 2011*, Washington DC: The World Bank, 2011, p. xvii.

⁶ Herolf, ‘Multipolar World at the End of the First Decade of the 21st Century...’, n. 2, p. 6.

⁷ Ibid., p.8.

⁸ Ibid.

⁹ Ibid., p. 14.

¹⁰ Osler Hampson and Heinbecker, ‘The “New” Multilateralism of the Twenty-First Century’, n. 1, p. 300.

¹¹ Ibid. Also, see John Gerard Ruggie, ‘Multilateralism: The Anatomy of an Institution’, in John Gerard Ruggie (ed.), *Multilateralism Matters: The Theory and Praxis of an Institutional Form*, p. 8, New York: Columbia University Press., 1993, p. 8.

¹² Osler Hampson and Heinbecker, ‘The “New” Multilateralism of the Twenty-First Century’, n. 1, p. 300.

all of these, BRICS members have been quite pro-active. With the lead of BRICS, developing powers have consistently argued that the current structure of the global financial and multilateral bodies needs to be reformed to be egalitarian and transparent. In effect, BRICS represents a strong and united 'global south'.¹³ The current study has to be understood in this context, where the focus is not only on the politics of BRICS in North-South divide; but also on the behaviour, approaches, norms and standards set by its key constituent actors or members, mainly China and India.

The case of China and India in the BRICS stratagem is very distinct and attractive as these two are not only neighbouring Asian countries but also two prominent economies within and outside BRICS. While certainly, a dialogue continues that the global economy is undergoing a structural shift; the BRICS countries remain the most highlighted aspect of this dialogue. An apt example of this is the case of G-7, which collectively accounts for almost 35 per cent of the total global GDP in comparison to BRICS, which has a share of over 30 per cent of the total world GDP whereas China alone accounts for more than 20 per cent of the world GDP.¹⁴ This rising percentage of the GDP of the BRICS countries must be noted in the context that in 2000 while the G-7 accounted for almost 50 per cent, the BRICS countries had less than 20 per cent of the total world GDP. The case of China and India remain distinct in today's context, because it is projected that both China and India will account for almost 50 per cent of the total world GDP by the year 2050.¹⁵ This figure is not simply in economic terms; it explains that both China and India from BRICS are likely to be the most dominant economies in the world economic geography.

Crux of the Study

Academics and policy experts across the world are trying to comprehend the various dynamics of BRICS, a relatively new arrival on the global scene, and the contours that are attached to this multilateral grouping. Among the attractions that BRICS holds is the construct of China-India, two of the most populous societies and attractive economies

¹³ Ibid., pp. 301-2.

¹⁴ Axel van and Rocio Castro, 'Overview of the Development Finance Architecture', *Global Review* (China), autumn 2012, p.71.

¹⁵ Ibid.

of the world. Given the dynamism that the two Asian countries hold in world politics today, their bilateral ties always merit policy debate and academic attention. However, to what extent the two countries accommodate each other's strategic interests in a rapidly emerging multipolar global order and in various emerging politics have not received adequate scholarly attention. Literature on BRICS and various facets of its politics is only emerging: not much of it exists currently.

This monograph *BRICS and the China-India Construct: A New World Order in Making?* portrays to understand and contribute to the strategic analyses of foreign, security and economic policy issues that are attached to the rise of BRICS. This is not only a study about BRICS per se; but is also about China and India, the two most vital powers of this grouping. An attempt is made to scrutinize, evaluate and understand the discourse of BRICS and China's multilateral drive with regard to the BRICS grouping. This study has been written in the Indian context, and has tried to delve into the China-India course within BRICS.

In brief, this study explores the rise of BRICS in the context of emerging powers or the developing world's dialogue, particularly of China and India, while contextualising the complexity of mutual settings of these two countries. Whether BRICS can produce any constructive result in favour of the South will depend heavily upon the rational and foreign policy conduct of these two eminent neighbouring countries of Asia. The study is essentially structured in three stages. *First*, it brings out a theoretical and conceptual dialogue about the rise of BRICS, and places it in the context of the emerging powers, to distinguish the exclusivity of the rise of BRICS and China. The second part scrutinises exclusively, China's approach to the entity of BRICS. It argues that China sees the rise of BRICS as an opportunity in the context of cross-continental politics as well as in China's broader global aims and foreign policy objectives. The third and final part discusses India's approach to BRICS in the context of China-India relations, future of BRICS, and policy imperatives for India.

I. BRICS AND THE SHIFTING GLOBAL ORDER

A Conceptual Perspective

International relations specialists advocate that any realistic examination of global multilateral initiatives should begin with demarcating the level of engagements, cooperation and the prospect of institutional capability.¹⁶ It is argued, “International institutions occur when states wish to maximize sovereignty but are willing to sacrifice it in order to gain common and collective goods, as they realize that these goods are beyond their own individual capacities and that they need to pool resources.”¹⁷ Neo-liberal institutionalists in particular have argued, “...even if ... anarchy constrains the willingness of states to cooperate, states nevertheless can work together and can do so especially with the assistance of international institutions”.¹⁸ In BRICS, the constituent members collectively wish to gain a number of objectives at broader global level. For instance, a primary objective of BRICS, and an ambitious one, is as stated in its first ‘joint statement’ at the Yekaterinburg (Russia) summit, i.e. to ‘advance the reform of global financial institutions, so as to reflect changes in the world economy’.¹⁹

The global standing of BRICS as an international organisation can be broadly identified in two mainstream theoretical prisms: *realism* and *liberalism*. Realism contests that without ceding power to the global bodies, states as actors maximise their global objectives collectively.²⁰

¹⁶ David Galbreath, ‘International Regimes and Organizations’, in Trevor C. Salmon and Mark F. Imber (eds), *Issues in International Relations* (2nd Edition), London: Routledge, 2008, p.122.

¹⁷ Ibid., p. 124.

¹⁸ Joseph M. Grieco, ‘Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism’, in David A. Baldwin (ed.), *Neorealism and Neoliberalism: The Contemporary Debate*, New York: Columbia University Press, 1993, p. 117. Also see, Joseph M. Grieco, “Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism”, *International Organization*, vol.42, no.3, summer 1988, pp. 485-507.

¹⁹ Joint Statement of the BRIC Countries Leaders, Yekaterinburg: Russia, 16 June 2009, at <http://www.bricsindia.in/firstSummit.html> (accessed on May 1, 2012)

²⁰ Galbreath, ‘International Regimes and Organizations’, n. 16, p. 124.

On the other hand, Liberalists argue that it is the international bodies or institutions that shape the interests and behaviour of states; therefore, states have ‘rational and strategic interests’ in pushing ahead global bodies vis-à-vis international organisations.²¹ BRICS may be seen from both realist and liberalist perspectives. It makes an impressive statement in global multilateralism that interests of states and institutions are not always identical, yet may remain complementary in many respects. The global strategic interests of individual BRICS countries are not necessarily congruent, still many common objectives bind them together and prompt optimism. The China-India association within BRICS, despite their contrasting foreign policy interests, is a fine example in this context.

BRICS and the Emerging Powers Dialogue²²

At a basic political level, the exclusivity of the BRICS is about ‘emerging powers’, and more aptly about the ‘developing world’ thesis in the existing North-South divide.²³ There is currently a rising influence of ‘emerging powers’ politically, economically and strategically in global affairs.²⁴ In factual terms, the real dynamism of BRICS is defined in their collective strength, and figures in terms of population, resources, combined nominal GDP, and their foreign reserves. Highlighting the prominence of individual countries in this multilateral grouping, *Map I* in this study presents an overview of the BRICS economy in 2011-12.

BRICS began in 2001 as a conceptual formulation of Goldman Sachs, which was later highlighted in *Dreaming with BRICS: The Path to 2050*, that the collective output of BRIC (Brazil, Russia, India and China) would outshine the G-7 economies in US dollar terms in less than 40

²¹ Ibid., pp. 124-5.

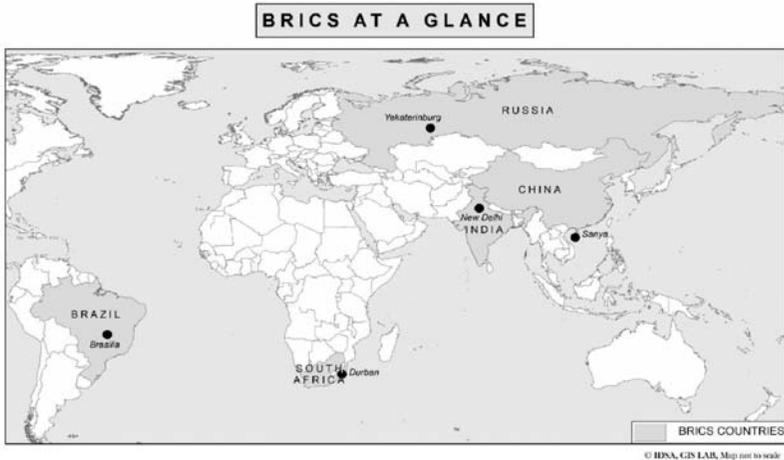
²² The core of this chapter has been published earlier in an IDSA publication in some form. This current chapter in this study is an extension and an updated version of that IDSA publication. For that earlier IDSA publication, see, Jagannath P. Panda, “Emerging Powers: China and India in BRICS”, in S.D. Muni and Vivek Chadha (eds.), *Asian Strategic Review*, Pentagon Press and Institute for Defence Studies and Analyses (IDSA), New Delhi, 2013, pp.107-121.

²³ See ‘Overview of BRICS’, in *The BRICS Report: A Study of Brazil, Russia, India, China and South Africa with special focus on synergies and complementarities*, New Delhi: Oxford University Press, 2012. Also, see G. John Ikenberry and Thomas Wright. *Rising Powers and Global Institutions, A Century Foundation Report*. New York: The Century Foundation, 2008.

²⁴ Andrew Hurrell and Sandeep Sengupta, ‘Emerging Powers, North-South Relations and Global Climate Politics’, *International Affairs*, 88(3) 2012: 463-7.

years.²⁵ The strength of BRICS lies in its collective 3 billion people, who constitute almost 43 per cent of the global population.²⁶ Besides, they have a combined approximate \$4 trillion foreign reserves and a total GDP of \$13.7 trillion. It is estimated that BRICS accounts for almost 18 per cent of the world economic aggregate, which is vital enough for various global financial reform politics.²⁷ It is also computed

MAP I: BRICS at a Glance



Country	GDP (Current US\$ Billion)		GDP based on PPP, share of World total (%) ^a		GDP Per Capita (US\$) ^a		Total Area ^d	Population (Approximate) ^d	GDP in PPP ^d
	2011 ^b	Rank ^c	2011	2012	2011	2012			
Brazil	2476	6	2.9	2.85	12,788	12,339	5 th Largest	190 million	7 th Largest
China	7318	2	14.3	14.95	5416	6094	3 rd Largest	1.3 billion	2 nd Largest
India	1847	10	5.59	5.69	1513	1591	7 th Largest	1.22 billion	3 rd Largest
Russia	1857	9	3.01	3.03	12,993	13,764	Largest	141.8 million	6 th Largest
South Africa	408	27	0.7	0.69	8078	7635	25 th Largest	50.5 million	25 th Largest

Note: All figures are approximate values. GDP = Gross Domestic Product, PPP = Purchasing Power Parity.

Sources:

a - IMF database.

b - The World Bank Database, at <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD> (accessed 17 January 2013).

c - The World Bank Database, at <http://databank.worldbank.org/databank/download/GDP.pdf> (accessed 17 January 2013).

d - Other data and figures are from CIA world factbooks, IMF and World Bank websites.

(Source: GIS Lab, IDSA)

²⁵ Russian experts and diplomats argue that President Vladimir Putin first suggested forming a 'cooperative coalition of developing countries' as BRIC, and that Putin had argued informally for the creation of BRIC in the context of Russia-India-China (RIC) triangular politics. This is based on the author's interaction and discussion with Russian scholars and experts.

²⁶ Zheng Xinli, 'BRICS has to take up more challenges', *China Daily* (online), 14 April 2011, at http://www.chinadaily.com.cn/cndy/2011-04/14/content_12323057.htm, accessed on September 12, 2013

²⁷ Ibid.

that by the year 2015, the total GDP of BRICS will increase to almost 23 per cent of the world figure, and touch almost 31 per cent by 2020.²⁸ *Map I* and its accompanying table suggest the strength and dynamism of BRICS as a collective unit.

The rise of the BRICS countries has been impressive. In the last decade, compared to the other major economies of the world, the real GDP Annual Percent Change (Growth Rate) of individual BRICS nations has been quite striking (see Graph I). BRICS is also noted for its collective huge land and natural resources.²⁹ Russia is the largest country in land size; China is the third largest (after Canada). In natural or energy resources, Russia and China are the two main figures in the world. While China accounts for almost 12 per cent of the global mineral reserves, Russia holds almost 20 per cent of the global oil and gas reserves. Brazil is the fifth-largest country in the world, while India ranks second in world population. India is also known as a strong service provider with a rising manufacturing base. South Africa generates almost 45 per cent of Africa's total electricity.³⁰ BRICS is also popularly known as the 'R-5' club, combining the currencies Real, Rouble, Rupee, Renminbi and Rand.³¹ In it are grouped together two permanent members of the UN Security Council, Russia and China.

While their economies collectively have been the backbone of the rise of BRICS, a range of strategic bases also unites this cross-continental forum. To begin with, there is the 'developing world' ethos. The 'natural conditions' of their resources, the ambition to get richer and bigger in global politics and in global economic parameters, and the potential of becoming real great influencing factor in world politics are additional factors.

BRICS also represents different continents and enjoys cultural distinctiveness. China is known for huge labour resources, for its 'manufacturing industry', rich economy and the potential of the Yuan. India is known for its software industry, IT potential, biological

²⁸ Ibid.

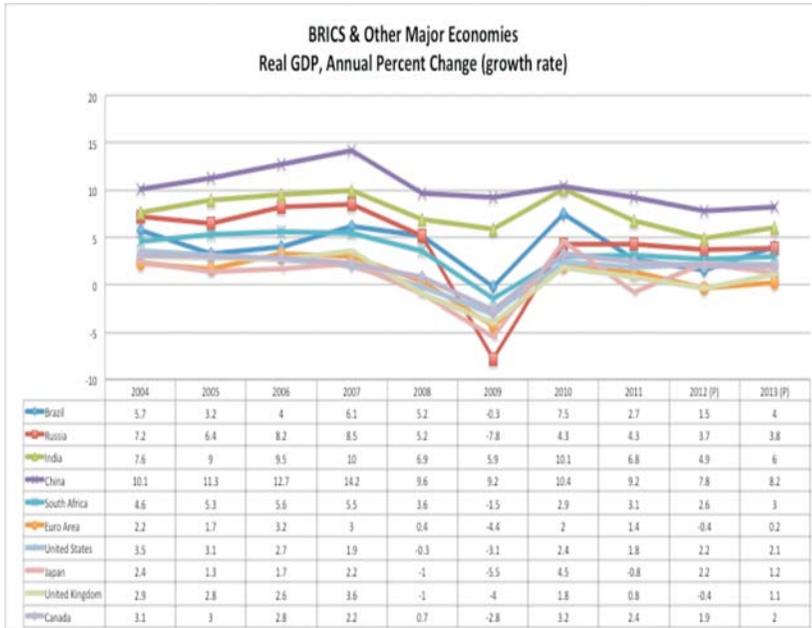
²⁹ For a detailed information about the potentiality of BRICS countries, see 'Overview of BRICS', in *The BRICS Report: A Study of Brazil, Russia, India, China and South Africa with special focus on synergies and complementarities*, New Delhi: Oxford University Press, 2012.

³⁰ 'Overview of BRICS', n. 23, p. 3.

³¹ Brahma Chellaney, *The BRICS Grouping: A Brick by Brick Development* (Report), Al Jazeera Centre for Studies, 8 April 2012, p. 2.

pharmacy and service outsourcing. Brazil is known as an agricultural hub of the world and its natural reserves of energy – oil and natural gas, have been an attraction for many. South Africa is known for its rich natural resources and its forceful representation of the interests of the developing world.³²

GRAPH-I: BRICS and other Major Economies



Note: 1. Since 2004, China and India have not shown negative GDP growth rate.

2. Other major economies have struggled on growth rate.

3. 'P' = Projection, GDP = Gross Domestic Product.

Source: Data and figures from World Economic Outlook: Coping with High Debt and Sluggish Growth, World Economic and Financial Surveys, IMF, October 2012.

Anti-Western sentiment also contributes to uniting BRICS as a group, especially Russia and China. Brazil and South Africa have been more pro-Chinese and pro-emerging world countries in recent past. India is seen largely as pro-American, but as regards the global financial

³² Zhang Wenru and Li Zhiwei, 'The Rise of BRICS: Strategic Basis, Cooperation Agenda and International Influence' (translated by Cai Hui), *International Strategic Studies*, 3(101), 2011: 47–48.

institutions, it is often portrayed as anti-Western. There is hardly any notable relationship between BRICS and USA, though the USA is a vital factor in the individual BRICS members' foreign policy. Being mainly an agglomeration of countries belonging to developing world, BRICS provides a platform for smaller or emerging countries to ask for better rights and space in world politics. According to the *Sanya Declaration* (2011) of the BRICS summit,

It is the overarching objective and strong shared desire for peace, security, development and cooperation that brought together BRICS countries BRICS aims at contributing significantly to the development of humanity and establishing a more equitable and fair world.³³

The *Delhi Declaration* of BRICS reiterates:

We stand ready to work with others, developed and developing countries together, on the basis of universally recognized norms of international law and multilateral decision making, to deal with the challenges and the opportunities before the world today. Strengthened representation of emerging and developing countries in the institutions of global governance will enhance their effectiveness in achieving this objective.³⁴

The newly released *eThekweni Declaration* from the Durban BRICS summit similarly notes:

We are open to increasing our engagement and cooperation with non-BRICS countries, in particular Emerging Market and Developing Countries (EMDCs), and relevant international and regional organisations, as envisioned in the Sanya Declaration.³⁵

³³ Sanya Declaration, at <http://www.bricsindia.in/thirdSummit.html> (accessed on March 22, 2013)

³⁴ Fourth BRICS Summit: Delhi Declaration, 29 March 2012, University of Toronto, at <http://www.brics.utoronto.ca/docs/120329-delhi-declaration.html> (accessed 22 October 2012).

³⁵ "BRICS and Africa: Partnership for Development, Integration and Industrialisation", *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed on July 3, 2013).

BRICS Summits³⁶: Institutionalising the Politics

The first BRIC summit was held on 16 June 2009 at Yekaterinburg in Russia. Its centrality was to tackle the global financial crisis, and show the way the BRIC members could benefit by expanding inter se trade and financial cooperation. Its deliberations had an accent on expanding and defending the global interests of developing countries.³⁷ Advocating reform of global financial institutions, the summit stated: "...the emerging and developing economies must have greater voice and representation in international financial institutions, and their heads and senior leadership should be appointed through an open, transparent, and merit-based selection process".³⁸ The summit emphasised the need to reform the overall global financial and economic architecture through four aspects: democratic and transparent decision-making; through a legal basis; bringing compatibility between national and international institutional mechanisms; and strengthening the risk management practices.³⁹ The summit also mentioned global governance issues like achieving the Millennium Development Goals (MDGs), tackling the issue of climate change, food security, and reforming the UN.

The second BRICS summit in Brazil was more notable for discussing global governance problems and political issues.⁴⁰ Its joint statement particularly noted the need to bring about parity between the developing and developed world through global financial reforms

³⁶ All BRICS summits, official declarations, documents and speeches referred in this study are mainly from "BRICS Information Centre", University of Toronto, at <http://www.brics.utoronto.ca/>. There are other resources where the similar declarations, speeches and other information with regard to BRICS can be found are: "BRICS in India", at <http://www.bricsindia.in/index.html>; "BRICS" at <http://www.brics5.co.za>. For the interest of this study and its publication, repeated footnote references to these BRICS declarations, speeches, documents have been avoided. References made to these documents, declarations, speeches, summits in the main text of this study can be found easily at various web resources.

³⁷ Alexey Frolov, "The Second BRIC Summit: The Future Remains Cloudy", *New Eastern Outlook*, 6 May 2010, at <http://journal-neo.livejournal.com/8874.html>. accessed on September 6, 2013

³⁸ *Joint Statement of the BRIC Countries Leaders*, June 16, 2009 (Yekaterinburg, Russia), Ministry of External Affairs, Govt. of India, at <http://www.mea.gov.in/outgoing-visit-detail.htm?4824/Joint+Statement+of+the+BRIC+Countries+Leaders> (accessed on January 2, 2013)

³⁹ Joint Statement of the BRIC Countries Leaders, Yekaterinburg, n. 19.

⁴⁰ Frolov, "The Second BRIC Summit ...", n. 37.

and advocated a more ‘multipolar, equitable and democratic world order’ through international law and collective decision-making. The summit discussed how to forge global cooperation in international trade, development, agriculture, energy, and countering poverty, climate change, terrorism, etc. The summit also discussed reforming the UN and the need for ‘multilateral diplomacy’.⁴¹

The first two BRICS summits were more in the nature of teething exercises for a newly cobbled multilateral organisation. Even so, it was emerging that this multilateral grouping was moving towards some sort of ‘institutionalization’.⁴² Some even described it as an ‘effectively working body, even if it has not been institutionalized’.⁴³ The summits at Sanya and New Delhi pushed BRICS to the next stage, expanding its mandate to three continents after the formal inclusion of South Africa as the fifth member.

Table-I: BRICS Summits and Major Issues Discussed

Yekaterinburg Summit: June 2009	Brasilia Summit: April 2010	Sanya Summit: April 2011	New Delhi Summit: March 2012	Durban Summit: March 2013
<ul style="list-style-type: none"> • Importance of G20 • Reform of the Financial Institutions • Multilateral Trading System • Millennium Development Goals (MDGs) • Implementation of the concept of Sustainable Development 	<ul style="list-style-type: none"> • Global Governance • Importance of G20 • Multilateral Diplomacy under the UN, Comprehensive Reform of the UN • Increase in voting power at international financial 	<ul style="list-style-type: none"> • Entry of South Africa; making BRICS to BRICS • Theme- 'Broad Vision, Shared Property' • Cooperation between BRICS and other relevant multilateral organisation 	<ul style="list-style-type: none"> • Theme: “BRICS Partnership for Global Stability, Security & Prosperity” • Sustainable Development & Climate Change • Re- presentation of Emerging and Developing countries in 	<ul style="list-style-type: none"> • Promotion of International Law, Multilateralism and Role of the UN • Cooperation between BRICS and non-BRICS countries • Africa & Regional Integration • G-20

⁴¹ BRICS Summit - Joint Statement, Brasilia, 16 April 2010, at <http://www.bricsindia.in/secondSummit.html> (accessed 23 August 2012).

⁴² Wang Guanqun, ‘Bright prospects for BRIC’, *China Daily*, 15 August 2010, at http://news.xinhuanet.com/english2010/indepth/2010-04/15/c_13252144.htm (accessed on 12 January 2013)

⁴³ Boris Volkhonsky, ‘South Africa wants to join BRIC’, *Global Research*, 27 August 2010, at <http://www.globalresearch.ca/index.php?context=va&aid=20790>.

<ul style="list-style-type: none"> • Energy Efficiency and Security • Stress on democratic and multipolar world order based on International Law • Condemned Terrorism, discussed about Comprehensive Convention against International Terrorism • Multilateral Diplomacy under the UN, Comprehensive Reform of the UN 	<p>institutions for emerging economies/ developing countries</p> <ul style="list-style-type: none"> • World economic situation • Reform of the financial bodies like IMF, WTO, and World Bank • Regional Monetary Agreements to promote international economic stability • Importance of Multilateral Trading System • Review of MDGs Achievement Goals • Sustainable and Affordable Energy System • Climate Change • Fight against International Terrorism 	<ul style="list-style-type: none"> • Collective Decision-Making, Global Economic Governance, and Democracy in International Relations • Multilateral Diplomacy under the UN • Libya • International Terrorism • Global Financial Crisis • Role of G20 in Global Economic Governance • Reform of IMF, WTO and World Bank • Food and Energy Security • Poverty & MDGs • Climate Change, Sustainable Development and Public Health • Infrastructure Development and Industrialisation in Africa 	<p>the Institutions of Global Governance</p> <ul style="list-style-type: none"> • Euro Zone Crisis • Primacy Role of G20 AS PREMIER FORUM FOR Global Economic Cooperation • Quota & Governance Reform in IMF • Rule-based Multilateral Trading System • Stability, Peace & Security in Middle East & North Africa • Situation in Syria, Iran & Afghanistan • International Terrorism • Multilateral Diplomacy under the UN • Food & Energy Security • Climate Change & Sustainable Development, Green Economy • MDGs • Public Health Challenges; universal access to health services • Delhi Action Plan 	<ul style="list-style-type: none"> • BRICS Development Bank • Financial Safety of BRICS countries • Quota in IMF • Reform of Financial Bodies like IMF, World Bank and WTO • Open, Transparent and Rules-based Multilateral Trading System • Afghanistan, Congo, Iran, Syria, Middle East • Sustainable Development & Climate Change
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(Note: Information compiled from various BRICS Declarations and Summits)

Sanya Summit, 2011

The Sanya summit was strategically important for the following reasons: (a) South Africa's induction as a member, making the club grow from BRIC to BRICS; (b) gathering support for Russia's entry into WTO; and (c) the idea of inter se trading among BRICS nations and cutting out unstable globally convertible currencies. The summit also underlined the growing Chinese seriousness to push the BRICS club as a credible alternative to the Western-dominated global financial system. BRICS collectively expressed support for Russia's immediate accession to the WTO as a means of enhancing the effectiveness of the global multilateral trading system, thus asserting its political clout vis-à-vis the developed world, which had myopically denied to Russia accession to the WTO.⁴⁴ In its projected theme of 'Broad Vision, Shared Prosperity', the *Sanya Declaration* asked pointedly for strengthening 'global economic governance', promoting democracy in international relations, and for enhancement of the role and influence of the emerging and developing world under the norms of international law and the collective decision-making process. The summit reiterated the vital necessity of reforming both the UN and the UN Security Council and stated explicitly that India, Brazil and South Africa were expected to play a stronger role in international affairs.⁴⁵

New Delhi Summit, 2012

The New Delhi summit indicated that BRICS was becoming more institutionalised in the global cross-continental and North-South divide. Whereas the Sanya Declaration announced that BRICS was readying itself to take a leading role in the global financial and political decision-making process, the Delhi Declaration, particularly through its overarching theme titled 'BRICS Partnership for Global Stability, Security and Prosperity', took the matter further and indicated the vitality of BRICS in the global financial architecture and political setup.⁴⁶ The Declaration called for comprehensive reform of the global financial

⁴⁴ See Deng Shasha, 'Full Text of Sanya Declaration of the BRICS Leaders Meeting', *Xinhua*, 14 April 2011, at http://news.xinhuanet.com/english2010/china/2011-04/14/c_13829453.htm (accessed on December 3, 2012)

⁴⁵ Sanya Declaration, 2011, n. 33.

⁴⁶ Jagannath P. Panda, 'Delhi Declaration: The Character of the BRICS New Charter', *Diplomatist*, April 2012.

bodies. Expressing concern about the ‘slow pace of quota and governance reform in the IMF’, it called for urgent attention to this aspect. It sought a thorough review of the quota formula to better facilitate the representation of emerging markets by January 2013 and a general quota review by 2014. It also asked for greater focus on mobilising resources and adopting innovative tools to improve governance in the World Bank. The Declaration also urged that the heads of these two institutions must be selected ‘through an open and merit-based process’, and pushed for a developing-world candidate for the World Bank’s Presidency.⁴⁷ It also urged that the World Bank should go beyond the limits of North-South cooperation and be a conduit of communication for global governance.

Notably, at the New Delhi summit a pact was signed to reduce the demand for fully convertible currencies among the BRICS countries to reduce the importance of the US dollar in the world market. The summit indicated the formation of developmental banks of the BRICS countries, which could take up the first call to formalise and establish a broad understanding in extending credit facility in local currency and in the multilateral letter-of-credit confirmation facility. The former proposal intends to reduce the demand for fully convertible currencies for transactions among BRICS nations. This will directly help in reducing the overall transaction costs; as will the credit confirmation facility. Intra-BRICS trade, which is currently worth almost \$230 billion, is expected to rise to \$500 billion by the year 2015, thus putting on a sound base the effort to downgrade the pre-eminence of the American dollar in the world market.⁴⁸

As regards the trade politics in WTO, which hitherto has been skewed in favour of the developed world, BRICS has been repeatedly urging that the WTO needs to be made more representative and transparent in global trade multilateralism. Urging that ‘rule-based multilateral trading system’ must be strengthened, BRICS has appealed to discard existing ‘trade protectionism’ and ‘disguised restrictions on trade’. Even

⁴⁷ Fourth BRICS Summit – Delhi Declaration, BRICS Partnership for Global Stability, Security and Prosperity, 29 March 2012, at <http://www.bricsindia.in/delhi-declaration.html>. accessed on September 3, 2013.

⁴⁸ Rama Lakshmi, ‘BRICS Summit: Emerging Economies condemn military threats against Iran, Syria’, *Washington Post*, 29 March 2012, at http://www.washingtonpost.com/world/asia_pacific/brics-summit-emerging-economies-condemn-military-threats-against-iran-syria/2012/03/29/gIQA48JuiS_story.html (accessed on December 3, 2012).

more notably, BRICS stresses the centrality of UNCTAD in the UN system and demands that most matters relating to trade, economy and development must be addressed through the core principles of ‘transparency, inclusiveness and multilateralism’.⁴⁹ BRICS summits have consistently reiterated faith in the Doha Development Round on trade deals and negotiations, with its thrust on a transparent ‘multilateral trading system’. This is a tough call, considering that Western and European countries like USA and Germany still remain the main contributors to the WTO budget (see Graph II) and hence still dominate most of the trade deals.

Durban BRICS Summit, 2013

The fifth BRICS leadership summit was held in Durban during 26-27 March 2013. Its theme was *BRICS and Africa: Partnership for Development, Integration and Industrialization*. With this summit, the first cycle of holding BRICS summits by rotation in every member country has been fulfilled. The second round of summits is proposed to commence beginning with Brazil in 2014. The official document of the summit, titled *eThekwinini Declaration*,⁵⁰ highlights several new issues and themes that are vital for the progress of BRICS and South-South politics.

A review of this *eThekwinini declaration* suggests that BRICS is consistently emerging as an inclusive multilateral initiative to push the interests and mandate of emerging and developing countries. The declaration, similar to earlier BRICS declarations, reiterates the spirit, ethos and commitment towards UN and multilateralism, and most appropriately asked for the promotion of international law. It called for the reform of global financial institutions, and to make them more representative in favour of the developing countries. It asks for a quota review in the IMF by January 2014 and demands that IMF reform should be based on the “voice and representation of the poorest members” of the IMF, including the Sub-Sahara African countries. It also asked for a “broad-based international reserve currency system” and backs the idea of having Special Drawing Rights (SDR) in the global monetary system.

⁴⁹ Fourth BRICS Summit – Delhi Declaration, n. 47.

⁵⁰ See “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekwinini Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013). All the source material about the Durban summit and eThekwinini Declaration and also previous summits are derived from this website.

On the security front, the declaration notes the concerns of BRICS countries about Iran, Syria, Middle East, and Afghanistan, and also addresses other issues like climate change, terrorism, UNSC reform, etc.

Africa was the focus of the Durban summit. The post-Durban leadership summit planned to host a retreat with countries in the continent, with the theme *Unlocking Africa's potential: BRICS and Africa Cooperation on Infrastructure*, which explains that there will be a new mode of engagement between BRICS and Africa. The *eThekweni Declaration* commits itself to “industrialisation” of Africa and to support “infrastructure development” in the continent through the framework of New Partnership for Africa's Development (NEPAD). Enormous importance has been given to the African Union (AU), which has so far been instrumental for better infrastructure development in the continent. G-20 has always been a matter of discussion in BRICS summits. The Durban summit equally stressed the importance of G-20 and expressed an interest that G-20 should be the forum for bringing about global economic stability and long-term sustainable development.

The *eThekweni Declaration* is critical of the policy actions of the US, Europe and Japan aimed at reducing tail-risks in the global economy, which have produced “negative spillover effects” on the rest of the global economies. It is also critical of the policy actions of the central banks of advanced economies. The Durban summit agreed to take forward the process of establishing a BRICS Development Bank, an idea that was mooted during the New Delhi summit in 2012. The Durban summit also agreed to explore constructing a financial safety net by establishing a Contingent Reserve Arrangement (CRA) among the BRICS member countries amounting to US\$100 billion. This idea was first discussed at the meeting of the Finance Ministers and Central Bank Governors of BRICS countries in Los Cabos. Progress on this aspect will be reviewed in September 2013. The Durban summit also welcomed Multilateral Agreement between Export-Import Banks and Development Banks for co-financing sustainable developmental projects.

The Action plan emerging from the *eThekweni Declaration* aims at future progress of BRICS and its governance. Many new levels of meetings have been set up for the coming months to promote this objective, which increasingly suggests the institutionalization process that BRICS is currently undergoing. The *eThekweni Action Plan* seeks to explore new levels and areas of cooperation like public diplomacy, anti-corruption, youth policy dialogues, tourism, energy, sports, mega-

sporting events, etc. This spirit of exploring new areas of cooperation among BRICS members will boost the South-South spirit at the global level; but again, it may distract from the core aim of BRICS, which is to reform the global financial institutions and economic structure in favour of the developing countries.

A Point of Inquiry: Is BRICS a Possible Agent in Shaping the Global Political and Security Mandate?

BRICS began with an economic mandate, advocating a transparent and equitable global governance process in favour of the developing world, and to bring parity between the North and the South. Politics and political slogans remained secondary to economics in its working. But as of now, everything political is economics and vice versa, which has been a result of perceptual changes in recent years. Consecutive BRICS declarations reflect this attitudinal change.

Substantially backing this hypothesis is the growing culture of the meeting of BRICS National Security Advisors (NSAs) over the years, commencing in May 2009 in Russia, followed by one in Brasilia in April 2010, in Sochi in Russia in October 2010, and ending up with the one in New Delhi during 10–11 January 2013, coming just before the Durban March 2013 BRICS summit. The New Delhi meeting discussed in detail sensitive issues like Syria, Libya, Mali, West Asia and North Africa, terrorism and cyber security. Similarly, the 2013 Durban BRICS summit also discussed a range of security issues. Politically, BRICS members may find building a consensus on sensitive issues hard going, given that they have different political systems, distinct global objectives and social diversities. Yet, the New Delhi BRICS summit and the NSAs meeting did indicate that difference of opinion is not always a result of differences in perception on vital global strategic and political issues.⁵¹ The common BRICS perspective on Iran is an example of this.

Position on Iran

Iran is a classic case where the BRICS perspective and stance is more of building consensus and exerting pressure over the USA rather than

⁵¹ Jagannath P. Panda, 'BRICS Summit: the charming effect on global politics', *Russia & India Report*, 2 April 2012. at http://indrus.in/articles/2012/04/02/new_delhi_brics_summit_the_charming_effect_on_global_politics_15337.html (accessed on August 12, 2013)

reaching any concrete decision over the issue. The *Delhi Declaration* noted that BRICS ‘recognize Iran’s right to peaceful uses of nuclear energy consistent with its international obligations ...’. It advocated the resolution of the issue ‘through political and diplomatic means and dialogue between the parties concerned, including between the IAEA and Iran and in accordance with the provisions of the relevant UN Security Council Resolutions’⁵². Durban BRICS summit stressed about “negotiated solution” to the complex Iranian nuclear issue. In principle, BRICS recognised “Iran’s right to peaceful use of nuclear energy”, but stated that it should be “consistent with the international obligations”. It encouraged for the resolution of the Iranian nuclear crisis, and stated that it should be resolved by “political and diplomatic means and dialogue”, mainly between Iran and IAEA. It also expressed the fact that resolution to the Iranian nuclear crisis must be implemented through relevant UNSC resolutions and under Iran’s obligations under the NPT of Nuclear Weapons.⁵³

On Iran, India, Russia and China have their own perspective and stance. Both Russia and China are known as being ‘anti-Western’. Hence, their bilateral position has been a coordinated one, being more in favour of Iran. India has taken a moderate, nuanced stance on the issue. For instance, India’s Commerce Minister Anand Sharma stated, “We respect UN resolutions. None of our countries are in violation of what the UN resolution says. The UN resolution does not forbid countries engaging in trade in essential commodities”.⁵⁴ The Chinese Trade Minister Chen Deming on the other hand stated, “We (BRICS nations) are not obliged to follow any domestic law of the US against Iran”.⁵⁵ Both Russia and China have been quite critical of the Western sanctions on Iran’s oil exports. Though they voted for the IAEA imposing sanction

⁵² Fourth BRICS Summit – Delhi Declaration, n. 47.

⁵³ For details, see, “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

⁵⁴ Asit Ranjan Mishra and Elizabeth Roche, ‘BRICS say will follow UN, not US sanctions against Iran’, *Livemint*, 29 March 2012, at <http://www.livemint.com/Politics/HaWDoaLRPU9UMpvSBYWO6K/BRICS-say-will-follow-UN-not-US-sanctions-against-Iran.html?facet=print> (accessed 1 December 2012).

⁵⁵ Neeraj Thakur, ‘United BRICS defy US, refuse to follow sanction on Iran’, *Daily News & Analyses* (DNA), 29 March 2012, at http://www.dnaindia.com/india/report_united-brics-defy-us-refuse-to-follow-sanctions-on-iran_1668707.

against Iran, they have also clearly expressed their opposition to any military action against Iran. While the New Delhi BRICS summit called for ‘a diplomatic solution’ to the Iran crisis, it cautioned against escalating the crisis.

The global hot spots: Libya, Syria and Afghanistan

On Libya, the Sanya Declaration urged all parties to ‘resolve their differences through peaceful means and dialogue’ and reiterated that the UN and the regional organisations should play a constructive role in resolving the crisis. It also backed African Union High-Level Panel Initiatives on Libya.⁵⁶ On Syria, BRICS countries are, in principle, against any ‘military intervention’. The *Delhi Declaration* has specifically noted that BRICS favours ‘a Syrian-led inclusive political process, and we welcome the joint efforts of the United Nations and the Arab League to this end’⁵⁷. The Durban summit and its Declaration expressed concerns over Syria. BRICS strongly opposed the process of “militarization of the conflict”, and viewed that “Joint Communiqué of the Geneva Action Group” should be the basis in resolving the Syrian crisis. BRICS also stated that they support the UN-League of Arab States Joint Special Representatives.⁵⁸

Afghanistan was for the first time discussed at New Delhi BRICS summit. Two specific concerns were raised in the Delhi Declaration regarding Afghanistan, terrorism and trafficking in opiates. BRICS stressed the sentiments expressed at the Bonn International Conference and laid stress on ‘engaging’ with Afghanistan while the country goes through a transformation decade during 2015–2024.⁵⁹ The Durban BRICS summit expressed its support for the ongoing peace and stability in Afghanistan. The *eThekweni Declaration* noted that Afghanistan needs time to recover and uphold its stability. The summit reiterated the importance of the Bonn International Conference (December 2011), and expressed the interest to be engaged with Afghanistan during the

⁵⁶ Sanya Declaration, n. 33.

⁵⁷ Fourth BRICS Summit – Delhi Declaration, n. 47.

⁵⁸ “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26–27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

⁵⁹ Fourth BRICS Declaration, n. 47.

transformation decade from 2015-2024. It expressed commitments to eradicate and combat the “illicit traffic in opiates” that originates in Afghanistan, and stated commitment towards handling this problem through the framework of Paris Pact.⁶⁰

The common understanding in BRICS on such issues is a huge political statement, with direct implications for global politics. *First*, it raises the hope in Iran, Syria and Afghanistan that there are influential groupings and powers on the globe, which support their cause and interests. *Second*, the collective stance by BRICS indicates that the US cannot act unilaterally, and should propose and follow diplomatic procedures. The thrust should be on dialogue rather than unilateral actions. *Third*, the united BRICS understanding on Iran and Syria indicates that it is possible to converge on foreign policy issues even if BRICS members’ foreign policy, objectives and interests may not entirely be in harmony. *Fourth*, BRICS is not entirely an economic entity; it carries a certain political clout that is central to the current global political outlook.

Thrust on Conflict Resolution

The *Delhi Declaration* touched upon the security issues in the Middle East and North Africa, and most notably upon the conflict resolution process. On Arab-Israel conflict, BRICS has stated that there is a need for settlement of the conflict through a “recognized international legal framework including the relevant UN resolutions, the Madrid principles and the Arab peace initiative”.⁶¹ BRICS summit in Durban welcomed Palestine as an observer state to UN. By expressing concerns over the lack of progress in Middle-East Peace process, the *eThekweni Declaration* noted that the world must help and support both Israel and Palestine for a “two-state” solution. The declaration noted that world community must help Palestine to grow as an “economically viable” country. It also noted that the international community must help both to find a solution, and help accept Jerusalem as its capital, and the border must be determined as per the existing 4 June 1967 drawn one. BRICS also raised concerns about the Israeli settlement in the Palestine occupied

⁶⁰ “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

⁶¹ Fourth BRICS Declaration, n. 47.

territories, and called it as “violation of international law”.⁶² These political perspectives on sensitive global conflicts indicate that BRICS holds a leadership vision as a grouping in global conflict resolution programmes and initiatives.

Terrorism

Apart from the conflict issues, BRICS has raised hopes of resolving and tackling a range of issues that are well known in global politics today. Tackling international terrorism is one such issue. The Brasilia summit in 2010 raised explicitly the issue of international terrorism as a security concern, and collectively condemned ‘terrorist acts in all forms’. Reiterating the fact that the fight against international terrorism must be carried out under UN premises and conventions, it urged the ‘early conclusion of the negotiations in the UN General Assembly of the Comprehensive Convention on International Terrorism’.⁶³ The *Sanya Declaration* also stressed ‘strengthening international information security’ to fight international terrorism and the need to combat cyber crime.⁶⁴ The Delhi Declaration reiterated the need to tackle international terrorism through UN norms, conventions and resolutions. On cyber security, the New Delhi meeting of NSAs decided to set up an emergency response team.

Stress significance of G-20

BRICS has always emphasised the significance of G-20 in the global economic architecture. The Yekaterinburg summit acknowledged the central role of G-20 summits in dealing with the global financial crisis. The Brasilia summit highlighted the G-20 members’ contribution to the IMF resources. The Sanya Declaration asked for a bigger role and scope for the G-20 countries in increasing global economic governance. The New Delhi summit pointed out the ‘primary role of the G-20 as a premier forum’ for greater global economic cooperation and stated that the G 20 should enhance macroeconomic policy coordination to

⁶² “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekivini Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

⁶³ BRICS Summit - Joint Statement, Brasilia, n. 41.

⁶⁴ Sanya Declaration, n. 33.

secure global financial stability and recovery. The Durban BRICS summit equally stressed the importance of G20. Similar expressions are also made in Durban BRICS summit about the G-20. The repeated stress put on G-20 suggests that BRICS as an emerging grouping is in favour of closer intra-institutional collaboration at the global level and also indicates that the politics of the developed-developing world will be best addressed through various forums like G-20. Most notably, the BRICS declarations suggest that G-20 and the UN are the two most effective multilateral forums for addressing most of the global concerns. Three specific points may be made here. *First*, being a multilateral forum, BRICS stresses intra-institutional cooperation. *Second*, G-20 should ideally be the most effective platform for greater global political and economic governance issues. *Third*, developed countries must realise that there is a need for greater cooperation between the developed and developing world under the G-20 forum.

Climate Governance

Durban BRICS summit stressed over “sustainable development” and in “poverty eradication”.⁶⁵ It stated climate change as “greatest challenges and threats” in achieving sustainable development, and urged all parties to generate consensus and build upon the COP18/CMP8 in Doha, and urged to conclude this by 2015. BRICS also welcomed the establishment of ‘Open Working Group on the Sustainable Development Goals (SDGs), in line with the Rio+20 outcome document’, and stressed over ‘Rio principles of sustainable development’.⁶⁶ BRICS has constantly located the dialogue of ‘sustainable development’ and ‘climate change’ with the paradigm of global economic governance and change. Yekaterinburg Statement stated, “the implementation of the concept of sustainable development, comprising, inter alia, the Rio Declaration, the agenda for the 21st century and multilateral environmental agreements, should be a major vector in the change of paradigm of economic

⁶⁵ “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

⁶⁶ “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

development”.⁶⁷ Brasilia summit described the climate change challenge as a ‘serious threat’ also. It stressed the importance of 16th Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) and the 6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol.⁶⁸ The Sanya Declaration reiterated that the issue of climate change is a ‘global threat’ and expressed support for the Cancun Agreements and the Bali Roadmap, and committed for the Kyoto Protocol and for a ‘comprehensive, balanced and binding outcome to strengthen’ the UNFCCC.⁶⁹

The New Delhi summit welcomed the initiatives of the 17th Conference of Parties to the UNFCCC and the 7th Conference of the Parties to the Kyoto Protocol (COP17/CMP7) in December 2011, but with the condition that BRICS would work with the global community to implement the spirit ‘in accordance with the principles of equity and common but differentiated responsibilities and respective capabilities’. Two specific demands were articulated: (a) developed countries parties to UNFCCC will provide support for technological and financial enhancement capacity building programme, which will be conducive to the developing countries’ national mitigation plans and actions; and (b) environment protection through the Rio+20 approach, thrusting upon the ‘principle of common but differentiated responsibilities, Agenda 21 and the Johannesburg Plan of Implementation’.⁷⁰ In short, BRICS has made it explicit that it would deal with climate change challenge through ‘sustainable and inclusive growth and not by capping development’.

Beijing’s Prominence and Intra-BRICS Dynamics

BRICS bonds together three immediate neighbours – Russia, China and India. Though they are closely connected with each other at regional level in RIC structure, foreign policy contradictions and mistrust among them, mainly between China and India, restrict them from thinking alike in foreign policy matters. The emotion of RIC was initially based on forging mutual trust and cooperation among them, but RIC has

⁶⁷ Joint Statement of the BRIC Countries Leaders, Yekaterinburg, n. 19.

⁶⁸ BRICS Summit - Joint Statement, Brasilia, n. 41.

⁶⁹ Sanya Declaration, n. 33.

⁷⁰ Fourth BRICS Declaration: Delhi Declaration, n. 47.

been overshadowed to an extent by the rise and progress of BRICS.⁷¹ Despite RIC, BRICS and the SCO, where India is an observer member, foreign policy differences among the three main constituent powers of BRICS continue. The other BRICS members – Brazil and South Africa – belong to different continents and zones, where it is often difficult to form a united view or build consensus on global political issues. Therefore, intra-BRICS relations still remain weak and far from creating any credible union to challenge the supremacy of the USA. Russia's stable and good relations with India, and more importantly, Russia's 'pro-India' policy in Asia creates suspicions in the Chinese mind.⁷²

Much will depend upon how BRICS' constituent members approach each other and design their bilateral vis-à-vis multilateral politics, especially how the two largest economies of the grouping, China and India, approach each other and push for the progress of BRICS. In economic and strategic clout, China is in a league of its own. The Chinese economy is number one within BRICS, and number two globally. The ascendance of BRICS is clearly evident in the number of multi-millionaires that these countries have compared to those in the USA.⁷³ Among BRICS countries, China has more multi-millionaires than others.⁷⁴ China's high growth rate has resulted in its contribution to the global economic expansion.⁷⁵

Among the BRICS countries, China remains the largest contributor to the overall WTO budget, next to the USA and Germany (see Graph II). It is the 'structural position' of the Chinese economy in the world that makes Beijing a pre-eminent BRICS power.⁷⁶ China is much ahead

⁷¹ Contrary to the conventional notion, this author thinks that RIC is still a 'valid entity' in regional politics. See Jagannath P. Panda, 'The Import of Russia-India-China: Still a Valid Entity?', *Russia and India Report*, 16 April 2012, at http://indrus.in/articles/2012/04/16/the_import_of_russia-india-china_still_a_valid_entity_15484.html.

⁷² Simon Serfaty, 'Moving into a Post-Western World', *Washington Quarterly*, 34(2), spring 2011: 18.

⁷³ Robert Frank, 'BRICs Give US Cities a Millionaire-Inferiority Complex', *CNBC.com*, 7 December 2012, at <http://www.cnbc.com/id/100289964/print> (accessed 14 January 2013). According to the author, in the 'ultra-high-net-worth individuals' possessing \$30 million or more, Beijing has 1318 people, Shanghai has 2028 and Los Angeles has 950 people.

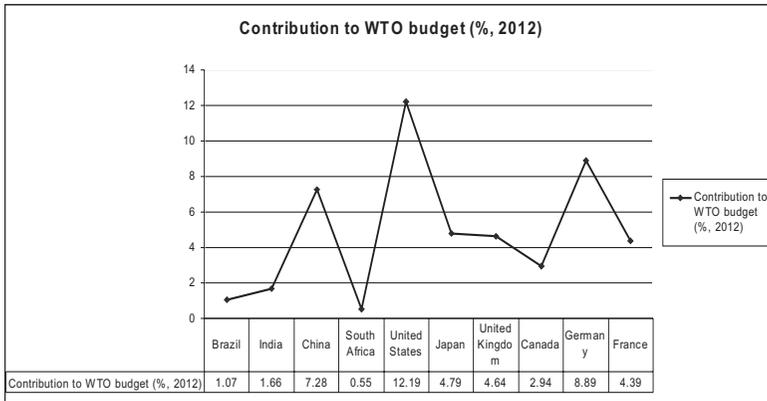
⁷⁴ Ibid.

⁷⁵ John Ross, 'China's pivotal role in world economy in 2012', *China Daily* (online), 27 December 2011, at http://www.chinadaily.com.cn/opinion/2011-12/27/content_14336395.htm.

⁷⁶ Ibid.

of India in its bilateral trade contacts with Russia, Brazil and South Africa (see Graph V). In import and export in world trade, both commercial and merchandise, China is much ahead of the other BRICS countries (see Graphs III and IV). In brief, China possesses a natural advantage over the other BRICS members.

Graph II

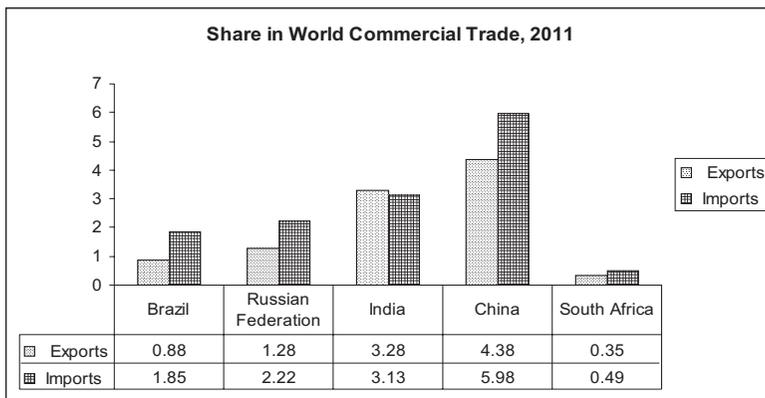


Note: All the figures are approximates. The Russian budget contribution is not figured as it entered the WTO only in August 2012.

Source: Trade Profiles, Statistical Database, WTO, Geneva, 2012.

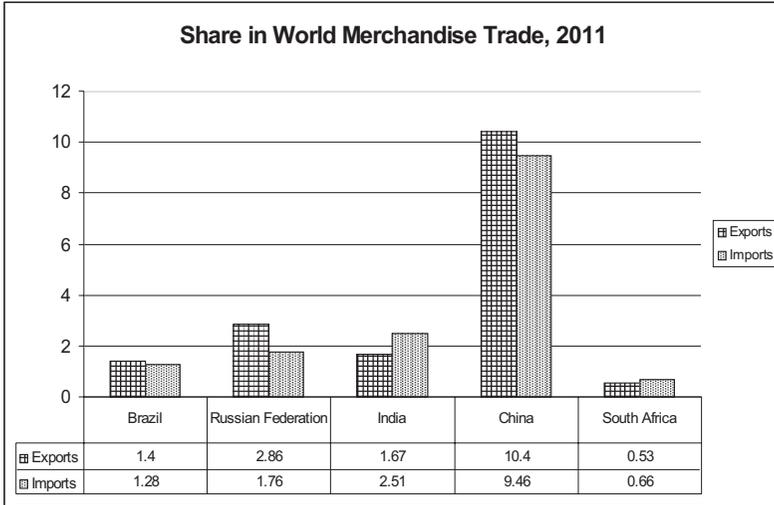
- <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=DE,FR>
- <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=BR,CA,CN,IN,JP,RU,GB,US,ZA> (accessed 16 January 2013).

Graph III



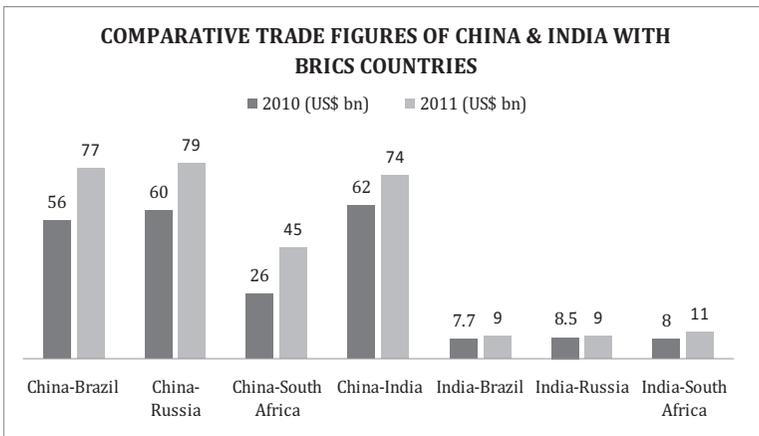
Source: Same as Graph II.

Graph IV



Source: Same as Graph II.

Graph V



Note: Figures are approximate. Data and information collected from various sources like *China Daily*, *Xinhua*, *The Hindu*, *Ministry of External Affairs of India*, *National Public Radio (NPR)*, etc.

The Chinese outlook towards BRICS is tied with its global relations strategy and linked to limited key determinants like the *geographic location of China*, *shifting power base* and the *contemporary global power politics and its legacy*. The authoritarian Chinese Communist Party (CCP) has shown

maturity over the years in its foreign relations strategy, and has gone beyond Asia vis-à-vis extra-territories to maximise its foreign policy goals and objectives. China's association with BRICS explains that Beijing is quite serious in both political and commercial ties, being open to multilateral power politics at various stages and levels of global politics. The Chinese dialogue and the perspective of Chinese scholars clearly point out that BRICS is not simply a loose organisation in Beijing's global economic and foreign policy practice.

The dynamism of BRICS for China is a matter of global importance, and the thesis links to the politics of multipolarism. In the view of many Chinese scholars, two vital trends may be noticed with the rise of a multipolar world order: *first*, intense global economic, trade and financial integration or alliance; *second*, multi-polarisation in global politics and international relations across the continents and countries.⁷⁷ In the Chinese perspective, the rise of BRICS has resulted in the relative decline of the influence and dominance of the US. For example, a Chinese expert writes, "...over the years, with the rapid rise of the emerging economies represented by BRICS and their enhanced influence, the traditional advanced economies represented by the US have gone down the slope with their influence subsiding"⁷⁸. Chinese scholars further argue that with the rise of BRICS, American authoritative control over the three mainstream financial bodies – the WTO, IMF and the World Bank, has significantly eroded.⁷⁹ This viewpoint explains not only the dynamism of BRICS, but also the dynamism of China both within and outside the BRICS politics.

The Chinese advocacy of linking the rise of BRICS with the declining moment of the USA is basically, a product of the post-cold war Chinese thinking, based on its troubled relations with the USA. This Chinese dialogue over multipolarisation and thrusting BRICS further is akin to the Russian foreign policy view and posture, which is aimed at diminishing the American supremacy at different levels of global

⁷⁷ Shen Qiang, 'How to Assess Obama Administration's New Geo-Strategy toward Asia', *Foreign Affairs Journal*, 98, winter 2010: 35.

⁷⁸ Shen Qiang, "How to Assess Obama Administration's New Geo-Strategy towards Asia", *Foreign Affairs Journal*, Chinese People's Institute of Foreign Affairs, 98, winter 2010, at <http://www.cpiifa.org/en/q/listQuarterlyArticle.do;jsessionid=0221BFDAF1EBAE45029ECB0197FDC0EE?pageNum=4&articleId=189&quarterlyPageNum=18> (accessed on July 3, 2013)

⁷⁹ Ibid.

politics. China does not want to lose out any forum or opportunity where it can gather support for its rise or score against USA. BRICS is also a platform for China to associate with the developing world, most importantly with the emerging economies, and act in concert against USA.

The Chinese are seriously watching every American strategy at the global level, including the recently designed 'pivot Asia' policy vis-à-vis 'rebalancing' strategy or Trans-Pacific Partnership (TPP), where the Americans are trying to build an economic ring or clout in Asia.⁸⁰ To restrict this kind of mega-American superpower strategy, Beijing must cultivate every opportunity and actualise a strategy that will be truly global in nature. BRICS is one medium where China can put pressure over the USA at the global level.

For China, the rise of BRICS is a historical opportunity in the new global multilateral politics, where issues like climate change, nuclear security, non-proliferation and global financial reform bring most of the countries together, making for 'issue-specific alliances' in line with individual national interests of BRICS members.⁸¹ A particular Chinese interest is promoting the Yuan (RMB) as an international currency. Chinese experts believe, 'If the RMB turns out to be convertible international currency by 2025-2030, undoubtedly the role of the RMB will grow as a contributor of the global capital chain'.⁸² The rising influence of the RMB in the world market will exert pressure on the Western currencies, particularly on the US Dollar, to accommodate the Chinese global financial and market interests more explicitly. Scholars argue that the US pressure in a way has pushed China to reform and re-evaluate the RMB.⁸³

Another attractive phenomenon within BRICS is the rise of China's consumer market. Data and figures suggest that China is no longer a

⁸⁰ Qian Wenrong, 'On Obama Administration's Eastward Shift of US Global Strategic Focus', *Foreign Affairs Journal*, Summer 2011: 41-51.

⁸¹ Zheng Xiwen, 'Main Features and Development Trends of the International Situation in 2010', *Foreign Affairs Journal*, 98, Winter 2010: 19.

⁸² Huang Renwei, 'The Internal Driving Forces Behind China's Path of Peaceful Development and its Global Significance', *Foreign Affairs Journal*, Winter 2011: 23.

⁸³ Jingtao Yi, 'The Political Economy of China's Exchange Rate Policymaking in the Hu-Wen Era', *China: An International Journal*, 9(1), March 2011: 175.

'low-cost labour phenomenon'. Personal consumption in that country has risen by \$1.5 trillion between 2001 and 2011; the Chinese people's overall income ladder and spending has also gone up. While foreign reserve currency is one of the main strengths of BRICS, the Chinese economy alone held more than \$3 trillion in foreign exchange reserves by mid-2011, which is close to 50 per cent of China's GDP, a ratio that no other country can equal.⁸⁴ The Chinese economy will continue to overshadow other economies in BRICS. This to some extent generates scepticism about China's interests and approach with regard to BRICS, whether Beijing would stick with the developing world's interests in future.

This scepticism draws from the fact that compared to China, the other BRICS countries are not so impressive. For instance, Russia is still struggling at many fronts economically. Brazil's economic growth trajectory also is not remarkably impressive; similar is South Africa's economic growth and performance. India alone stands next to China in economic performance, though way below the latter. More than the economy, India's democratic posture and pro-USA foreign policy is a fact that may not inspire the Chinese to take everything seriously within BRICS. India's linkage with Brazil and South Africa in the IBSA formulation is also seen by China as a spoiler for its cross-continental ambitions. Besides, India is usually known as a 'pro-Russian' country, a fact that generally does not go well with China.

Outward Foreign Direct Investment (OFDI) is another vital aspect which puts China and India in a different league in BRICS. It is argued that the OFDI will grow gradually as both China and India expand their global presence in times to come.⁸⁵ The progress and rising power of BRICS will heavily depend on the performance of both, China and India in the OFDI. While China's OFDI is much more party-controlled and 'government-led', India's focus is on the market and private enterprise. Further, the China-India bonding within BRICS is an ad-hoc multilateral arrangement. The so-called 'Chindia' sentiment remains watery and hardly a credible sentiment to counter the Western

⁸⁴ Jim O'Neill, 'BRICS' rapid growth tips the global balance', *The Telegraph*, 20 November 2011, at <http://www.telegraph.co.uk/finance/financialcrisis/8902824/Jim-O'Neill-BRICS-rapid-growth-tips-the-global-balance.html>.

⁸⁵ Zhao Hong, 'The Expansion of Outward FDI: A Comparative Study of China and India', *China: An International Journal*, 9(1), March 2011: 1-25.

or European sentiment in global financial bodies. Chinese intellectuals acknowledge the China-India competition in the global markets and strategic areas.⁸⁶ In fact, both China and India are more interested in engaging with the USA and Europe individually than with each other. The two countries also show enough disquiet towards each other's regional and global 'hegemonic impulse'.⁸⁷

Intra-BRICS dynamics is at the same time extremely complex. Russia's recent entry into the WTO and its Presidency in G-20 forum in 2013 has in a way helped in projecting BRICS as a prominent multilateral organisation. The growing role of Brazil and South Africa in various global affairs is also another vital aspect, which will determine the future dynamics of BRICS. The two countries are also asking for a bigger role in the UN and for permanent seats in the UNSC, indicating that the influence of BRICS will be ascendant.

A Shift in Order or Balancing the North-South Divide?

While the Southern group in world politics is invigorated with the rise of BRICS, the North as a whole has accepted that the rise of BRICS makes it easier for it to deal with the individual BRICS countries instead of the whole Southern world together. The Northern world, with the US and European leadership, is increasingly looking at BRICS to manage a few global problems that exist in the North-South politics and in solving a few global financial problems. More than anything else, the rise of BRICS exclusively shapes the 'politics of prominence' among the different power clubs in the world – the USA, EU, China and India. It is true that both China and India are tied up with each other under BRICS and seek better rights for developing countries and the Southern world. However, since politics is also a matter of expediency, this may not necessarily be their supreme goal in dealing with the USA and Europe.

The rising clamour by BRICS to downgrade the US and Western dominance in the global financial institutions has been showing results. For instance, BRICS had pressurised for having a moderate person as the World Bank chief some time ago. The new World Bank chief, Jim

⁸⁶ Jin Canrong, 'The Essence of the Rise of BRICS and Its Future', *China & US Focus*, 14 April 2011, at <http://www.chinausfocus.com/print/?id=4229> (accessed 14 January 2013).

⁸⁷ Serfaty, 'Moving into a Post-Western World', n. 72, p. 16.

Yong Kim, is seen to be a moderate person.⁸⁸ The election procedure for the President of World Bank has always been a matter of contention for BRICS members, who allege that the actual voting powers in the World Bank are related to the capital paid to the Bank, and the US and Europe together control almost 50 per cent of the votes in the Bank's board of governors.⁸⁹ Pressurizing to have more transparency and equitability, the New Delhi BRICS Declaration called for the heads of IMF and World Bank to be selected through 'an open and merit-based process'.⁹⁰

Member countries of BRICS are significant borrowers from the World Bank, as much as \$7 billion in 2011.⁹¹ To the IMF and WTO, BRICS countries have contributed significant funds (see Graph II for contribution to the WTO), helping to recover the global economy. Yet, their voting share or percentage in these financial bodies is not commensurate with their existing economic strength or contributions to these institutions. The *Delhi Declaration* gave a clarion call in this regard:

We stress that the ongoing effort to increase the lending capacity of the IMF will only be successful if there is confidence that the entire membership of the institution is truly committed to implement the 2010 Reform faithfully. We will work with the international community to ensure that sufficient resources can be mobilised to the IMF in a timely manner as the Fund continues its transition to improve governance and legitimacy. We reiterate our support for measures to protect the voice and representation of the IMF's poorest members.⁹²

⁸⁸ The Delhi Declaration welcomed 'the candidature from developing world for the position of the President of the World Bank'. See Fourth BRICS Declaration: Delhi Declaration, n. 30.

⁸⁹ Robin Harding and John-Paul Rathbone, 'US under pressure over World Bank chief', *Financial Times*, 21 March 2012, at <http://www.ft.com/intl/cms/s/0/98f4fe6c-736a-11e1-aab3-00144feab49a.html> (accessed on May 3, 2012)

⁹⁰ Fourth BRICS Declaration: Delhi Declaration, n. 47.

⁹¹ Henry Mance, 'Global shift: A bank of and for the Brics is in the air', *Financial Times*, 23 September 2012, at <http://www.ft.com/intl/cms/s/0/63400496-024f-11e2-8cf8-00144feabdc0.html> (accessed 21 January 2013).

⁹² See Fourth BRICS Declaration: Delhi Declaration, n. 47. Implementing the 2010 deal would have made China the third-largest voting member of the IMF. See Lesley Wroughton and Paul Eckert, 'India pledges \$10 bln to IMF war chest, China \$43 bln', *Reuter*, 20 June 2012, at <http://in.mobile.reuters.com/article/businessNews/idINDEE85103420120619>

Earlier, the *Sanya Declaration* stated:

We call for a quick achievement of the targets for the reform of the International Monetary Fund agreed to at previous G20 Summits and reiterate that the governing structure of the international financial institutions should reflect the changes in the world economy, increasing the voice and representation of emerging economies and developing countries.⁹³

BRICS Development Bank: A New Mode of Financial Thinking?

BRICS is currently working on establishing a Developmental Bank that can not only look after issues like green technologies but also finance important projects like nuclear power plants, large dams and bio-fuels that may not meet the World Bank's social and environmental norms.⁹⁴ The *Delhi Declaration* stated:

We have considered the possibility of setting up a new Development Bank for mobilising resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, to supplement the existing efforts of multilateral and regional financial institutions for global growth and development.⁹⁵

In the Durban summit this proposal got an official clearance, but it may take a few more rounds of negotiations to crystallise. Reports variously indicate \$240 billion in foreign exchange reserve as the backbone of this bank,⁹⁶ with a starting corpus of \$50 billion, with each BRICS member country individually contributing \$10 billion.⁹⁷

A few broad implications may be drawn out of this Developmental Bank initiative. *First*, the BRICS countries will be taken more seriously

⁹³ Sanya Declaration, n. 33.

⁹⁴ Mance, 'Global shift ...', n. 91.

⁹⁵ See Fourth BRICS Declaration: Delhi Declaration, n. 47.

⁹⁶ Vrishi Beniwal, 'Contours of proposed bank for BRICS to be finalized in March', *Business Standard*, 9 January 2013, at <http://www.business-standard.com/india/printpage.php?autono=498265&tp=> (accessed 21 January 2013).

⁹⁷ 'Will BRICS bank break IMF, World Bank monopoly?', *New African*, 9 January 2013, at <http://africanbusinessmagazine.com/african-banker/finance/will-brics-bank-break-imf-world-bank-monopoly> (accessed 21 January 2013).

by the rising or developing countries. *Second*, the Bank could well be seen as an alternative to the global financial institutions, exerting more pressure in reforming them.⁹⁸ *Third*, the Bank loans or grants would break away from the stifling norms of the existing international financial institutions. *Fourth*, it will cut down the influence of the USA as the main grant aiding or loan providing country. *Fifth*, the power and influence of the US dollar will be trimmed, as the BRICS countries are already discussing a direct conversion formula.

The Never-Ending EU-BRICS politics

Both the USA and EU have started seeing the rise of BRICS seriously. The main matter of discord between BRICS and the West is the China factor. China clearly has a problem with the USA, which tends to make BRICS an ‘anti-American’ grouping. The EU also has observed the rise of BRICS objectively but it seems, not seriously enough to necessitate close institutional engagement. The EU recognises that the rise of BRICS is a sign of the ‘changing global balance of power’⁹⁹ but has not hitherto engaged wholeheartedly with BRICS as an institution. This may be because BRICS is yet to be fully ‘institutionalised’ and develop as an effective, formal multilateral institution in global politics¹⁰⁰ even though the EU is increasingly engaging with the individual BRICS countries.

In economic terms, with almost \$4 trillion in joint reserves, BRICS can bail out the Euro crisis, mainly by helping the PIIGS countries – Portugal, Ireland, Italy, Greece and Spain.¹⁰¹ But both sides are maintaining silence for their own collective reasons, including an element of mutual distrust. The distrust fundamentally rests on the experiences of individual EU countries in dealing with individual BRICS countries such as China, India and Russia. Brazil has hedged its keenness to help the EU under

⁹⁸ Ibid.

⁹⁹ Fraser Cameron, ‘The EU and the BRICS’, *Policy Paper*, 3, February 2011: 6. For instance, Catherine Ashton, the EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, has expressed the view, ‘...what matters is that the economic clout is translated into political clout, into self-confidence and ambition for the role that can be played’,. *SPEECH on EU Foreign Policy Towards the BRICS and Other Emerging Powers*, SPEECH/12/56, European Parliament, Bruxelles, 1 February 2012.

¹⁰⁰ Cameron, *ibid*.

¹⁰¹ Rahul Venkit and Oussama Elbaroudi, ‘Can BRICS help ease Europe’s debt crisis?’, *Xinhua*, 5 October 2011, at http://news.xinhuanet.com/english2010/indepth/2011-10/05/c_131174720.htm.

the condition of having a better share for emerging economies in the World Bank,¹⁰² a condition that the EU cannot easily stomach.

Primarily, the European nations feel humiliated by China's arrogant ascendancy economically and politically and would wishfully want to stymie it. Why would the EU, for instance, want to make it easy for China to promote the Yuan at the expense of the Euro? The EU economy, the world's largest, shares a strong bond of trade contacts with the individual BRICS countries (see Graph VII). Also, the EU is China's largest export market after the USA and remains one of the largest contributors to China's export-led growth. Despite this massive trade and economic engagement, the EU's prime concern is how to convince the Chinese to trade fairly, accept the notion of intellectual property rights (IPR) and follow the WTO norms and regulations. These trade concerns have widened the China-EU differences. Consequently, neither will the EU take BRICS seriously in the near future nor will BRICS attempt to approach the EU institutionally for greater global economic cooperation.

For the EU, India has been a reluctant partner. Neither has the EU gained special importance in India's foreign policy, nor has it placed India highly in its foreign policy dealings. India's foreign policy in recent decades has mostly been USA-centric, which dilutes any enthusiasm within the EU for cooperating with India. India is also a partner country with China in BRICS and BASIC formulations, where issues like climate change remain the main points of differences between developed and developing countries. In this matter, the EU strongly differs with India. Likewise, Russia compels the EU to not consider BRICS for any collaboration. Russia has a substantial difference over the energy issue with the EU.¹⁰³ Russia's partaking with China and India, being a Eurasian country, also remains a problem for the EU, which did not back Russia's entry into the WTO.

EU strategists have, however, admitted that there is a need for institutional linkages with BRICS. Meanwhile, the EU has established special bilateral contacts with individual BRICS countries like China

¹⁰² Jennifer Mattson, 'Brazil will help ease Europe's debt crisis in exchange for more power in IMF', *global post*, 22 February 2012, at <http://www.globalpost.com/dispatch/news/business-tech/debt-crisis/120226/brazil-will-help-ease-europe-s-debt-crisis-exchange-m>.

¹⁰³ Cameron, 'The EU and the BRICs', n. 99.

and India.¹⁰⁴ The whole of Europe has been quite forthcoming to host key leaders from the BRICS nations and to establish relations with the BRICS countries at an individual level. At the bilateral level, the principal EU strategy has been to hold summits with the BRICS countries. The EU summits with South Africa (2011), Brazil (2011), India (2012) and China (2012) project this approach.

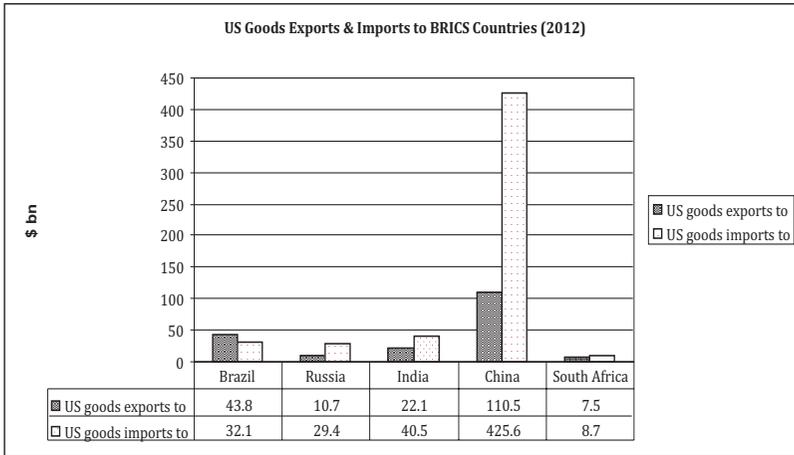
Even though the EU assigns much significance to individual BRICS countries, it gives more emphasis to China. A large part of Europe is, however, critical of China on political terms. Most of the EU's 'strategic partnerships' with individual countries are based on general or common institutional parameters like holding annual summits, joint action plans and other dialogue mechanisms, including the High-Level Economic and Trade Dialogues. Stark differences also exist in the EU's approach to the BRICS countries. For example, the Russia-EU relationship is based on frequent summits and dialogue, but the EU's dialogue with India has taken off only recently. The EU-China 'strategic partnership', which is grounded on massive differences and political conflicts, consists of the High-Level Economic and Trade Dialogue, the Strategic Dialogue and other dialogue mechanisms.¹⁰⁵ This reflects that the North-South divide would persist for a long time, even though the rise of BRICS would continue to raise the level of the multilateral politics. The EU's limited foreign policy potentials and divergence of thinking among the EU member states also restrict the EU-BRICS collaboration.¹⁰⁶

¹⁰⁴ Giovanni Grevi, 'Why EU Strategic Partnerships Matter', *ESPO Working Paper* (EGMONT), FRIDE, No. 1, June 2012: 1-22.

¹⁰⁵ Take India as an example. The EU-India summit has generated high optimism to maximise their trade and economic relations. Official optimism has been expressed that the much-awaited India-EU free trade agreement (FTA) may materialise soon. The FTA negotiations have been going on since June 2007, but progress has been slow because of differences over easing visa regulations for Indian professionals and particularly on the issue of reduction in tariffs on imported cars and spirits from the EU. If the FTA materialises, it will push rapidly the trade figures to the next level. Most of the EU is still ignorant about India's geographic depth and economic strength; in addition, social and political interaction between the two sides is minimal. On the other hand, the EU's strategic partnership with South Africa is quite substantial. The two sides maintain a healthy dialogue mechanism and regularly conduct security dialogues at the COPS (Political and Security Committee) level.

¹⁰⁶ Bernd von Muenchow-Pohl, *EU Relations with China and India: Courting the Dragon, Wooing the Elephant*, Commentary, 23 August 2012, at <http://carnegieendowment.org/2012/08/23/eu-relations-with-china-and-india-courting-dragon-wooing-elephant/dkt4> (accessed 21 January 2013).

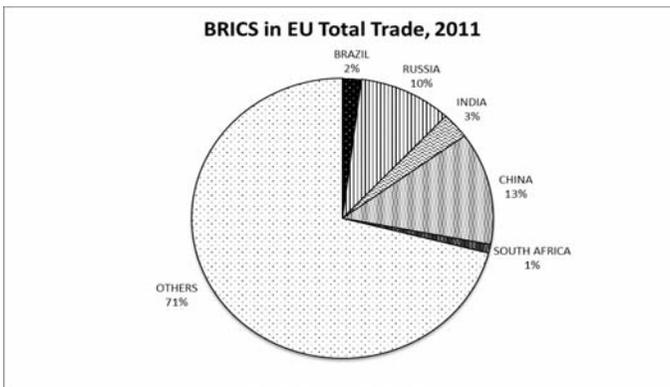
Graph VI



Source: US Census Bureau Database, US Department of Commerce available at <http://www.census.gov/foreign-trade/balance/>

Given the current and ongoing mode of multilateralism, both the EU and BRICS can think about a ‘win-win’ formula. The EU wants BRICS to help it overcome the financial crisis, whereas BRICS is aiming to maximise its voting share and stake in the global financial bodies. So, there is an exclusive need for proper institutional dialogue mechanisms between the two, which could be done under the framework of a ‘BRICS+EU Global Dialogue Mechanism’. This will not only set a new standard for the global multilateral politics, but also for the existing North-South politics.

Graph VII



Source: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf (accessed date on 15 December 2012)

Shifting the Order and Acting as a ‘Pressure Group’

It has been argued that ‘in a period of post-economic crisis, the impact and the influence of BRICS over the international system would continue to shape new power structures, setting a global agenda and in forming a stable international order’.¹⁰⁷ Currently, however, BRICS is short on institutional vigour. It is still very much a multilateral grouping at the abstract level, having more of an ad-hoc multilateral formulation. But its growth and progress has been so alarming for the West that many in the West are worried as to what extent BRICS can really shift the order of global politics. The current progress of BRICS narrates that its growth is southward. Mexico and Indonesia are being considered to be in the club. Future expansion proposals suggest entry of Egypt; this will have greater continental representation. There is optimism that BRICS share a vision for inclusive growth and prosperity in global politics through the South-South dialogue.

The Durban summit collectively agreed to push BRICS to become “a full-fledged mechanism of current and long-term coordination on a wide range of key issues of the world economy and politics”.¹⁰⁸ BRICS has so far been economic oriented; to what extent it will be able to emerge as a mechanism to address key issues relating to global politics therefore remains a question mark. The Durban summit expressed an interest to establish further cooperation with “non-BRICS countries”, mainly emerging markets and developing countries. This indicates that perhaps BRICS will expand in future, and emerging economies like Indonesia, Turkey, Egypt, Mexico, etc. will be considered for inclusion. Talks have already started about E-BRICS, E- standing for Egypt. Too many members may, however, distract from the core mandate of BRICS, which is to seek to reform global financial institutions and push the economic and infrastructure development in developing societies.

Though BRICS makes an anti-Western global statement, it is not fully an ‘anti-Western’ body, given that the individual BRICS countries share strong relations with the USA and Europe. BRICS is currently acting

¹⁰⁷ Zhang Wenru and Li Zhiwei, ‘The Rise of BRICS ...’, n. 32.

¹⁰⁸ “BRICS and Africa: Partnership for Development, Integration and Industrialisation”, *eThekweni Declaration*, Fifth BRICS Summit, Durban, South Africa, 26-27 March 2013, at <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/> (accessed 3 July 2013).

more as a 'pressure group' in order to maximise the claim and share of the developing world.¹⁰⁹ Nevertheless, the very existence and rapid rise of BRICS remains a constant reminder of the declining supremacy of the USA, indicating that an order in power shift is underway currently at the broader global level. In the view of Jeffrey Sachs, the rise of BRICS is an integral part of this shift in that 'the BRICS have made it unfeasible for any one country to be a global leader'.¹¹⁰ The shift is from a 'unipolar world' led by the USA to a 'multipolar world' where there are a range of power blocs like the USA, EU, BRICS and other smaller powers that matter in global politics.¹¹¹

G-20 Taking the Lead with BRICS

In this context, the constant reiteration of the importance of the G-20 by BRICS has contributed to reducing the dynamism and relevance of the G-8. There are at the same time six vital non-Western economies, which BRICS cannot afford to overlook. They are: Argentina, Indonesia, Mexico, Saudi Arabia, South Korea and Turkey. BRICS must seriously consider absorbing more members into itself or establishing a direct BRICS+6 dialogue mechanism to give greater thrust to the G-20 forum and other global platforms.¹¹²

From Yekaterinburg to the Durban summit, BRICS has evolved slowly, but steadily. Now it is time to deliberate in more detail about its future expansion both in terms of its membership and mandate. The Durban summit limit itself to pushing the existing BRICS agenda ahead, rather than thinking about expanding its membership. Greater deliberation is needed to make this abstract multilateral grouping a much more vital one in global politics. Currently, three specific aspects highlight the role and status of BRICS in world politics. *First*, it has already started pressurising to reform the global financial bodies and to bring parity

¹⁰⁹ Ashok Malik, 'BRICS Alliance Looking for Cement', *YaleGlobal Online*, 2 April 2012, at <http://yaleglobal.yale.edu/print/7727>.

¹¹⁰ Jeffrey Sachs, 'The BRICS Have Made It Impossible For Any One Country To Be A Global Leader', *Business Insider*, 23 April 2012, at http://articles.businessinsider.com/2012-04-23/markets/31385697_1_imf-economics-gdp (accessed 15 January 2013).

¹¹¹ *Ibid.*

¹¹² Francis A. Kornegay Jr., 'The Global Economic Power Structure: Toward a BRICS+6', *SABC News*, 24 August 2012, at <http://www.sabc.co.za/news/a/0587fe004c75f70f806cf8ebc20839bb/The-global-economic-power-structure> (accessed 17 January 2013).

between the developed and the developing world. *Second*, given the current financial crisis in the West, the role of the individual BRICS countries will remain prominent for some time. While China, Russia and India will have better scope to play a stronger role in global affairs, the Chinese prominence within BRICS will rise even further. *Third*, intra-BRICS dynamics is too complicated and may restrict the progress and vitality of this institution. Nevertheless, as an economic grouping BRICS is too important a power structure of the world, which will make it necessary for the West to stay connected with BRICS and its constituent members.

II. CHINA'S MULTILATERAL DRIVE AND BRICS

The Prevailing Dialogue

The previous part of this study discussed that in the rise of BRICS that is promoting global multilateralism, China takes the lead on many fronts. It is in the forefront of emerging economies, which has changed the 'balance of power in global trading and financial systems'.¹¹³ As a political and economic power China comes next only to the USA. It is also a P-5 (permanent five) member in the United Nations Security Council (UNSC). The Chinese activism and constructive partaking recently in shaping many regional, cross-regional and global facets of global power politics bespeak China's adherence to 'intense multilateralism' at various levels. Martin Jacques in his work, *When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World*, notes that 'a new world order, the future shape of which remains unclear, is being driven by the People's Republic of China's (PRC) emergence as a global power'.¹¹⁴

China's tryst with BRICS is an interesting episode in global politics. The prime Chinese interest within BRICS is to be labelled as a developing country.¹¹⁵ Second, China has always seen its global interests in anti-

¹¹³ Jean-Christophe Defraigne, 'China shakes the world: challenges arising from shifts in the global balance of power', in Jan Wouters, Tanguy de Wilde, Pierre Defraigne and Jean-Christophe Defraigne (eds.), *China, the European Union and Global Governance*, Cheltenham: Leuven Centre for Global Governance Studies/Edward Elgar, 2012, p. 21.

¹¹⁴ Martin Jacques, 'China as a rising global power', in *When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World*, London: Allen Lane, 2009, p. 318.

¹¹⁵ Lowell Dittmer argues, 'For the past three decades, the People's Republic of China (PRC) has taken a renewed interest in the five-sixths of the world that is still developing, famously christened the "Third World" in the dawn of the Cold War to refer to those still-developing countries whose political and economic trajectories remained uncertain. And although at times it seemed to have been eclipsed by security concerns superimposed by threatening superpowers or by lucrative economic opportunities elsewhere, China's identification with the developing world has never wavered'. See Lowell Dittmer, 'China and the Developing World', in Lowell Dittmer and George T. Yu (eds.), *China, the Developing World, and the New Global Dynamics*, Boulder, Colo.: Lynne Rienner, 2010, p. 1. Also for an excellent article on China's tryst with BRICS, see, Michael A. Glosny, 'China and the BRICS: A real (but limited) partnership in a unipolar world', *Polity*, Northeastern Political Science Association, 2009, pp. 1-30.

American terms. The BRICS countries' articulated determination to reform the global political and financial architecture in favour of the Southern countries becomes convenient here. Thus, China's dialogue within BRICS is surely a matter of interesting political search. Both historically and in contemporary times, China has tried to adhere intimately, though reluctantly, with the Asian and international affairs through different means: notably as a *developing country*, as a *socialist country*, and as a *revolutionary country*.¹¹⁶ Its self-projection as a revolutionary and socialist country has enabled it to build some temporary alliances against capitalist nations and against imperialist tendencies; its claim of being largely a developing country has given China considerable elbowroom in contemporary international politics. Though Beijing's economy has emerged as the number two globally, and China is an important donor and grants a lot of aid and financial assistance to foreign countries, still it prefers to project the developing-country label.

While the rise of BRICS has seen the rapid decline of the neo-con idea of a US-dominated unipolar world order, China is equally seen as the main determinant of another evolving world order that is currently still hazy and is being debated among the specialists in terms of 'non-polarity', 'post-American world', 'decline of the West', or the 'rise of the rest'.¹¹⁷ Meanwhile, many see China as a power that will have risen considerably by the middle of this 21st century, and BRICS will undoubtedly be instrumental in propelling China higher in global economics and politics. It could also be that a fierce, anachronistic and more authoritarian China is emerging, challenging the rest of the world and posing as a power centre of world politics where BRICS will just be a tool in Beijing's armoury to maximise its global ambitions and strategy. Currently, however, China's association with BRICS indicates a 'win-win' arrangement.

At first glance, China's foreign policy strategy within BRICS is a reflection of its larger 'developing world' dialogue. Though China was hesitant

¹¹⁶ Mel Gurtov, 'Changing perspectives and policies', in Dittmer and Yu (eds.), *ibid.*, p. 13.

¹¹⁷ 'Non-polarity' broadly implies 'numerous centers with meaningful powers'. For details, see Richard N. Haass, 'The age of non-polarity: What will follow U.S. dominance', *Foreign Affairs*, May-June 2008. Fareed Zakaria argues in his *The Post-American World* (New York: W.W. Norton, 2008) that while the US continues to dominate in political-military power, other countries such as India and China are becoming important powers in other sectors. The phrase 'decline of the West', coined in 1918 by the German author Oswald Spengler is currently in frequent use.

initially to take BRICS as a serious multilateral organisation in its foreign policy practices, the current Chinese approach indicates that Beijing's perspective of BRICS is becoming increasingly serious. This may largely be attributed to the confidence that Beijing derives from its growing global presence, influence and self-confidence. For instance, Cheng Guangjin notes, "Participation in multilateral affairs has become a prominent feature of China's diplomacy ... mainly with the emerging economies".¹¹⁸ Likewise, the former President Hu Jintao in his report to the 18th Party Congress mentioned, 'China will actively participate in multilateral affairs' and would give special importance to the UN, G-20, SCO and BRICS along with other multilateral bodies.¹¹⁹ Further, Li Hongmei notes:

The increasing popularity of multilateral institutions, and the fact that Beijing is growing up to be a visible player in multilateral cooperation on various occasions, might have prompted China to reset its diplomatic strategies, as a new phenomenon seen currently in many of the international events indicates China is now prepared to play a more active and substantial role and, in a departure from its stereotyped international image, is seeking to voice its opinions.¹²⁰

Therefore, China's increasing seriousness towards BRICS is a part and parcel of Chinese exposure to the evolving multilateral politics. But given its prominence within BRICS, the question arises whether China will first use BRICS in its own favour and eventually cast off the BRICS bearings. China's growing involvement in multilateral bodies prompts many to believe that it seeks to influence, shape and preserve the status quo in regional and global affairs. China remains the dominating power in multilateral bodies like the SCO, the ASEAN, the ARF, etc. Membership of multilateral bodies is an unreliable historical variable for predicting China's intentions or its impact on the balance of power. Its interest in partaking in emerging multilateral bodies like BRICS might allow Beijing to deflect the doubt that it is a hegemonic power while

¹¹⁸ Cheng Guangjin, 'China stepping out on world stage', *China Daily* (online), 31 December 2012, at http://www.chinadaily.com.cn/world/2012-12/31/content_16069903.htm (accessed 17 January 2013).

¹¹⁹ Ibid.

¹²⁰ Li Hongmei, 'China's embrace of multilateral institutions: From a have-to to an active diplomacy', *People's Daily* (online), 23 June 2009, at <http://english.peopledaily.com.cn/90002/96417/6684316.html>.

continuing to raise its global profile and ambitions under the premise of developing-country thesis. It allows China to work with the mainstream developing countries or emerging economies, through coordinating policies, to expand its global influence and frame new global rules without having to fulfil the requisites of developed countries. In the case of BRICS politics, China's partaking in this multilateral grouping with adversary powers like India and remote countries like Brazil and South Africa increasingly confirms this design. This becomes even more apparent when there is firm acknowledgement in China that BRICS is not entirely an economic entity, that strategic components are an essential part of this multilateral grouping.¹²¹

Changing Course of China's Foreign Policy and BRICS

Tao Guang Yang Hui has been a core principle of Chinese diplomatic strategy since the days of Deng Xiaoping¹²² and it has been a matter of 'great magnitude'.¹²³ But this seems to be changing when China have recently gone through a leadership transition this year, where new leadership certainly explores new mediums and strategies to engage with the world afresh. For instance, a shift is taking place already since few years from *fanying shi waijiao* (responsive diplomacy) to *zhudong shi waijiao* (proactive diplomacy).¹²⁴ Aiming to act as one 'responsive and

¹²¹ Wang Yusheng, 'Bright prospects for BRIC', *China Daily*, 15 April 2010, at http://www.chinadaily.com.cn/opinion/2010-04/15/content_9731582.htm.

¹²² Chinese experts and policymakers often translate *Tao Guang Yang Hui* as 'not to show off one's capability but to keep a low profile', whereas Western scholars and experts translate this as 'hide our capabilities and bide our time', linking it to the 'China Threat' theory. For an excellent Chinese analysis of this terminology, see Xiong Guangkai, 'China's diplomatic strategy: Implication and translation of "Tao Guang Yang Hui"', *Foreign Affairs Journal* (Beijing: The Chinese People's Institute of Foreign Affairs), Issue no. 98, Winter 2010, at <http://cpifa.org/en/q/listQuarterlyArticle.do;jsessionid=6417BA6022EF817C1B312F32172CA4AF?quarterlyPageNum=18#>. Also see Dingding Chen and Jianwei Wang, 'Lying low no more? China's new thinking on the Tao Guang Yang Hui Strategy', *China: An International Journal*, 9(2), September 2011, pp. 195-216.

¹²³ Xiong Guangkai, *ibid.* Also see Zhiqun Zhu, 'Chinese foreign policy: External and internal factors', *China: An International Journal*, 9(2), September 2011, pp. 186-7.

¹²⁴ Zhu Zhiqun, *China's New Diplomacy: Rationale, Strategies and Significance*, Farnham, Surrey: Ashgate, 2010, p. 7. For an excellent analysis of the current Chinese foreign policy debates, see Zhu Liqun, 'China's Foreign Policy Debates', *Chaillot Papers*, European Union Institute for Security Studies, September 2010, pp. 1-80.

responsible major power' in global politics, China is open to new issues, new developments, considerations and opportunities in an evolving multipolar world order. The current movement in Chinese foreign policy is to be open, versatile, considerate, and transparent to some extent in multilateral practice. This remains the key underlying China's approach to BRICS.

China's approach to BRICS is partly political and partly economic, aiming to maximise its own global interests and objectives rather than bringing anything new and specific in favour of the 'developing world'.¹²⁵ Three specific connotations are seen here in Chinese articulation: (a) BRICS is about emerging economies and about the developing world; (b) BRICS must bring parity between the North and the South; (c) BRICS must aim to check the Western dominance in the global financial bodies. In short, the Chinese approach to BRICS is tied up with Beijing's relations with the USA and Europe and with the changing global economic conditions.

In the Chinese perception, the rise of BRICS is a thesis of 'emerging countries', based on the dialogue of 'modernisation' and the attempt to transform them from mainly 'agricultural to industrial economies'.¹²⁶ BRICS is seen as a binding entity not only for the emerging world but also as a bridge of dialogue between the South and the North.¹²⁷ China asks for better space at the global level for the developing world where it can equally maximise its national interests and a few strategic objectives in global financial institutions.¹²⁸ The Chinese are convinced that the

¹²⁵ Jagannath P. Panda, 'China's "new multilateralism" and the rise of BRIC: A realist interpretation of a "multipolar" world order', *Asia Paper* (Institute for Security and Development Policy, Sweden), February 2011. Certain conjectures made in that paper have been proved correct in course of time, such as China's effort to bring South Africa into BRICS. Some other conjectures made in this paper, it is expected, will prove correct in the near future. It is acknowledged here that the core essentials of the second part of this study is also extensively borrowed from this *Asia Paper*, though new elements and arguments have been brought to the current study.

¹²⁶ Jin Canrong, 'The essence of the rise of BRICS and its future', *China & US Focus*, 14 April 2011, at <http://www.chinausfocus.com/print/?id=4229> (accessed 14 January 2013).

¹²⁷ *Ibid.*

¹²⁸ He Dan, 'Emerging economies should be "given bigger role"', *China Daily* (online), 17 December 2012, at http://www.chinadaily.com.cn/china/2012-12/17/content_16022032.htm.

USA is not a ‘superpower’ anymore, that there is a relative decline in the US supremacy, caused partly by the emerging powers.¹²⁹ Some Chinese strategists even argue, ‘China should adapt itself to the rapidly changing international environment and make use of its domestic strengths to offset the negative influences from the outside world’.¹³⁰ China’s global trade continues to grow despite the slowdown in global economic growth.¹³¹ BRICS facilitates this Chinese interest.

How BRICS is a Medium for China’s Multilateral Statements

Every multilateral organisation facilitates the interests of its member countries. But in BRICS, China is in a more advantageous position than its associate countries. China seems to be enjoying this natural advantage to its favour currently. Experts and scholars in China are certainly aware of this, and want to make every opportunity that BRICS permits to their multilateral politics and global rise, count.

Many in China hold the view that the world order is currently under constant renovation, and that BRICS has a lot to do with it. Scholars have argued that the decisive causes of a state’s external activities may be identified in the structure of the current global system.¹³² The rise of BRICS pushes the Chinese foreign policy to the next level. While through BRICS, Beijing tries to check the prominence of the USA and Europe in the global financial bodies and institutions; it equally employs smart bilateral and multilateral strategies to cultivate its relationships with the developing countries, both neighbouring and remote. According to Cai Penghong, a well-known Chinese scholar, China’s

¹²⁹ Jin Canrong, ‘The essence of the rise of BRICS and its future’, n. 126.

¹³⁰ Pei Changhong, ‘Economy must adapt to changes’, *China Daily* (online), 7 January 2013, at http://www.chinadaily.com.cn/cndy/2013-01/07/content_16089845.htm (accessed 15 January 2013).

¹³¹ Ibid. Liu Zongyi has argued in his recent article on BRICS is that ‘the emergence of BRICS has proved of an emerging economic world order’ where China is the ‘centre of Asian trade’. Lu Zongyi, ‘BRICS have proved economic world order’, *Global Times* (China), July 7, 2013, at <http://www.globaltimes.cn/content/794384.shtml#.UtdvZVpvLY> (accessed on July 13, 2013).

¹³² Chen Zhimin, ‘Soft Balancing and reciprocal engagement: International structures and China’s foreign policy choices’, in David Zweig and Chen Zhimin (eds.), *China’s Reform and International Political Economy*, London: Routledge, 2007, p. 42.

overseas interests are threefold: *national political*, *national business* and *overseas Chinese*.¹³³ These interests are complementary, and promote China's international status and image.¹³⁴ '[T]hese interests are closely connected with Beijing's external environments ... at the political stage of world and in the process of building international order'.¹³⁵ However, the key for China is to establish a link between these 'interests' and 'relationships' with countries at both bilateral and multilateral levels. It is argued:

As a rising power to seek political influence and attraction, China, standing beside other emerging economies, has been playing a constructive role in building new international institutions such as BRICS and G20. Only by being accepted by other countries, big or small, remote or proximal, can China become a political power.¹³⁶

Chinese strategic experts believe that the overseas economic interests can be better protected and relationships better utilised if Beijing uses its multilateral adherences effectively. Multilateral platforms like the UN, G-20, BRICS and SCO are often used in this context. Among all these, BRICS facilitates China's global identity of being a developing country rather than a developed country. BRICS is also one of those platforms where China has advocated global economic issues that are linked to Chinese politics with the Western countries.

In BRICS, Beijing has not only managed to get associated with India, an adversary power and generally a pro-USA country, but also manages to hold together remote countries like Brazil and South Africa. China

¹³³ Cai Penghong, 'China's evolving overseas interests and its diplomatic strategy', *Global Review*, Autumn 2012, p. 60.

¹³⁴ For an excellent analysis of how the domestic conditions, social rewards and socialisation effects, which have close links with domestic political manifestation, shape China's international participation behaviour in global institutions, see Li Xiaojun, 'Social rewards and socialization effects: An alternative explanation for the motivation behind China's participation in international institutions', *The Chinese Journal of International Politics*, Vol. 3, 2010, pp. 347-77.

¹³⁵ Cai Penghong, 'China's evolving overseas interests and its diplomatic strategy', *Global Review*, Autumn 2012, p. 60.

¹³⁶ Cai Penghong, 'China's evolving overseas interests and its diplomatic strategy', n. 133.

has recently signed several global treaties.¹³⁷ By associating with various global and regional bodies, China is making a statement that it no longer views these global multilateral institutional affiliations negatively as a ‘potential means of punishing or coercing China’.¹³⁸ In fact, the Chinese embrace of multilateral institutions is not limited to politics only. It has been extended steadily to other areas like economics, culture, science and technology, and includes parameters like arms control, regional security and environmental protection. China’s choice of multilateral involvement also bespeaks its self-confidence as a ‘rising power’ and its perception of other associated powers.¹³⁹

In this mode of ‘new multilateralism’, active participation with multilateral institutions or groups of states has been a hallmark of the Chinese foreign relations strategy. Beijing visualises ‘less instrumental, more rule-based international order’,¹⁴⁰ endorsing dialogues of multipolarism.¹⁴¹ Beijing’s adherence to the dialogue of multilateralism is a consequence of the emerging trends in the global system and China’s own maturity regarding the concept of security and its integration with the globe.¹⁴² The Chinese discourse is constantly using new concepts or

¹³⁷ Samuel S. Kim, ‘Northeast Asia in the local-regional-global nexus: Multiple challenges and contending explanations’, in Samuel S. Kim (ed.), *The International Relations in Northeast Asia*, Lanham, Md.: Bowman & Littlefield, 2004, p. 16. China’s recent adherence to many international human rights treaties and regimes is a perfect example of this. For a detailed analysis, see Chen Dingding, ‘China’s participation in the international human rights regime: A state identity perspective’, *Chinese Journal of International Politics*, Vol. 2, 2009, pp. 399-419.

¹³⁸ Michael D. Swaine, ‘China: Exploiting a strategic opening’, in Ashley J. Tellis and Michael Wills (eds.), *Strategic Asia 2004-05: Confronting Terrorism in the Pursuit of Power*, Seattle, WA: The National Bureau of Asian Research, 2004, p. 72; see also Li Hongmei, ‘China’s embrace of multilateral institutions’, n. 120.

¹³⁹ Guoguang Wu and Helen Lansdowne, ‘International multilateralism with Chinese characteristics: Attitude changes, policy imperatives, and regional impacts’, in Guoguang Wu and Helen Lansdowne (eds.), *China Turns to Multilateralism: Foreign Policy and Regional Security*, London: Routledge, 2008, p. 7.

¹⁴⁰ Jianwei Wang, ‘China’s multilateral diplomacy in the new millennium’, in Yong Deng and Fei-Ling Wang (eds.), *China Rising: Power and Motivation in Chinese Foreign Policy*, Maryland: Bowman & Littlefield, 2005, p. 159.

¹⁴¹ A *China Daily* (*Zhongguo Ribao*) editorial states, ‘The emerging trend in the world today is the gradual evolution of world power towards relative equilibrium. It is an inevitable outcome of the growing move towards multipolarity and of deepening economic globalisation and rapid revolution of science and technology’. See ‘FM: “No Power Shift Eastward”’, *China Daily (online)*, 2 August 2010, at http://www.chinadaily.com.cn/opinion/2010-08/02/content_11078582.htm.

¹⁴² Jianwei Wang, ‘China’s multilateral diplomacy in the new millennium’, n. 140, p. 160.

terminologies such as interdependence, globalisation, win-win diplomacy, cooperative and comprehensive security, multipolarisation, common interest, and coordination.¹⁴³ BRICS as a multilateral entity is carrying forward some of these Chinese discourses. Besides, this adoption of new terminologies to multilateral diplomacy attests that the customary realistic pattern of approaching international thinking is getting refined in the Chinese foreign policy to incorporate neo-liberal elements. Chinese elites, specialists and leadership agree that economic globalisation makes nation-states inter-reliant, that no single country or group can handle alone the emerging global challenges.¹⁴⁴ Interdependence is not limited to economics; it extends to security and political parameters too.¹⁴⁵

China is serious in its approach to old and new multilateral organisations. It is also constantly assessing how it can use BRICS as a forum in its multilateral practice. China believes that it is still an immature country when it comes to multilateral diplomacy. Li Dongyan, a researcher at the Institute of World Economics and Politics of the Chinese Academy of Social Sciences (CASS) in Beijing, says for example, ‘Compared with developed countries, China needs to further improve its capabilities in multilateral diplomacy, as it’s still a new-comer in global organisations.’¹⁴⁶ It is also argued that this growing Chinese seriousness towards multilateral institutions is also partly because the world now expects China to play a bigger role and bring parity to the North-South stratagem.¹⁴⁷

The Roots of Beijing’s Policy Objectives in BRICS

The Chinese economy is roaring ahead. In the process it is helping to pull the rest of the emerging economies and some Asian economies together, and even European economies like Germany, which exports a variety of machine tools to Beijing, to recover from the financial

¹⁴³ ‘FM: “No Power Shift Eastward”’, n. 141.

¹⁴⁴ ‘Global problems call for global answers: Chinese FM’, *People’s Daily*, 18 January 2002.

¹⁴⁵ Statement by Ambassador Hu Xiaodi, head of the Chinese delegation at the First Committee of the Fifty-eighth Session of the United Nations General Assembly, 3 October 2003.

¹⁴⁶ See Cheng Guangjin, ‘China stepping out on world stage’, n. 118.

¹⁴⁷ *Ibid.*

crisis.¹⁴⁸ It is argued that the PRC economy is one of the reasons why global finances did not face a stiffer crisis in 2009¹⁴⁹ and that there has been greater collaboration between North and South today than at any point of time in history. In many calculations, the Chinese economy is the glue for world economy and BRICS economy.¹⁵⁰ Three basic deliberate directives are noticed in China's overall approach towards BRICS: (a) currency conversion politics and the will to have a common currency conversion within BRICS; (b) 'win-win' diplomacy by crafting multilateral and bilateral diplomacy among the BRICS countries; and (c) advocacy for establishing a democratic and multipolar world order. Most of these issues have some bearing on China's problematic relations with the USA and Europe at different levels. The main Chinese premise is to 'pay more attention to developmental issues'.¹⁵¹

Chinese Leadership Perspective in BRICS

Former President Hu Jintao's speeches at various BRICS summits explain the broader Chinese stratagem concerning BRICS. At the first summit in Yekaterinburg (Russia) he talked about the progressive nature of the world, being 'multi-polar' in nature, where 'economic globalisation' is an upward trend in global politics. Hu Jintao talked about global financial crisis and highlighted the widening gap between the North and South. Four points that were categorical in his speech: (a) recovery of the world economic situation; (b) reform of global financial institutions; (c) achievement of the Millennium Development Goals (MDGs); and (d) developmental issues like food security, energy resource security, and public health security.¹⁵²

¹⁴⁸ Ashley Seager, 'China and the other BRICs will rebuild a new world economic order', *The Observer*, 3 January 2010, at <http://www.guardian.co.uk/business/2010/jan/03/china-brics-global-economy-america-europe>.

¹⁴⁹ This view is based on the author's numerous discussions with Chinese scholars, experts and specialists from a range of think-tanks and universities in China, such as CICIR, CIIS, CASS, SIIS, SASS, Fudan University, Shanghai Jiatong University, Beijing University, Jinan University, etc.

¹⁵⁰ Lye Liang Fook and Zhang Yang, 'China in the BRICs: Pursuing closer cooperation, not hegemony', *East Asian policy*, vol. 2, no. 4, October-December 2010, pp. 58-70.

¹⁵¹ Guo Xiangang, 'New bright spot in China's diplomacy: Cooperation with emerging countries', *China International Studies*, January-February 2010, p. 8.

¹⁵² 'Remarks by H.E. Hu Jintao President of the People's Republic of China at the BRIC Summit', *Ministry of the Foreign Affairs of the People's Republic of China*, Yekaterinburg, 16 June 2009, at <http://www.fmprc.gov.cn/eng/zxxx/t568774.htm> (accessed 11 November 2012).

At second BRIC summit, the former Chinese President stressed China's 'peaceful development' and urged for closer cooperation among the BRIC countries. Just before the summit, the then Chinese Vice-Foreign Minister Cui Tiankai had called on BRIC countries to push 'representation' and 'voting rights' in global organisations, that 'exchanges among the four nations concerning major global challenges would be conducive to increasing the influence of developing countries, and promoting the development of multilateralism'.¹⁵³ Hu Jintao said in his speech:

China pursues a win-win strategy of opening up and seeks to promote common development of all countries through mutually beneficial cooperation ... Despite the tremendous difficulties caused by the global financial crisis, we have kept the RMB exchange rate basically stable and have thus made contribution to the stability of the international economic and financial systems.... No matter how the international situation may evolve and what changes the international system may experience, we should remain firmly committed to the goal of mutual benefit, the principle of democracy and equity, the approach of mutual respect and the spirit of solidarity and cooperation.¹⁵⁴

Hu Jintao again broadly reflected over the global economic conditions and asked for reform of the global financial institutions, achieving developmental issues and for greater cooperation between the emerging and developing countries in G-20 forums.¹⁵⁵ At the succeeding summits in Sanya (China) and in New Delhi (India) also Hu Jintao pointed to these issues. The highlight in his speech at Sanya was to foster closer cooperation among the Southern countries, mainly among the emerging economies to establish an equitable democratic order at the global level.¹⁵⁶ At New Delhi, he deliberated about establishing closer

¹⁵³ 'China Expects BRIC Summit to Push for International Financial Reform', *Xinhua*, 7 April 2010, OSC Transcribed Text, World News Connection (dialogue.com), 201004071477.1_2595003e8b90ce34, accession number 297052244.

¹⁵⁴ "Quotable quotes from Chinese president's speech at 2nd BRIC summit", *Xinhua*, April 16, 2010, at http://news.xinhuanet.com/english2010/china/2010-04/16/c_13254481.htm (accessed on June 3, 2013)

¹⁵⁵ See 'Quotes from Hu's speech at 2nd BRIC summit', *Xinhua*, 16 April 2010, at http://www.chinadaily.com.cn/china/2010hujintaotour/2010-04/16/content_9741588.htm (accessed 2 November 2012).

¹⁵⁶ An Lu, 'Hu's speeches at BRICS summit, Boao Forum attract wide attention', *Xinhua*, 20 April 2011, at http://english.gov.cn/2011-04/20/content_1848898.htm (accessed 1 December 2012).

cooperation among the developing countries and asked for greater reform of global financial institutions. He expressed the view, ‘...as emerging economies, the BRICS countries share similar views on many regional and international issues. In recent years, however, dialogue and cooperation have continued to be strengthened, especially in the sector of international economy and development’.¹⁵⁷

The Chinese dialogue in BRICS suggests that China is not only eager about establishing closer cooperation among the emerging economies, but also wants that BRICS must rise to the global occasion and must exert more pressure for reforming the global financial institutions. China talks about issues, which are more vital for its own global standing and bearing and, that have massive political consequences with powers, like the USA and Europe. For instance, the currency issue and the trade dispute with USA and Europe in the WTO and in the IMF. Specifically, the Chinese call within BRICS is congruent with five correlated objectives that Beijing’s current foreign policy practice usually supports: (a) endorsing multilateral dialogue; (b) boosting relationship with neighbouring countries, developing countries and big powers at different levels; (c) maintaining strong economic diplomacy with developmental issues, energy and climate change as main thrusts; (d) establishing link between domestic stability and national security; and (e) promoting public diplomacy.¹⁵⁸ *Three* main issues that eloquently explain the Chinese strategy and approach within BRICS are: (a) Chinese currency promotion strategy; (b) Chinese politics with the USA and Europe in the WTO, IMF and World Bank; (c) the tactic of staying as a developing country.

Promotion of RMB as a Global Currency

Since at least the Chinese accession to the WTO in September 2001, currency has been a hot debating issue between China and the Western countries. China has tried to score over the USA and Europe on the

¹⁵⁷ Liu Fang, ‘President Hu Jintao addressed BRICS summit, promoting cooperation’, *CNTV.com*, 29 March 2012, at <http://english.cntv.cn/program/newsupdate/20120329/117124.shtml> (accessed 1 December 2012).

¹⁵⁸ ‘PRC FM Yang Jiechi expounds on focus of China diplomacy in 2010’, *Wen Wei Po* (Hong Kong), 18 December 2009, OSC Translated Text, Hong Kong, *Wen Wei Po* online in Chinese (Website of the PRC-owned daily newspaper); <http://www.wenweipo.com/WorldNews/Connections/dialogue.com>, 200912181477.1_17cb01f3a27a0ae1, accession number 291501134.

currency manipulation debate in different forums through different strategies. Through BRICS, the Chinese are aiming to not only score over the Americans and Europeans in the debate but also in promoting the Yuan (RMB) steadily as an international currency, in the process attenuating the imbalances resulting from US fiscal deficits and authoritarian monetary policies of the West.¹⁵⁹ There is a direct link between China's domestic reforms, its dialogue of reforming the international institutions and promoting the Yuan as a currency.¹⁶⁰ Beijing is aiming primarily to keep its internal inflation down, limit the appreciation of the RMB, and modify exchange rates in favour of the RMB. This is to be achieved through declining US domestic prices and its financial instability.¹⁶¹

Much of China's current account conundrum is with the USA.¹⁶² At the heart of the matter is the global current account imbalance, which is mainly a result of the sizeable US trade deficit with China. At the same time, Chinese diplomats and experts are conscious about the US intention to cooperate with China to help itself out of the economic crisis.¹⁶³ They argue, however, '...the West exaggerates the fall of America and the rise of China'.¹⁶⁴ China remains the biggest debt holder

¹⁵⁹ Andrew Hurrell, 'Hegemony, liberalism and global order: What space for would-be great powers', *International Affairs*, 82(1) (January 2006), p. 18. Also see Michael A. Glosny, 'China and the BRICS: A real (but limited) partnership in a unipolar world', *Polity*, Northeastern Political Science Association, 2009, pp. 1-30; Qu Bo, 'Dynamic engagement: China's participation in international monetary institutions', in Jan Wouters, Tanguy de Wilde, Pierre Defraigne and Jean-Christophe Defraigne (eds.), *China, European Union and Global Governance*, Cheltenham, UK: Edward Elgar, 2012, pp. 183-98.

¹⁶⁰ Qu Bo, *ibid.*, p. 159.

¹⁶¹ Martin Wolf, 'Why America is going to win the global currency battle', *Financial Times*, 13 October 2010, p. 11. Experts argue, 'China has opted for a partial convertibility of the RMB, i.e. not extended to the capital account. It partly retains therefore the possibility of controlling its exchange rate through pegging the RMB to the dollar in varied guises'. See Pierre Defraigne, 'A monetary G3 with a multilateral perspective', in Jan Wouters et al. (eds.), *China, European Union and Global Governance*, n. 113, p.113.

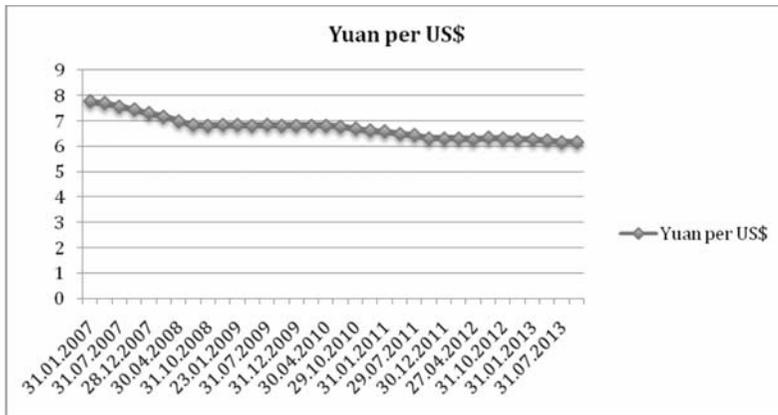
¹⁶² Sylvain Plasschaert, 'Is the renminbi undervalued?', in Wouters et al. (eds.), *ibid.*, p.175.

¹⁶³ Glosny, 'China and the BRICS ...', n. 159. Also see Qu Bo, 'Dynamic engagement ...', n. 159.

¹⁶⁴ Liu Ming, 'China should update foreign policy guidelines', *Zhongguo Wang* (Official portal, China Internet Information Centre under the China International Publishing Group and the State Council Information Group), 25 March 2010, OSC Transcribed Text, *WorldNews Connection* (dialog.com), 201003251477.1_401800896de0750d, accession number 296401778.

for America, with more than \$800 billion and accounts for 7 per cent of US public debt.¹⁶⁵ If China can convince the ‘emerging markets’ to have the Yuan as a medium of trade exchange in place of the US dollar, the Yuan can easily become an international currency. In fact, China has successfully consolidated the Yuan against the dollar in the last few years (see Graph VIII).

Graph VIII: The Rise of the Yuan against US\$ (2007-2013)



Source: IMF database, at http://www.imf.org/external/np/fin/data/param_rms_mth.aspx

Through its association in BRICS, China seeks to score three currency-related objectives. *First*, to promote the RMB for direct conversion among the ‘emerging markets’ as a means to weaken the supremacy of the US dollar. *Second*, BRICS represents a variety of continents, which will be conducive to the Yuan’s internationalisation. It needs to be noted in this context that China shares buoyant trade and economic contacts with the BRICS countries. *Third*, with the support of the BRICS countries, China can be better placed in the international financial institutions to counter the American allegation that the Yuan is ‘undervalued’. This is already working: the IMF, which previously used

¹⁶⁵ Liu Ming, ‘China should update foreign policy guidelines’, *Zhongguo Wang* (Official portal, China Internet Information Centre under the China International Publishing Group and the State Council Information Group), 25 March 2010, OSC Transcribed Text, *WorldNews Connection* (dialog.com), 201003251477.1_401800896de0750d, accession number 296401778.

to state that the Yuan was ‘substantially undervalued’ against the dollar, has stated recently that the Yuan is (only) ‘moderately’ so undervalued.¹⁶⁶

The Chinese have worked hard for many years to promote the Yuan at the global level. According to the Society for Worldwide Inter-bank Financial Telecommunication, the Yuan was ranked 35th in October 2010 as payment currency; it has gone up to rank 14 by August 2012.¹⁶⁷ Further, the Yuan has made a ‘substantial scaling over the US dollar in Asia as the reference currency’.¹⁶⁸ At present, the RMB has almost 20 bilateral local currencies swap arrangements¹⁶⁹ (see Table II). Moreover, the Chinese economy is so ingrained into some of the regional economies that it becomes easy for the Yuan to take over from the dollar. For example, the East Asian countries have formed a ‘renminbi bloc’, abandoning the dollar and fixing their currencies to the Yuan, a concentrated effort in internalising the Chinese currency.¹⁷⁰ The rise of the Yuan will be facilitated by the fact that the BRICS countries feel that they are in a ‘dollar trap’.¹⁷¹ China has proposed to lend Yuan-dominated loans to BRICS members, with the China Development Bank (CDB) possibly as the main lending bank.¹⁷² According to Chen Yuan, chairman of the CDB, by the end of 2010, the bank had offered

¹⁶⁶ Lucy Hornby, ‘IMF softens language on China yuan value as issue recedes’, *Reuters*, 25 July 2012, at <http://in.reuters.com/assets/print?aid=INL4E81P0JU20120725>.

¹⁶⁷ Diao Ying, ‘Global use of Chinese currency on the rise’, *China Daily* (online), 31 October 2012, at http://www.chinadaily.com.cn/china/2012-10/31/content_15858502.htm (accessed 7 January 2013).

¹⁶⁸ ‘RMB ready for currency leadership?’, *Xinhua*, 26 October 2012, at http://www.chinadaily.com.cn/business/2012-10/26/content_15850480.htm (accessed 7 January 2013).

¹⁶⁹ ‘RMB ready for currency leadership?’, *Xinhua*, 26 October 2012, at http://www.chinadaily.com.cn/business/2012-10/26/content_15850480.htm (accessed 7 January 2013).

¹⁷⁰ Gao Changxin, ‘Asian economies turn to yuan’, *China Daily* (online), 24 October 2012, at http://www.chinadaily.com.cn/china/2012-10/24/content_15840495.htm (accessed 7 January 2013).

¹⁷¹ Daniel McDowell, ‘China turns to BRICS to globalize Yuan’, *World Politics Review*, 15 March 2012, at <http://www.worldpoliticsreview.com/articles/11735/china-turns-to-brics-to-globalize-yuan> (accessed 3 January 2012).

¹⁷² Experts call this Chinese strategy as a ‘further step’ in internationalising the Chinese Yuan. See Zhang Yuwei, ‘China to offer yuan loans to members of bloc’, *China Daily* (online), 29 March 2012, at http://www.chinadaily.com.cn/china/2012HuAsiaTour/2012-03/29/content_14935978.htm (accessed 29 December 2012).

more than \$38 billion to the BRICS members compared to the total foreign exchange lending of \$141.3 billion.¹⁷³

Table II: China's RMB Swap Deals

Sl No	Countries having currency swap deal with China	Month /Year swap deal signed	Amount of Deal	Bilateral Trade Figures
1.	Argentina	March 2009	RMB 70 bn; US\$10.2 bn	US\$14.8 bn (2011)
2.	Australia	March 2012	US\$31 bn; RMB 200 bn A\$30 bn	US\$113.3 bn (2010–11)
3.	Belarus	March 2009	RMB 20 bn; US\$2.9 bn Br 8 trillion	US\$2,519,045 thousand(2010)
4.	Brazil	June 2012	US\$29 bn; R\$60 bn	US\$77 bn (2011)
5.	Hong Kong	January 2009	US\$29 bn; RMB 200 bn	US\$283.5 bn (2011)
6.	Iceland	June 2010	RMB 3.5 bn; US\$512 mn; ISK 66 bn	US\$0.18 bn (2012)
7.	Indonesia	March 2009	RMB 100 bn; IDR175 trillion	US\$60 bn (2011)
8.	Japan	March 2002	3 bn Yen-RMB	US\$347 bn (2011)
9.	Kazakhstan	June 2011	RMB 7 bn; US\$1.08 bn	US\$22.519 bn (Jan.-Nov. 2011)
10.	Malaysia	February 2009	RMB 80 bn; MYR 40 bn	US\$90 bn (2011)
11.	New Zealand	April 2011	RMB 25 bn; US\$3.83 bn	US\$13.3 bn (2011)
12.	Pakistan	December 2011	RMB 10 bn; PKR 140 bn	US\$10.6 bn (2011)

¹⁷³ Wang Xiaotian, 'BRICS target global economic reform', *China Daily*, n. 5r5 15 April 2011, at http://www.chinadaily.com.cn/china/brics2011/2011-04/15/content_12329762.htm (accessed 14 January 2013).

13. Singapore	July 2010	RMB 150 bn; US\$22.12 bn	US\$80.5 bn (2011)
14. South Korea	June 2002	US\$2 bn	US\$246 bn (2011)
15. Thailand	December 2011	RMB 70 bn; US \$11.06 bn	US\$64.7 bn (2011)
16. Turkey	February 2012	US\$1.6 bn	US\$18.7 bn (2011)
17. Ukraine	June 2012	RMB 15 bn; UKH 19 bn US\$ 2.38 bn	US\$8.5 bn (2011)
18. United Arab Emirates	January 2012	RMB 35 bn; US\$5.54 bn	US\$ 35 bn (2011)
19. Uzbekistan	April 2011	RMB 700 mn US\$106 mn	US\$ 2.48 bn (2011)

Sources: Collated from various open news media and government sources like *Xinhua*, *Forbes*, *Tribune*, *China Daily*, *Ministry of Commerce of the PRC*, *China.org.cn*, *Financial Times*, *People's Daily*, *The Diplomat*, etc.

The rise of 'China Inc.' over the last 30 years has also made the Yuan more attractive for trade transactions.¹⁷⁴ Since the 2008 global economic crisis, the value, influence and attraction of the Yuan has grown consistently across continents. Chinese statistics suggest, the 'Yuan has become the third-largest trade settlement currency, with the total share of Yuan settlements amounting to almost 7 per cent of China's total trade and 15 per cent of its service trade'.¹⁷⁵ Nevertheless, Chinese experts are of the view that their country has a long way to go before the Yuan emerges eventually as an international reserve currency, because there is a clear mismatch between China's international status and the country's economic growth.¹⁷⁶ The hardest challenge that China faces

¹⁷⁴ Jonathan Cottingham, "The Yuan's Potential as a Medium of Exchange", *www.e-ir.info*, 13 November 2012, at <http://www.e-ir.info/2012/11/13/the-yuans-potential-as-a-medium-of-exchange/> (accessed 9 January 2013).

¹⁷⁵ 'News analysis: China promotes yuan convertibility', *China International Electronic Commerce Network (Xinhua)*, 6 July 2012, at http://en.ec.com.cn/article/newsroom/newsroomfinance/201207/1204173_1.html (accessed 9 January 2013).

¹⁷⁶ This is the view of Gao Guoxi, a Professor at the Fudan University in Shanghai. See *ibid.*

to push the Yuan currently as an international global currency is the barrier of inconvertibility.¹⁷⁷ Three paths could facilitate overcoming this obstacle: *investment*, *trade finance*, and *reserve currency*. Trade finance has hitherto been the main path.¹⁷⁸ China aims to continue with this emphasis both within and outside BRICS. Experts describe China as a new ‘Trading Nation’.¹⁷⁹ But this emphasis is not without problems. Many have complained that the Yuan has been kept undervalued to foster China’s exports and shield its domestic manufacturers from global competition.¹⁸⁰ China’s impressive and growing trade surpluses over the years have also led to trade tensions with many countries. The Chinese attempt within BRICS is to convince first the emerging economies about the value and vitality of the Yuan, and then flood the Yuan to other parts of the globe systematically.

According to Amrutha Gayathri, in BRICS, the Chinese have maximised trade and currency swap deals with Brazil.¹⁸¹ Beijing has been Brazil’s largest trading partner for the last three years. In June 2012, the two countries signed a set of agreements, the highlight of which was the deal to exchange national currencies worth up to \$30 billion as part of their sustained effort to maximise the currency reserves and use them in favour of their economies during crises. China also wants to liberalise and internationalise the Yuan to promote Shanghai as a global financial centre on par with London and New York by 2020.¹⁸² Since 2003, China has steadily taken measures on cross-border capital flows in an effort to promote the Yuan as a global reserve currency.¹⁸³ Shanghai, Hong Kong and Shenzhen have been key centres in this endeavour.

¹⁷⁷ Ibid.

¹⁷⁸ Diao Ying, ‘Global use of Chinese currency on the rise’, n. 167.

¹⁷⁹ David Zweig, ‘The Rise of a New “Trading Nation”’, in Lowell Dittmer and George T. Yu (eds.), *China, the Developing World, and the New Global Dynamic*, Boulder: Lynne Rienner, 2010, pp. 37-60.

¹⁸⁰ Elizabeth L. Pettis, ‘Challenging Chinese currency manipulation under the IMF Agreement’, *Selected Works*, January 2011, at http://works.bepress.com/elizabeth_pettis/2 (accessed 6 January 2012).

¹⁸¹ Amrutha Gayathri, ‘China, Brazil ink \$30 billion currency swap deal; Global Yuan in the cards?’, *International Business Times*, 22 June 2012, at <http://www.ibtimes.com/china-brazil-ink-30-billion-currency-swap-deal-global-yuan-cards-703904> (accessed 9 January 2013).

¹⁸² Ibid.

¹⁸³ ‘News analysis: China promotes yuan convertibility’, n.175.

Recently, a set of measures was taken to push cross-border loan issuances from Shenzhen with the neighbouring regions.¹⁸⁴ The Chinese have welcomed the proposals to expand the Special Drawing Rights (SDR) in the reserves of IMF. This is also an opportunity to promote the Yuan as an international reserve currency.¹⁸⁵

Many in China see the dominance of the dollar in the Chinese domestic market as an affront to their country's international image as an economic power.¹⁸⁶ Shyam Saran notes that a number of countries like Nigeria, Russia, Belarus, Mongolia, Malaysia, Republic of Korea and the Philippines are now holding the Yuan as part of their global reserves. They were earlier over-dependent on the dollar.¹⁸⁷ Nineteen countries now have currency swap arrangements with China (see Table II), and this list is likely to expand. The New Delhi BRICS summit agreed that the member countries' currencies would be used as the direct medium for intra-BRICS trade transactions. That again is a step in the direction of internationalising the Yuan vis-à-vis the dollar.¹⁸⁸

China, the Politics of Global Financial Institutions and BRICS

The BRICS Joint Statements and Declarations unequivocally have asked for greater reform and transparency in the global financial institutions and in their decision-making process. In the BRICS summits, Hu Jintao has asked for greater global reforms, thrusting upon the fact that the

¹⁸⁴ 'News analysis: China promotes yuan convertibility', n. 175. Scholars are also noticing the promotion of Yuan in Asia under the Asian Monetary Cooperation Mechanism. See Qu Bo, 'Dynamic engagement ...', n. 159, pp. 195-6.

¹⁸⁵ Wang Xiaotian, 'BRICS target global economic reform', n. 173.

¹⁸⁶ Miguel Otero-Iglesias, 'The internationalization of the Renminbi: Prospects and Risks', *Area: International Economy and Trade*, ARI 73/2011, 18 April 2011, at http://www.academia.edu/697914/The_Internationalisation_of_the_Renminbi_Prospects_and_Risks (accessed 8 January 2012).

¹⁸⁷ Shyam Saran, 'The Asian future of reserves', *Business Standard*, 16 May 2012, at <http://www.business-standard.com/india/printpage.php?autono=474401&tp=> (accessed 7 January 2012).

¹⁸⁸ *Ibid.* China's effort within BRICS is to place its currency as a predominant one not only among the BRICS countries but also to limit the scope and influence of the American dollar and the Euro. The CDB is looking forward to sign an MoU with other BRICS nations to lend them RMB loans instead of dollars. See 'China to offer renminbi loans to BRICS nations-FT', *Reuters*, 7 March 2012, at <http://www.reuters.com/article/2012/03/07/china-brics-loans-idUSL5E8E771820120307>.

stake and the voice of the developing countries must be better heard and they should be granted more voting rights and shares. China as a gigantic economy has more stakes in these financial bodies than any other BRICS countries.

Beijing's IMF reform dialogue

China has for long demanded a reformed IMF.¹⁸⁹ Its main objective is to increase its own quota and voting rights. Though China has pressed for better rights, quotas and voting patterns for itself, it has done this smartly without really conceding much advantage to others. Overall, China sees the current European crisis as an opportunity to demand better rights, quotas and votes for itself as well as for the other developing countries. Hu Jintao said at the New Delhi BRICS summit, '...the EU needs to rely on itself to resolve the debt crisis', that the EU has 'the ability to cope with the crisis' and that the "international community will provide assistance and help".¹⁹⁰

Table III: BRICS and other Developed Economies, Quota and Votes in the IMF (by 23 January 2013, % of total)

	Brazil	Russia	India	China	South	USA	Japan	Germany	UK	France
Quota	1.79	2.50	2.44	4	0.78	17.69	6.56	6.12	4.51	4.51
Votes	1.72	2.39	2.34	3.81	0.77	16.75	6.23	5.81	4.29	4.29

Source: www.imf.org/external/np/sec/memdir/members.aspx#U.

China wants to help the EU recover from its crisis, but in return wants a better stake in the IMF. This would achieve two objectives: *first*, China will improve its own global financial image;¹⁹¹ and *second*, an

¹⁸⁹ Scholars argue that Beijing's participation in the IMF and the World Bank goes back to 1980, where China notified the IMF that it would 'realise current account convertibility, which means removing restrictions on current international payments and transfers. However, China took 16 years to fulfil its commitment to current account convertibility. During the period, China made various institutional adjustments in order to adapt to the consequences of domestic reform'. See Qu Bo, 'Dynamic engagement ...', n. 159, p. 188.

¹⁹⁰ Jiang Shixue, 'The European debt crisis in Chinese perspectives', *Global Review*, Autumn 2012, pp. 41-57. Also see 'Hu Jintao attended the meeting of the leaders of the BRIC countries', *People's Daily* (online), 4 November 2011, at <http://politics.people.com.cn/GB/1024/16129430.html>.

¹⁹¹ Jiang Shixue, *ibid*.

internationally favourable ground can be laid for the Yuan, obfuscating the allegation about its undervaluation. China has asked for better and bigger rights and voting for other countries on basis of quotas.¹⁹² It has asked that the IMF would take initiatives to convince its members to review the quota reform plan that was approved in 2010.¹⁹³ BRICS is certainly one channel to push for reform of the IMF, but this will not be easy, as the Chinese economy and its current quota and votes in the IMF are far ahead of the other BRICS countries (see Table III).

The Chinese dialogue within BRICS has been quite versatile. It has mainly targeted the Western dominance in various international financial institutions, but has not articulated clearly pursuing the interests of the developing world. China proclaims that it wants the BRICS economies to continue to grow, but its experts do not lose any opportunity to either promote the Chinese interests or to promote the Yuan as a currency. In fact, the Chinese economists are of the view that the large economic disparities within BRICS are the main hindrance in pressurising for the IMF reform with greater vigour.¹⁹⁴

China in the WTO

Since its accession to the WTO in September 2001, it has been surmised that its participation in the WTO will help China to enhance its global financial stature and maximise its trade and economic deals.¹⁹⁵ Meanwhile, the Chinese exporters have often faced anti-dumping and countervailing problems from the US. There have frequently been trade disputes between the two countries in the WTO, with the US regularly complaining against China's industrial policy.¹⁹⁶ To challenge the US

¹⁹² For instance, Wen Jiabao advocated four principles at the closing ceremony of the Second Session of the 11th National People's Congress (NPC): (a) internal governance structure of the IMF needs to be reformed, mostly in favour of the developing countries, so that the finance, rights and obligations could be enjoyed uniformly; (b) quota should be the measuring ground for shouldering responsibilities; (c) reforming other financial global bodies and find alternative ways of financing; (d) contribution to the IMF should be based on national realities of the country. See Jiang Shixue, *ibid.*, p. 167.

¹⁹³ *Ibid.*

¹⁹⁴ Wang Xiaotian, 'BRICS target global economic reform', n. 173.

¹⁹⁵ Zhihai Zheng, 'Economic globalization and development of China's foreign economic cooperation and trade', in Ding Lu, Guanzhong James Wen and Huizhong Zhou (eds.), *China's Economic Globalization Through the WTO*, England: Ashgate, 2003, p. 8.

¹⁹⁶ Ka Zeng, 'High stakes: United States-China trade disputes under the World Trade Organization', *International Relations of the Asia-Pacific*, Volume 13, 2013, pp. 33-63.

supremacy within the WTO, China has crafted its dialogue under the premise of ‘developing countries’ or ‘emerging economies’. China alleges that the US refuses to admit China’s market economy status and regularly overlooks the steps that China has taken to liberalise its economy.¹⁹⁷ China’s trade-related disputes have mostly been with the US or the EU (see Table IV).

The Dialogue of ‘Developing Country’ and BRICS

The principal dialogue that China employs and enjoys within BRICS is that of ‘developing country’ or ‘emerging economies’. To what extent China still remains a ‘developing country’ may be debatable. It is today a leading country in the global financial institutions and in world politics; it is also a big donor to many international agencies. In addition, it is the principal architect of many global financial propositions. Still, the global financial institutions consider China as a developing country and an emerging economy. There is clearly a deliberate attempt at many levels in world politics to promote China as a ‘developing country’, for example, China remains a ‘developing country’ in the estimation of various global financial institutions, such as the *World Economic Outlook* of the IMF for 2011. China’s per capita GDP, at \$4382 in 2010, ranked 92nd among the 184 economies of the world.¹⁹⁸ Dismissing any notion of becoming aggressive in their country’s global posturing, official Chinese experts maintain that ‘China’s assertiveness reflects only in confidence in its position in the international community and is based on a rational perception of its place in the world’, that the Chinese focus is on ‘multilateral diplomacy’ and ‘partnership with the developing countries’ to solve the emerging issues.¹⁹⁹ At the same time, China is advertised as the most effective ‘participant and builder’ of the international system.²⁰⁰

¹⁹⁷ ‘US trade dispute with China a mistake’, *Xinhua* (online), 19 September 2012, at http://www.chinadaily.com.cn/bizchina/2012-09/19/content_15767427.htm (accessed 13 January 2013).

¹⁹⁸ Martin Khor, ‘China still a developing nation’, *China Daily*, 25 November 2011, at http://www.chinadaily.com.cn/opinion/2011-11/25/content_14159547.htm.

¹⁹⁹ Fang Lexian, ‘Peaceful rise still way forward’, *China Daily*, 7 June 2010, at http://www.chinadaily.com.cn/opinion/2010-06/07/content_9940870.htm. Fang Lexian is a researcher with the School of International Studies, Renmin University of China, Beijing.

²⁰⁰ Wu Miaofa, ‘China’s flourishing multilateral diplomacy’, *China International Studies*, March-April 2010, p. 40. Wu Miaofa is a Senior Research Fellow at CIIS, Beijing.

Table IV: WTO Cases against China

Case No	Item	Complainant	Date
DS454	Measures Imposing Anti-Dumping Duties on High-performance Stainless Steel Seamless Tubes (HP-SST)	Japan	20 December 2012
DS451	Measures Relating to the Production and Exportation of Apparel and Textile Products	Mexico	15 October 2012
DS450*	Certain Measures Affecting the Automobile and Automobile Parts Industries	United States	17 September 2012
DS440*	Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States	United States	5 July 2012
DS433	Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	Japan	13 March 2012
DS432	Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	European Union	13 March 2012
DS431*	Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	United States	13 March 2012
DS427*	Anti-Dumping and Countervailing Duty Measures on Broiler Products from the United States	United States	20 September 2011
DS425	Definitive Anti-Dumping Duties on X-Ray Security Inspection Equipment from the European Union	European Union	25 July 2011
DS419*	Measures Concerning Wind Power Equipment	United States	22 December 2010
DS414*	Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States	United States	15 September 2010
DS413*	Certain Measures Affecting Electronic Payment Services	United States	15 September 2010

DS407	Provisional Anti-Dumping Duties on Certain Iron and Steel Fasteners from the European Union	European Union	7 May 2010
DS398	Measures Related to the Exportation of Various Raw Materials	Mexico	21 August 2009
DS395	Measures Related to the Exportation of Various Raw Materials	European Communities	23 June 2009
DS394*	Measures Related to the Exportation of Various Raw Materials	United States	23 June 2009
DS390	Grants, Loans and Other Incentives	Guatemala	19 January 2009
DS388	Grants, Loans and Other Incentives	Mexico	19 December 2008
DS387*	Grants, Loans and Other Incentives	United States	19 December 2008
DS378	Measures Affecting Financial Information Services and Foreign Financial Information Suppliers	Canada	20 June 2008
DS373*	Measures Affecting Financial Information Services and Foreign Financial Information Suppliers	United States	3 March 2008
DS372	Measures Affecting Financial Information Services and Foreign Financial Information Suppliers	European Communities	3 March 2008
DS363*	Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products	United States	10 April 2007
DS362*	Measures Affecting the Protection and Enforcement of Intellectual Property Rights	United States	10 April 2007
DS359	Certain Measures Granting Refunds, Reductions or Exemptions from Taxes and Other Payments	Mexico	26 February 2007
DS358*	Certain Measures Granting Refunds, Reductions or Exemptions from Taxes and Other Payments	United States	2 February 2007

DS342	Measures Affecting Imports of Automobile Parts	Canada	13 April 2006
DS340*	Measures Affecting Imports of Automobile Parts	United States	30 March 2006
DS339	Measures Affecting Imports of Automobile Parts	European Communities	30 March 2006
DS309*	Value-Added Tax on Integrated Circuits	United States	18 March 2004

Source: http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm (accessed 24 January 2013).

Beijing has steadily pushed this notion within BRICS, to the effect that BRICS should have a much higher stake in global bodies and decision-making process than it currently has. In addition, to preserve its identity as a developing country, China makes it a point to take the initiative to protect the interests of other developing countries.²⁰¹ Fu Ziyang, the Vice Commerce Minister has been quoted saying, 'China is the world's largest developing country and to strengthen relations with developing countries is a crucial point of China's foreign policy'.²⁰² The developing world generally concurs that US power is adverse to its agenda and interests.²⁰³ Riding on this sentiment, Ambassador Zhang Yan once said, 'BRIC is a guardian of the interests of developing countries'.²⁰⁴ This is a smart global strategy, where China wants to lead the developing world and slowly wants to transform the developing world as a credible counter to the existing Western supremacy. However, there is a hidden

²⁰¹ Gregory T. Chin, 'China's evolving G8 engagement: Complex interests and multiple identity in global governance reform', in Andrew F. Cooper and Agata Antkiewicz (eds.), *Emerging Powers in Global Governance: Lessons from the Heiligendamm Process*, Waterloo, ON: Wilfrid Laurier University Press, 2008, pp. 83–114. Other experts also hold similar views. For an excellent analysis on this line, see Dittmer, 'China's rise, global identity, and the developing world', in Lowell Dittmer and George T. Yu (eds.), n. 115, pp. 203–30.

²⁰² 'Developing countries meet in Beijing, discuss financial crisis', *Renmin Ribao*, 20 May 2010, OSC Transcribed Text, *World News Connection* (dialog.com), 201005201477.1_c38600645a591869, accession number 299200180.

²⁰³ Hurrell, 'Hegemony, liberalism and global order ...', n. 159. Also see Glosny, 'China and the BRICs ...', n. 159.

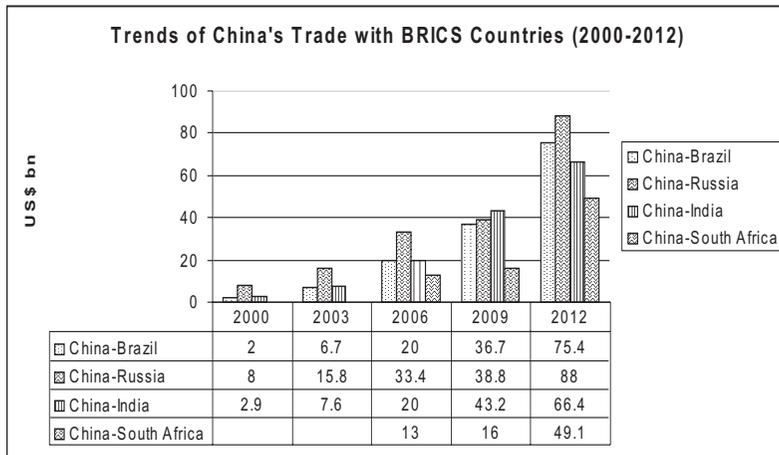
²⁰⁴ 'Address at the Inauguration of Pre-BRIC Summit Preparatory Meeting by H.E. Zhang Yan, Chinese Ambassador to India', 13 May 2009, www.chinaembassy.org.in/eng/dsxxs/dshdjih/t562457.htm.

concern with this strategy. If China pushes aggressively and unilaterally to reform the current global order, it may fail, and it may be singled out as a country, which may affect its developmental path.²⁰⁵ A grouping like BRICS provides a good cover for this Chinese dialogue. Besides, China has been able to engage the Western powers in other groups. Therefore, they would not entirely ignore the voice of BRICS.

Bilateral Relations with BRICS Countries

Within BRICS, the Chinese strategy has been to develop exclusive bilateral cooperative relations with the individual member countries. It is seen from Graph IX that Beijing's trade relations with individual BRICS countries have gone up in the last one decade. Politically, except perhaps India, China does not really see any other BRICS country as a ready-made 'pro-USA' country.

Graph IX: China's Trade Figures with Individual BRICS Countries (2000-2012)



Sources: Collated from various open sources like *Times of India*, *Xinhua*, *Chinese Embassy in New Delhi*, *Ministry of Commerce of the PRC*, *Asia Times*, *Global Times*, *China Daily*, etc. Figures are in approximate terms. Note: Data for China-South Africa in 2000 and 2003 are not available.

²⁰⁵ Glosny, 'China and the BRICS ...', n. 159, pp. 113-14.

In Brazil, China has shown much interest to establish closer economic and political relations. The relationship has moved ahead to cooperate in a range of issues from trade and economics to infrastructure construction, energy and mining and finance as well as high technology. China showed an intense interest in the Rio+20 dialogue on sustainable development, which has further consolidated Sino-Brazil relations.²⁰⁶ Beijing has also focused on developing its relations with Argentina, Mexico and Venezuela. Brazil is an important country in China's cross-regional diplomacy primarily for *three* reasons: it is a developing country; it belongs to South American region, where the American sphere of influence is deeply felt; and Brazil is also connected with China in BASIC. Brazil is also a member of IBSA (India, Brazil and South Africa), which Beijing certainly cannot ignore. The Chinese have been vigilant about the IBSA movement, and have tried to scuttle it through promoting BRICS.

China has also shown a lot of interest towards South Africa in recent years. China lobbied hard to induct South Africa as a member of BRICS during the 2011 Sanya summit and was successful in persuading that country that there is a scope for maximising the BRICS-IBSA cooperation. President Jacob Zuma of South Africa, encouraging this view, stated, 'We believe that IBSA will get a better balance and become even stronger with South Africa now as a member of BRICS, more especially since the mandates of BRICS and IBSA complement each other'.²⁰⁷ The recent Chinese approach towards South Africa vis-à-vis Africa is to overcome the ideological deficiency that China developed in the post-Mao era.²⁰⁸ Besides, South Africa is a gateway for China for resource diplomacy in Africa. China has backed South Africa for UNSC permanent membership, stating that there should be adequate representation from the African continent in UNSC. The steady progress in Sino-African relations has been noticed since 2006, when China released its *China's Africa Policy*, according to which China envisions

²⁰⁶ Chao Luan, 'China-Brazil relationship developing rapidly, says Wen', *Xinhua*, 7 June 2012, at http://news.xinhuanet.com/english/china/2012-06/07/c_131638376.htm (accessed 4 February 2013).

²⁰⁷ Shao Haijun, 'BRICS will offer huge opportunities for S Africa, says president', *Xinhua*, 12 April 2010, at http://news.xinhuanet.com/english2010/indepth/2011-04/12/c_13824984.htm (accessed 31 January 2013).

²⁰⁸ Marc Lanteigne, 'China's peripheral diplomacy', in *Chinese Foreign Policy: An Introduction*, London: Routledge, 2009, pp. 132-37.

intensely promoting bilateral political, economic and diplomatic relations in Africa, including associating with the African countries in multilateral politics.

Russia may not be counted as a developing country, but it is an emerging economy. Besides, Russia is a vital neighbouring country and an 'anti-American' country to boot. China is attached with Russia in a number of regional and global organisations, such as SCO and Russia-India-China (RIC). Having healthy relations with Russia will permit China to prevent the Western powers from acquiring a clout in Central Asia. The Chinese were quite categorical in their support of Russia's entry into the WTO,²⁰⁹ which materialised in December 2011. Former Chinese President Hu Jintao is reported to have said that China and Russia should aim at attaining \$100 billion trade by 2015 and \$200 billion by 2020.²¹⁰ In 2011, Sino-Russian bilateral trade reached \$80 billion and China eventually became Russia's top trading nation.²¹¹ The year 2011 marked the tenth anniversary of the 'Sino-Russian Good-Neighbourly Treaty of Friendship and Cooperation'; both sides also acknowledged the vitality of their bilateral relations on the occasion of the fifteenth anniversary of the establishment of Sino-Russian strategic relationship.²¹²

China's relations with India may not really be unwavering; yet, Beijing has moved one step ahead in tying up with India in multilateral mechanisms, mainly through BRICS and BASIC cross-continental politics. Notwithstanding the unresolved boundary dispute, China's foreign relations strategy with India has improved substantially, mainly at the global and cross-continental levels. The regional and global objectives of the two countries are antithetical; yet, recent trends in their bilateral relations explain that both have realised the necessity of sharing an equal platform, mainly in global financial institutions. What really attracts the Chinese most towards India in BRICS politics is the

²⁰⁹ 'Russian WTO entry gains support', *China Daily*, 14 April 2011, at http://www.china.org.cn/business/2011-04/14/content_22356289.htm.

²¹⁰ 'Chinese President winds up Eurasia tour (2)', *People's Daily* (online), 21 June 2011, at <http://english.people.com.cn/90001/90776/90883/7415325.html>.

²¹¹ Yamei Wang, 'Broader prospects in China-Russia relations: Chinese ambassador', *Xinhua* (online), 25 April 2012, at http://news.xinhuanet.com/english/indepth/2012-04/25/c_131551217.htm (accessed 14 December 2012).

²¹² '2011: Milestone in China-Russia relations', *China.org.cn*, 23 April 2011, at http://www.china.org.cn/opinion/2011-04/23/content_22421781.htm.

Russia factor. India maintains strong relations with Russia in both, regional and global politics.²¹³ Having good relations with Russia and India in BRICS could help China forge a solid platform against the Western and European hegemony in global financial bodies.

China carries forward its foreign policy in both bilateral and multilateral alliances in tandem,²¹⁴ and BRICS is a forum where it sees scope for implementing this strategy. China has not only shown an increasing interest towards BRICS, but has also constructively developed the bilateral trade, economic and political understandings. One reference that explains the increasing Chinese adherence to BRICS is the issue of climate change. China has tried to shape its dialogue and stance on the climate change issue through forums like BASIC and BRICS. Though BASIC is the prime forum through which China carries forward its international debate over climate change, it has raised the issue through BRICS also.

Beijing, BRICS and Climate Politics

Beijing has always argued that there should be special categories to address climate challenge issues with regard to the interests and domestic priorities of the developing world.²¹⁵ Its recent annual report on the subject, titled *China's Policies and Actions for Addressing Climate Change*, reiterates China's 'proactive' participation in global negotiations on climate change under the following items: (a) participation in international negotiations under the UN Framework; (b) participation in relevant international dialogues and mechanisms like BRICS, BASIC and UNFCCC; and (c) reiterating the spirit of the climate negotiations strategy in relevant conferences like recent 2012 Doha conference. The report states:

China adheres to UNFCCC and the Kyoto Protocol as the basic framework of international climate mechanism, gives active play to the main channel of international climate change negotiations

²¹³ Ma Jiali, 'Indo-Russian Strategic Partnership' (Translated by He Nan), *Contemporary International Relations*, vol. 19, no. 3, May-June 2009, pp. 45-55.

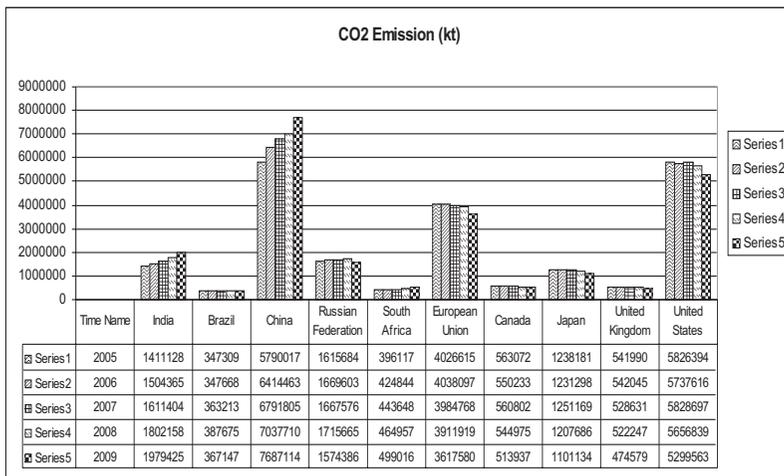
²¹⁴ Qi Huaigao, 'Multilateral cooperation and bilateral alliance', in *Contemporary International Relations*, vol. 19, no. 3, May-June 2009, pp. 114-132.

²¹⁵ See Wei Zonglei, 'Tackling climate change – a scientific view of development', *Contemporary International Relations*, vol. 19, Special Issue, March 2009, pp. 68-88.

within the UN framework, upholds the principles of fairness and ‘common but differentiated responsibility,’ addressed the issue of climate change within the framework of sustainable development, abides by the principles of openness and transparency, extensive participation, signatory leadership and consensus through consultation, proactively and constructively participates in negotiations, strengthens communication and exchanges among the various parties, and promotes international negotiations on climate change to achieve positive results.²¹⁶

To date, China is the largest emitter of CO₂ in the world and causes a quarter of the current global emissions (Graph X). To protect itself, Beijing has tried to develop the emerging world’s combined dialogue on climate change through the advocacy of BASIC and BRICS forums.

Graph X: Major Countries of CO₂ Emissions (kt.)



Source: World Bank Data, World Development Indicators, <http://data.worldbank.org/>

At the recent Doha Climate Change dialogue, the head of the Chinese delegation, Xie Zhenhua, reiterated the classic Chinese position that ‘climate change is due to unrestricted emissions by developed countries

²¹⁶ ‘China’s policies and actions for addressing climate change’, *Information Office of the State Council of the People’s Republic of China*, 21 November 2012, at http://www.china.org.cn/government/whitepaper/node_7172407.htm (accessed 4 February 2013).

in their process of industrialisation’, and ‘Developing countries are the victims of climate change’.²¹⁷ BRICS remains an ideal platform for China to pursue climate change dialogue, as the countries of this grouping are the main emitters of the world. China is also a member with Brazil, South Africa and India in BASIC, which talks about the climate change issue more openly.

China officially claims that it has taken the lead and responsibility to help developing countries to deal with the climate challenge, and has earmarked \$200 million for this cause; that it has financed climate programmes in Africa, including some least developed and small island countries; that it has tried to bring a ‘South-South’ perspective in its climate change challenge stance.²¹⁸ On the dialogue of sustainable development, China has taken a leading approach too. During the June 2012 Brazil Rio+20 summit, Premier Wen Jiabao stated that China would like to contribute \$6 million to a UN mission Environmental Programme trust for environmental protection, which would favour the developing countries to raise their individual capacities to meet the challenge. Wen Jiabao promised sum of \$31.7 million for helping the small island, least developed and African countries to handle the pressure on the climate change challenge.²¹⁹ Du Ying, the head of the Chinese Preparatory Committee on the Rio+20 Earth Summit, expressed the view that the summit succeeded in endorsing the principles of the Rio Declaration on common but differentiated responsibilities.²²⁰ The developed countries were mainly concerned about a greener economic structure, ignoring the concern of developing world, which is based on global governance issues like poverty reduction and improving the

²¹⁷ Fiona Harvey, ‘China pledges “due contribution” on emissions cuts’, *The Guardian*, 5 December 2012, at <http://www.guardian.co.uk/environment/2012/dec/05/china-due-contribution-emissions-cuts> (accessed 4 February 2013).

²¹⁸ ‘China backs developing countries to combat climate change: official’, *Xinhua*, 5 December 2012, at http://news.xinhuanet.com/english/china/2012-12/05/c_132020930.htm (accessed 4 February 2013).

²¹⁹ Cheng Guangjin, ‘China stepping out on world stage’, n. 118.

²²⁰ Lan Lan and Chen Weihua, ‘Rio+20 outcome “substantive”’, *China Daily* (online), 24 June 2012, at http://www.chinadaily.com.cn/china/2012wenvisitla/2012-06/24/content_15519567.htm (accessed 12 December 2012).

social and economic programmes for the poor and deprived communities of the world.²²¹

The West expects China to take a forward stance on binding commitments on greenhouse gas emissions reduction, cutting the tariffs to almost zero level, not subsidising agricultural products, bringing adequate reform and transparency in its currency, and assisting poor and developing countries with more financial assistance and aid.²²² These are difficult tasks for China, and do not fall within its planned global objectives. BRICS remains a channelling body along with BASIC where China can form a united force to manage its climate dialogue at the international level. The crux here is again to live with the developing world and back the position of the developing countries, slowly buying time in its favour to overcome the climate pressure.

China and the Politics of BRICS: The Discourse

China as the most promising and attractive power in the BRICS spectrum explains three facets of global politics: (a) balance of power politics; (b) the politics of uni-polarism, polarism, and multi-polarism; and (c) the economic facets of global politics. These are closely linked with China's global politics and foreign policy dynamics. It is difficult to explain these facets in isolation. But going through the details of the Chinese discourse suggests that China follows an integrated approach to deal with various global facets, and BRICS is certainly an encouraging medium in this regard.

BRICS as a forwarding principle

Beijing does not believe that the US is no more the supreme power. Experts in China describe the decline of the US global supremacy and power only in 'relative' terms.²²³ They do acknowledge that the rise of BRICS vis-à-vis the emerging powers is a force in global politics, where China's role will be the most determining factor. BRICS not only helps

²²¹ Chen Weihua, 'China pledges green support', *China Daily* (online), 29 June 2012, at http://europe.chinadaily.com.cn/china/2012-06/29/content_15534416.htm.

²²² Martin Khor, 'China still a developing nation', *Xinhua*, n. 198.

²²³ Chen Weihua, 'Decline of US power only relative', *China Daily* (online), 10 March 2012, at http://www.chinadaily.com.cn/opinion/2012-03/10/content_14803325.htm (accessed 13 February 2013).

China in coordinating policies among the emerging economies, but also helps in maintaining its status mainly as a ‘developing country’.²²⁴ In the view of Li Xiangyang, director of the Institute for Asia-Pacific Studies at the Chinese Academy of Social Sciences (CASS), through BRICS, China has started learning, experimenting and testing on how to build partnerships, coordinate policies on sensitive political issues, and prepare to exert pressure over diverse countries and power blocs. China understands that building partnerships and coordinating policies is the key in global politics. It is argued in China that the United States derives its superiority partly from its extensive ‘partnership’ and influence in most parts of World.²²⁵ The rise of BRICS is seen in the new context of global politics as the driving force in regional, sub-regional and trans-regional economic cooperation.²²⁶

South-South Collaboration and Public Diplomacy

There is conviction in China about the emerging economies in world politics, where China along with these economies is going to play a strong and influential role in global politics.²²⁷ China aims to use BRICS as a forum to build network, solidarity and consensus on global governance issues that are keys to China’s global policy framework.²²⁸

²²⁴ ‘Chinese President makes proposal for tackling global financial crisis at BRIC summit’, *Xinhua*, 17 June 2009, at <http://english.peopledaily.com.cn/98373/98460/98506/6770550.html>.

²²⁵ See Yu Lan, ‘An expert at the Chinese Academy of Social Sciences says “China-US Joint Rule” is only a pseudo-thesis for the present’, *Zhongguo Xinwen She* (China’s official news service for overseas Chinese), OSC Transcribed Text, *World News Connection* (dialogue.com), 201004121477.1_df6e00753c4250d6, accession number 299200180.

²²⁶ ‘Chapter 12: Role and Influence of the Major Emerging Countries’, in Ma Zhenggang (ed.), *The CIIS Blue Book on International Situation and China’s Foreign Affairs (2009/2010)*, China Institute of International Studies, World Affairs Press: Beijing, 2010, pp. 211-30.

²²⁷ Jenny Clegg, ‘Globalization, imperialism and multipolarization’, in *China’s Global Strategy: Towards a Multipolar World*, New York: Pluto Press, 2009, p. 97. In an online interview with the author, Dr. Sangsoo Lee agrees, ‘Yes, there is a multipolar world order emerging slowly at least until China becomes a more powerful country. I think that China has strategically used multilateralism for a while against the US as China’s power is still relatively weak compared with the US. Basically, China will need positive relationships with other regional powers that support its domestic economic development plans and stability’. Dr. Sangsoo Lee is a research fellow at the Institute for Security and Development Policy (ISDP), Stockholm, Sweden.

²²⁸ Glosny, ‘China and the BRICs ...’, n. 159, p. 112.

BRICS also allows China to distribute and exchange ideas with adversary countries like India. For instance, China worked with India on addressing the issue of climate change during the Copenhagen climate conference, with the perspective that an increase in their carbon emissions over the foreseeable future is an inevitable concomitant of their economic growth.²²⁹ Besides, BRICS represents the new mode of thinking in China's foreign policymaking. Earlier, China emphasised traditional bilateral diplomacy; Beijing is now concentrating on multilateral diplomacy in an effort not only to address global problems,²³⁰ but also to use these multilateral platforms to showcase to the world its leadership among the emerging economies. Besides, Beijing could use BRICS as a forum for its 'public diplomacy' campaign.²³¹ The recent discourse of Chinese foreign policy suggests that 'public diplomacy' is a hallmark of the changing Chinese foreign policy.²³² In China's international soft image projection, 'public diplomacy' remains the most active and attractive channel. China uses media, multilateral forums, educational institutions and cultural associations as principal means to

²²⁹ 'India, China walk out of climate summit: Report', *Daily News & Analyses (DNA)*, 18 December 2009, at http://www.dnaindia.com/world/report_breaking-news-india-china-walk-out-of-climate-summit-report_1324981.

²³⁰ 'BRICS Ambassadors discuss cooperation, bigger role for emerging powers', *Xinhua*, 14 April 2011, OSC Transcribed Text, World News Connection (dialogue.com), 201004141477.1_82ee0111e8548318, accession number 297401931.

²³¹ An article in the *People's Daily* notes, 'The methods of adding "public" before the "diplomacy" traced back to the United States in 1965. Public Diplomacy has, however, gradually become a global "hot" phrase over recent years, and particularly after the September 11 attacks in the US in 2001'. See 'Public Diplomacy: New luminance colour of Chinese diplomacy', *People's Daily* (online), 1 September 2010, at <http://english.people-daily.com.cn/90001/90776/90883/7125349.html>.

²³² The office for public diplomacy is called the General Office for Public Diplomacy; it was earlier named Public Diplomacy Department. Among its functions are: (a) opening the foreign ministry for public grievances; (b) introducing Chinese foreign policy and China's views on global issues to the domestic media; (c) maintaining coordination among various units within the foreign ministry and between foreign ministry and other ministries; (d) managing foreign affairs forums in the ministry and its network branches; (e) coordinating with Chinese embassies and consulates abroad; (f) doing research and investigation on international affairs, etc. See Yang Shilong, 'Open up new situation for Public Diplomacy', *Liaowang* (weekly general affairs journal published under *Xinhua*), 16 June 2010, OSC Translated Text, *World News Connection* (dialogue.com), 20100616477.1_4bc907de095ae746, accession number 300551241.

strengthen its public diplomacy campaign.²³³ *Renmin Ribao* notes that China has invited around 120,000 officials, technical staff and foreign dignitaries from more than 170 countries to take part in conferences, forums, seminars and training programme since 1949.²³⁴ BRICS also will contribute in this effort. BRICS currently has cooperation at the think-tank level. China has conducted recently a variety of seminars and has hosted forums on the rise of BRICS. For example, China recently hosted an official forum discussion on Development Bank at the BRICS Think-Tank level in Chongqing, which was aimed at promoting its bid, interest and claim to have the Bank within China.²³⁵

Challenging the American supremacy

With the USA, both at the bilateral and multiple levels, the politics of Yuan evaluation, reform in the financial stake, voting patterns and quotas in the IMF, World Bank and WTO are some of the main issues that Beijing faces. BRICS helps China to gather support for itself rather than facing the American challenge all alone. BRICS not only legitimises Chinese condition as a ‘developing country’, but also camouflages the fact that China has grown to a level to share responsibility for world affairs through a G-2 formulation.²³⁶ BRICS also helps China to

²³³ Ibid. For instance, there is a lot of emphasis in China about the issue of food security currently. China has started doing various training programmes and international gatherings to improve food security both in China and in the developing countries. It has also established recently, a Public Diplomacy Research Centre at the Beijing Foreign Studies University (BFSU). The *People's Daily* has commented, ‘...public diplomacy and government diplomacy supplement each other, and they are pairing off wing to wing in China’s diplomacy. Li Yang, Vice-President of the Chinese Academy of Social Sciences (CASS), noted that intellectuals and scholars from the Chinese think tanks are a very important source for the government, which should be extended to the relationship between countries’. See ‘China trains developing countries on food security’, *China Daily* (online), 23 May 2012, at http://www.chinadaily.com.cn/china/2012-05/23/content_15371352.htm. See also ‘Public Diplomacy: New luminance colour of Chinese diplomacy’, n. 231; ‘BRIC Countries Think Tanks to Strengthen Cooperation’, *Xinhua*, 14 April 2010, OSC Transcribed Text, World News Connection (dialog.com), 201004141477.1_c6c7006463453aa1, accession number 297401768.

²³⁴ ‘Developing countries meet in Beijing, discuss financial crisis’, n. 202.

²³⁵ ‘BRICS nations thrash out World Bank alternative’, *Xinhua* (online), 17 October 2010, at http://www.chinadaily.com.cn/world/2012-10/17/content_15828494.htm (accessed 9 February 2013).

²³⁶ For an excellent analysis of this aspect, see Glosny, ‘China and the BRICS ...’, n. 159, pp. 100-29.

establish better relations with emerging countries where American foreign policy is an important factor. BRICS countries like India share strong relations with the USA; the American foreign policy is still a vital factor in the foreign relations dealings of Brazil and South Africa. Beijing wants to stay connected with the BRICS countries in order to better understand the American connections with them. Having good relations with Russia also pushes Beijing's 'anti-American' global strategy to another level.

BRICS as a Channel for BASIC and G-20

The Chinese leadership has always stressed intra-institutional collaboration. Emphasising the importance of the emerging economies vis-à-vis developing countries, it has asked for a greater cooperation between BRICS and other institutions like BASIC and G-20. Hu Jintao was noted saying that G 20 must take the views of emerging economies more seriously, that there should be intense collaboration between G-20 and BRICS so that the views and interests of the developing countries could be safeguarded.²³⁷ This is similar to the common ethos that BRICS summits have expressed. To cite the BRICS Sanya Declaration, '... BRICS serves as a major platform for dialogue and cooperation ... We are open to engagement and cooperation with non-BRICS countries, in particular emerging and developing countries, and relevant global and regional organisations'.²³⁸

To state it briefly, an emerging multilateral forum like BRICS will undoubtedly, continue to be taken seriously in Chinese foreign policy. Beijing would like to examine, experiment and apply new innovative methods to integrate more closely with BRICS and its individual countries. China's tryst with BRICS is in constant evolution and experimentation. It is also an interesting narration of Beijing's perceived trend of world politics, where it aims to rise higher and further. Xi Jinping recently stated in his 18th Party Congress speech, 'Just as China needs to learn more about the world, so does the world need to learn

²³⁷ 'China plays unique role at G20 summit', *Xinhua* (online), 21 June 2012, at http://www.chinadaily.com.cn/china/HuvisitsDenmark/2012-06/21/content_15515896.htm (accessed 13 February 2013).

²³⁸ Sanya Declaration, at <http://www.bricsindia.in/thirdSummit.html> (accessed 23 August 2012).

more about China'.²³⁹ In this context, China's association with India in various forums such as BRICS needs to be understood as signifying rising Chinese discreteness. As Chinese scholar Zheng Bijian had noted, Beijing will 'transcend the traditional ways for greater powers to emerge, as well as the Cold War mentality that defined international relations along with ideological lines ... Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world'.²⁴⁰ One may not necessarily agree with these sentiments; but there is no doubt that China's tryst with BRICS is a matter beyond conformist ideology.

²³⁹ 'Transcript: Xi Jinping's speech at the unveiling of the new Chinese Leadership', 18th Party Congress, *South China morning Post*, 15 November 2012, at <http://www.scmp.com/news/18th-party-congress/article/1083153/transcript-xi-jinpings-speech-unveiling-new-chinese> (accessed 9 February 2013).

²⁴⁰ Zheng Bijian, 'China's 'peaceful rise' to great power status', *Foreign Affairs*, September-October 2002, p. 22.

III. INDIA'S MULTILATERAL DRIVE AND BRICS

India and BRICS: The Perspective²⁴¹

The Indian perspective of BRICS is important for a variety of reasons. *First*, currently, the Indian economy stands next to the Chinese economy. India is one of the most impressive economies in the global economic setting; and most notably, the sustainability of the Indian economy has been impressive amidst the global financial crisis. Thus, the rise and momentum of BRICS is equally dependent on the Indian economy. *Second*, India connects with individual BRICS countries on separate spectrums, both at regional and global levels. Through India-Brazil-South Africa (IBSA), it is closely connected to both Brazil and South Africa at the intercontinental level; it is equally connected at regional level with Russia and China in the RIC (Russia-India-China) formulation. India is also attached to Brazil, South Africa and China in the BASIC climate forum. India is also an observer member of the Shanghai Cooperation Organization (SCO), in which China and Russia are the core members. *Third*, among BRICS countries, India is seen as a 'pro-Western' country. India's foreign policy dialogue has mostly been 'South-South' vis-à-vis developing-world centric, a central theme that remains core to the IBSA, BASIC and BRICS bearings. New Delhi is one of the most promising developing countries and has asked for more democratization of the world decision-making process than any other country. These constructive reasons make India one of the most

²⁴¹ Some section of this part of the study borrows considerably from author's various earlier writings, such as "A 'BRICS' Wall? The Complexity of China-India Multilateral Politics", *Indian Foreign Affairs Journal*, vol. 7, no. 2, April-June 2012, pp. 175-194; "Deliberating a 'Cross-Regional' Perspective: China, India and the Emerging World Order", in Victor FS. Sit (ed.), *China-India Cooperation Prospects: Paper Presented at the 1st Academic Summit on China-India Cooperation in 2011*, Enrich Professional Publishing, Hong Kong, China, USA, 2013, pp. 241-258; "China and IBSA: Possible BRICS Overreach?", *Strategic Analysis* (Routledge), vol. 37, no. 3, May-June 2013, pp. 299-304; "India's Call on BRICS: Aligning with China without a Deal", *ISDP Policy Brief*, no. 91, 9 March 2012; "China's 'new multilateralism' and the Rise of BRIC: A realist interpretation of a 'multipolar' world order", *Asia Paper* (Institute for Security and Development Policy, Sweden), February 2011.

important countries in BRICS. The China-India association within this grouping also puts the Indian perspective on BRICS in a different league, despite the two countries being seen as adversarial powers.

India's dialogue in BRICS is based on South-South politics. Unlike China, New Delhi has not really tried to address issues in BRICS that carry much political bearing in global politics. In fact, India's course in BRICS has been more economic-centric, attempting to bring equity in the global order in global governance issues and themes. Prime Minister Manmohan Singh's statement during the Plenary Session of the Fourth BRICS Summit in New Delhi makes this clear. He deliberated on three things: (a) intra-BRICS complementarity and cooperation; (b) infrastructure development in developing countries; and (c) addressing the deficiencies in global governance.²⁴² Manmohan Singh stated clearly that '... institutions of global political and economic governance created more than six decades ago have not kept pace with the changing reality of the world'.²⁴³ Within the rubric of 'non-alignment', India carefully crafts its foreign policy, and distances itself from a power formulation or designed bloc, and that seems to be evidenced within BRICS.

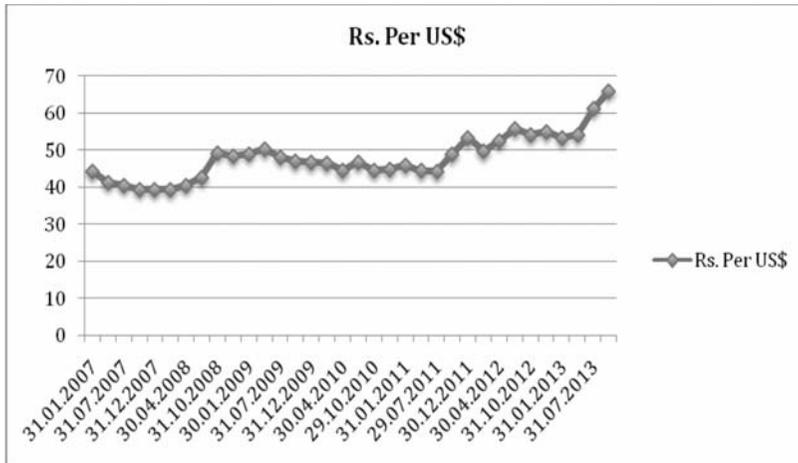
Interpreting the Indian Dialogue in BRICS

Unlike China, India does not compete with the USA nor does it see the EU in adverbial terms to its global perspective. The Indian currency (Rupee) is neither in competition with the US dollar nor in conflict with Euro. The Rupee has not in fact consolidated its position against the US dollar (*Graph XI: Indian Rupees vs. US Dollar*), while the Chinese currency (RMB) has capitalized its consolidation over the US dollar in the last few years. India is not even ambitious to promote its currency through BRICS. In contrast, in order to promote its currency, China's approach within BRICS has been more anti-Western (refer here the previous chapter). Further, China has a set of problematic issues with the USA and Europe like human rights, currency, and trade disputes, which make Beijing appear to be 'anti-Western'.

²⁴² *Prime Minister's Statement at the Plenary Session of the Fourth BRICS Summit, New Delhi*, Speeches and Statements, Ministry of External Affairs: Government of India, 29 March 2012.

²⁴³ *Ibid.*

Graph XI: Indian Rupees vs. US Dollar



Source: IMF database, at http://www.imf.org/external/np/fin/data/param_rms_mth.aspx

India's approach to BRICS so far has been more eloquent in addressing global economic and political governance issues rather than in addressing the global politics that exists between the developing and developed countries. Prime Minister Singh's speeches in various BRICS forums explain this phenomenon. Three perspectives may be outlined here. *First*, India has asked vigorously to reform the global financial structure, and has advocated improving the stake and quota for the developing countries in these multilateral financial bodies. India has also raised the issue of UN reform, including UNSC reform, which is the most vital requirement that New Delhi holds with regard to its global posture.²⁴⁴ During the New Delhi BRICS summit, Prime Minister Manmohan Singh stated, "as large trading countries, BRICS have a strong interest in removing barriers to trade and investment flows and avoiding protectionist measures".²⁴⁵ *Second*, India has tried to promote the 'South-South' spirit, advocating the establishment of a BRICS Development Bank, and has raised the issue of infrastructure development in developing countries. But though India wants to promote the issue of

²⁴⁴ "PM's statement at the Plenary Session of the fourth BRICS Summit", *Speech*, New Delhi, 29 March 2012, at http://pmindia.nic.in/content_print.php?nodeid=1156&nodetype=2 (accessed 22 March 2013).

²⁴⁵ *Ibid.*

BRICS Development Bank, it has also asked for the expansion of the capital base of the World Bank and other multilateral banks for financing appropriate infrastructure development in poor and developing countries.²⁴⁶ Beijing on the other hand wants to have a BRICS Development Bank without really addressing the existing problems in the IMF and other multilateral banks. *Third*, India has raised issues of global governance matters more openly in BRICS forums than anything else. While at the New Delhi BRICS summit, India raised the issue of urbanization as a matter of challenge, other issues of energy, climate change, food, social equality, health, unemployment and poverty have also been raised in various BRICS forums and leadership summits.²⁴⁷ These issues are not necessarily related to the politics that India shares with the USA and Europe, but are governance issues that are more linked with the interests and development of developing countries.

The Indian perspective with regard to BRICS is similar to its approach to and perspective of G-20. India has raised the vitality of G-20 in almost all BRICS summits; even in the first BRIC summit Prime Minister Manmohan Singh in his speech mentioned about G-20.²⁴⁸ In later BRICS forums, India has raised the vitality of G-20 and stressed “commitment to a fair and rule-based trading system, reform of international financial institutions and better regulation and supervision”.²⁴⁹ These perspectives suggest that India wants to address the governance issues beyond politics. G-20 is an ideal platform for both the developed and developing world to discuss and develop new mechanisms towards this objective. While being pro-developing countries in its foreign policy standing, India does not seem to be against the developed world when

²⁴⁶ Ibid.

²⁴⁷ For various speeches of the Indian Prime Minister in BRICS leadership summits, see *ibid.*; “PM’s statement at Joint Press Conference at the BRICS Summit”, *Speech*, Sanya: China, 14 April 2011, at http://pmindia.gov.in/content_print.php?nodeid=1013&nodetype=2; “PM’s opening statement at the Plenary Session of the BRIC Summit”, *Speech*, Brasilia: Brazil, 15 April 2010, at http://pmindia.gov.in/content_print.php?nodeid=881&nodetype=2; and “PM’s opening remarks at the Plenary Session of the BRIC Summit”, *Speech*, Yekaterinburg: Russia, 16 June 2009, at http://pmindia.gov.in/content_print.php?nodeid=763&nodetype=2 (all accessed 22 March 2013).

²⁴⁸ “PM’s opening remarks at the Plenary Session of the BRIC Summit”, *Speech*, Yekaterinburg, *ibid.*

²⁴⁹ “PM’s opening statement at the Plenary Session of the BRIC Summit”, *Speech*, Brasilia, n. 247.

it comes to reforming the global political and financial institutions or attaining the global governance objectives.

Indian dialogue on G-20 and BRICS: Two sides of the same coin?

India's core dialogue with regard to G-20 is to improve and enhance the global financial decision-making process and improve the stake, claim and quota of the emerging economies in the global financial bodies and institutions. The Indian articulation in BRICS resembles its articulation in G-20. India's constant reiteration in various BRICS forums that G-20 should act as a binding force between the developing and developed worlds explains New Delhi's perspective of North-South politics and India's interest with regard to BRICS and G-20 institutional cooperation.

Three points have been raised by New Delhi in various G-20 forums. *First*, the importance of accelerating governance reforms in global financial institutions, mainly in the IMF, WTO, and World Bank; and also the need to review and implement new mechanisms of "quota formula" in global financial institutions as per the economic weight of a particular country.²⁵⁰ Manmohan Singh's speech at the G-20 summit in Los Cabos in Mexico explains this perspective eloquently: "Quotas must reflect economic weights, in a manner that is simple and transparent";²⁵¹ that it is necessary to recognize "the predominant role of GDP on PPP basis in the formula without going into other variables. The basic position should not be compromised in any way and we need to reiterate our position strongly".²⁵² Both India and China constitute a force between them on this issue, and BRICS seems to locate its dialogue under these labels.

Second, India advocates clearly that there is a need to improve infrastructure in developing and underdeveloped countries. In G-20

²⁵⁰ "PM's statement to the media at the conclusion of the G20 summit in Los Cabos", *Speech*, Los Cabos, Mexico, 19 June 2012, at http://pmindia.gov.in/content_print.php?nodeid=1186&nodetype=2 (accessed 22 March 2013).

²⁵¹ "PM's statement at Second Plenary session of G-20 leaders on "Strengthening the international financial architecture and the financial system and promoting financial inclusion", *Speech*, Los Cabos: Mexico, 19 June 2012, at http://pmindia.gov.in/content_print.php?nodeid=1185&nodetype=2 (accessed 22 March 2012).

²⁵² *Ibid.*

forums, it has highlighted the Los Cabos declaration, which talked of infrastructure development in developing countries, which would help radically in improving global financial conditions.²⁵³ For this, India has proposed multilateral development banks and BRICS development banks.²⁵⁴ This advocacy was emphasized during the New Delhi and Durban BRICS summits. During the Seoul G-20 summit in 2010, Manmohan Singh reiterated: “Multilateral development banks have an important role to play in this process through recycling of global savings. Many emerging market countries are also in a position to attract private investment, including into infrastructure”.²⁵⁵

Third, India has vigorously advocated against “protectionist tendencies” of rich and industrialized countries, which in its view have only raised the level of unemployment across the world and have stunted growth rate.²⁵⁶ Accordingly, India has asked for more open and free markets for the emerging economies.²⁵⁷ Stressing the G-20 mechanism for greater international collaboration, India has emphasized *four* productive aspects: (a) avoiding competitive devaluation and resisting protectionism; (b) advanced deficit countries must follow policies of fiscal consolidation; (c) structural reforms are necessary everywhere; and (d) the focus should be on exchange rate flexibility and reserve currencies.²⁵⁸

The bottom-line of the argument India promotes with G-20 and BRICS is that not only the global governance and structural parameters need to be reformed; but also there must be adequate parity in these reforms, and the advantage must go to the developing countries. Both India and China carry similar vigour with regard to G-20 and BRICS; but unlike Beijing, New Delhi does not promote an “anti-Western”

²⁵³ Ibid.

²⁵⁴ “PM’s speech at the Plenary Session of G-20 Summit”, *Speech*, Los Cabos: Mexico, 18 June 2012, at http://pmindia.gov.in/content_print.php?nodeid=1184&nodetype=2 (accessed 22 March 2013).

²⁵⁵ “PM’s remarks at the Plenary Session of the G-20 Summit”, *Speech*, Seoul: Republic of Korea, 12 November 2010, at http://pmindia.gov.in/content_print.php?nodeid=951&nodetype=2 (accessed 22 March 2013).

²⁵⁶ “PM’s statement to the media at the conclusion of the G20 summit in Los Cabos”, *Speech*, Los Cabos, Mexico, 19 June 2012, n. 250.

²⁵⁷ “India criticises US protectionist approach”, *The BRICS Post*, 13 February 2013, at <http://thebricspost.com/india-criticises-us-protectionist-approach/> (accessed 22 March 2013).

²⁵⁸ “PM’s remarks at the Plenary Session of the G-20 Summit”, *Speech*, Seoul, n. 255.

spirit, but advocates for a more equitable global order. The Indian perspective explains New Delhi's vision and aim of having good relations among the developing and developed countries. For instance, Prime Minister Manmohan Singh during the New Delhi BRICS summit said: "as a member of G-20, we must together ensure that appropriate solutions are found to help itself and to ensure policy coordination that can revive the global growth".²⁵⁹ India's dialogue has not been limited to the interest of developing countries, but has also been extended to developed countries. At Los Cabos, India supported the idea of establishing a banking union, which would be helpful in promoting global financial stability.²⁶⁰ India has also constantly urged speedy and stable recovery of Eurozone from its financial crisis.

Table V: WTO Cases against India

Case No	Item	Complainant	Date
DS456*	Certain Measures Relating to Solar Cells and Solar Modules	United States	6 February 2013
DS430*	Measures Concerning the Importation of Certain Agricultural Products from the United States	United States	6 March 2012
DS380	Certain Taxes and Other Measures on Imported Wines and Spirits	European Communities	22 September 2008
DS360*	Additional and Extra-Additional Duties on Imports from the United States	United States	6 March 2007
DS352	Measures Affecting the Importation and Sale of Wines and Spirits from the European Communities	European Communities	20 November 2006
DS318	Anti-Dumping Measures on Certain Products from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	Chinese Taipei	28 October 2004

²⁵⁹ "PM's statement at the Plenary Session of the fourth BRICS summit", *Speech*, New Delhi, 29 March 2012, n. 242.

²⁶⁰ "PM's statement at Second Plenary session of G-20 leaders on "Strengthening the international financial architecture and the financial system and promoting financial inclusion", n. 251.

DS306	Anti-Dumping Measures on Batteries from Bangladesh	Bangladesh	28 January 2004
DS304	Anti-Dumping Measures on Certain Products from the European Communities	European Communities	8 December 2003
DS279	Import Restrictions Maintained Under the Export and Import Policy 2002-2007	European Communities	23 December 2002
DS175*	Measures Affecting Trade and Investment in the Motor-Vehicle Sector	United States	2 June 1999
DS150	Measures Affecting Custom Duties	European Communities	31 October 1998
DS149	Import Restrictions	European Communities	28 October 1998
DS146	Measures Affecting the Automotive Sector	European Communities	6 October 1998
DS120	Measures Affecting Export of Certain Commodities	European Communities	11 March 1998
DS96	Quantitative Restrictions on Imports of Agricultural, Textiles and Industrial Products	European Communities	18 July 1997
DS94	- do -	Switzerland	17 July 1997
DS93	- do -	New Zealand	16 July 1997
DS92	- do -	Canada	16 July 1997
DS91	- do -	Australia	16 July 1997
DS90*	- do -	United States	15 July 1997
DS79	Patent Protection for Pharmaceutical and Agricultural Chemical Products	European Communities	28 April 1997
DS50*	- do -	United States	2 July 1996

Source: http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm (accessed 5 April 2013)

* WTO cases by United States against India.

Reforming Financial Institutions

Though it has been actively participating in the debate about reforming the global financial institutions, India possesses the ideals and spirit of the 1980s when it comes to approaching vital financial institutions like the IMF.²⁶¹ Yet, India's dialogue on IMF reform is a part and parcel of its dialogue to improve the label for developing countries in global financial institutions. India has raised two issues with regard to IMF reforms: (a) slow pace of quota review; and (b) governance reforms.²⁶² The former Finance Minister Pranab Mukherjee (current President of India) had advocated earlier at a joint IMFC-G20 session, "... we are disappointed at the pace of the reform on (IMF) quota and governance issues."²⁶³ In WTO, India faces a similar pattern of cases like China (*see Table V*), mostly from developed countries. There is certainly an opportunity for both China and India to discuss these issues and cooperate. Recently, India's Minister for External Affairs, Salman Khurshid, said that there is scope for greater China-India cooperation in WTO and in strengthening the reform of other international institutions.²⁶⁴

India's overall approach in BRICS is not necessarily different from that of China, but its dialogue and perspective with regard to this grouping is different from that of China. Neither are Indian foreign policy objectives linked exclusively with BRICS nor has India tried to politicize BRICS to address global strategic issues that will affect India's relations with the West.²⁶⁵ Locating the prime assignment to better global governance objective, New Delhi primarily sees BRICS as an instrument to promote an equitable world order between North and South. India's relationship with BRICS countries suggests that New Delhi still remains a beginner to value its relationship with individual BRICS countries compared to China. India's trade and economic contacts with BRICS

²⁶¹ A.K. Bhattacharya, "Indian Perspectives on International Financial Institutions (IFI) Reforms with Special Emphasis on the International Monetary Fund", *Margin: The Journal of Applied Economic Research*, 4, May 2010, pp. 139-155.

²⁶² "India concerned over IMF quota reforms", *The Indian Express*, 21 April 2012, at <http://www.indianexpress.com/news/india-concerned-over-imf-quota-reforms/939759/> (accessed 9 April 2013).

²⁶³ *Ibid.*

²⁶⁴ "India, China should join hands at WTO reforms- EAM", *The BRICS Post*, 8 May 2013, at <http://thebricspost.com/india-china-should-join-hands-at-wto-reforms-eam/#.UcWh0pVpvLY> (accessed 22 June 2013).

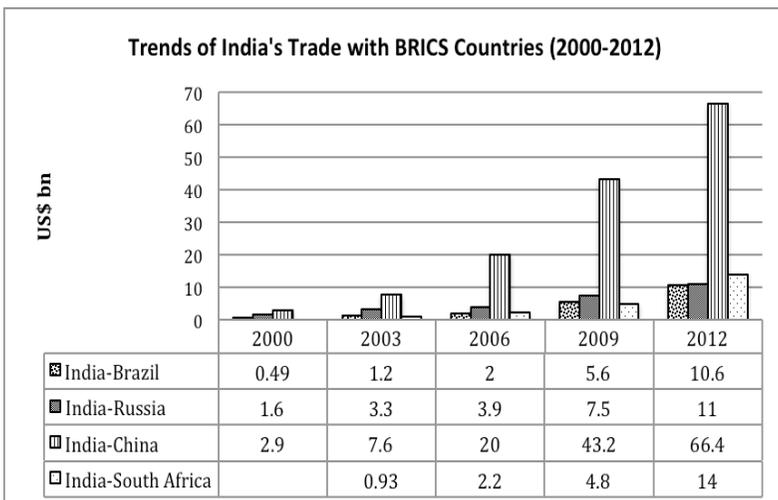
²⁶⁵ Panda, "A 'BRICS' Wall? The Complexity of China-India Multilateral Politics", n. 241, p. 183.

countries are neither impressive compared to those of China, nor is India the prime country that actually unites the BRICS forum. India's connections with BRICS members have both intra-BRICS dynamics and outside of BRICS. Further, India's standing with IBSA separates India's perspective on BRICS from that of China.

India and BRICS Members

Given its age-old 'non-aligned' foreign policy perspective, India has never chosen to join in any alliance politics. But the arrival of BRICS indicates that the politics of global divide has been intense, and the divide is more clearly visible in developing-developed world construct, where BRICS compels India to decide between the 'Western' and 'non-Western' world, which is broadly linked to the developed- vis-à-vis developing-world thesis. India's partaking in BRICS indicates that India has decided to punctuate a 'non-Western' order, and would be aiming to shape its bilateral relationship with BRICS countries. Hitherto, India's relationships with BRICS members have not been impressive, though politically they are attractive, stable and secured.

Graph XII: India's Trade Figures with Individual BRICS Countries (2000-2012)



Source: Data collected from various open sources like *Times of India*, *Xinhua*, *China Daily*, *Hindustan Times*, *The Hindu*, *Ministry of Commerce and Industry of Govt. of India*, *Asia Times*, *Embassy of India in Moscow*, etc. Figures are in approximate terms.

Note: Data for India-South Africa in 2000 are not available.

India has steadily improved its bilateral trade and economic contacts with individual BRICS countries (see Graph XII), but compared with China's bonding with these countries, India's relations with them remain weak.

India-Brazil relations

India-Brazil bilateral relations are based on the ethos that both are "two large democracies that share a multicultural and pluralistic ethos and common developmental aspirations".²⁶⁶ A closer tryst with Brazil remains a priority for India, as it helps New Delhi to reach the remote Latin American continent effectively. The strategic partnership between the two countries has made the bilateral relationship more demanding and effective. A range of engagements today is noticed between the two countries at both bilateral and multilateral levels, making it a comprehensive bilateral relationship. The depth of their diplomatic engagement goes back to 1948. Currently, both are engaged closely in UN, WTO, G-20, IBSA, BRICS and BASIC forums. For India, while Brazil remains an effective partner in BRICS, it equally remains an important partner in IBSA. IBSA is important for India, as it deals with issues that link with the Indian Ocean and the democratic objectives relate to global governance. The two countries are engaged with the IBSA Maritime (IBSAMAR) exercise along with South Africa, which is a key for overall maritime security, mainly in the Indian Ocean region.²⁶⁷ The India-Brazil relationship is moving upward, and their trade and economic contacts have risen steadily. The current trade balance is in favour of India, and the bilateral trade contacts have crossed \$10 billion by 2011-12. It is expected that the bilateral trade figure will touch around \$15 billion by 2015.²⁶⁸ There is also a massive bilateral and multilateral engagement waiting between the two sides in the next few years. India looks determined to expand its trade and political contacts

²⁶⁶ *India-Brazil Joint Communiqué (Brazil)*, September 12, 2006, Ministry of External Affairs: New Delhi, at <http://pmindia.nic.in/press-details.php?nodeid=486> (accessed 24 June 2013).

²⁶⁷ Bruno de Paiva, "Brazil: National Involvement in the Indian Ocean Region", *Future Directions International*, 15 September 2011, at <http://www.futuredirections.org.au/publications/indian-ocean/232-brazil-national-involvement-in-the-indian-ocean-region.html> (assessed 24 June 2013).

²⁶⁸ "India-Brazil trade growing fast", *Daily News*, 9 November 2012, at <http://india.nydailynews.com/business/613f4c204473fe224a2ae0fd12da5c79/india-brazil-trade-growing-fast> (accessed 24 June 2013).

with Brazil and Mercosur.²⁶⁹ But India's contact with Brazil has been less constructive and impressive than the Sino-Brazil relationship in recent years [see Graph IX- China's Trade Figures with Individual BRICS Countries (2000-2012)].

India-South Africa Relations

South Africa is known as the gateway to African continent. Given the historical closeness between India and Africa in the freedom struggle, South Africa has been culturally and historically linked and attached closely with India for many decades. While multilateral networks and forging closer bonding with Africa has been a prime medium of Indian foreign policy in recent years, linking and networking with Africa has been country-specific too. South Africa exemplifies this. South Africa is strategically vital for India in both African continental politics and cross-continental politics like BRICS, IBSA and BASIC. South Africa also signifies and fits into the global discourse of "developing world" and "emerging economies" more accurately than any other country in Africa. Despite China's closer political and economic proximity with South Africa both within and outside BRICS, India has maximized its relationship with that country steadily in the recent past. China has tried to impress the African community by backing South Africa's case for the UNSC permanent membership, but India has not been hesitant in pushing forward its relationship with South Africa. Their bilateral trade figure was US\$11.1 billion by 2011 and has been targeted to rise to \$15 billion by 2014. India is a top-ranking investing country in South Africa today. A range of engagements between the two countries exists at political, diplomatic, cultural, military and economic levels. At the same time, South Africa's increasing stake and claim for UNSC permanent membership and China's open backing for South Africa have been a matter of discomfort for India both within and outside BRICS.

India-Russia Relations

India-Russia relations have strong bilateral foundations harking back from the Soviet era, but India has been ignoring the vitality of Russia in the recent past, with a growing role for the USA and China in its

²⁶⁹ "India wants to expand trade agreement with Mercosur", *CCLAIB Brazil*, February 25, 2013, at <http://www.indiabrazilchamber.org/en/?p=3637> (accessed 24 June 2013).

foreign policy. India is connected with Russia in RIC, BRICS and to some extent in SCO. Russia continues to back vigorously India's membership in the SCO and UNSC permanent membership. Engaging with Russia is important for India for a delicate "balance" of its foreign policy.²⁷⁰ Rhetorically, India is a "dear partner" for Russia in Asian and global affairs: but at the practical level, China has greater standing in Russia's foreign policy today than India. Despite its distaste for "China's rise", Russia is still engaged massively with China at multiple levels, and notably in Asian and global multilateralism.²⁷¹ India does value Russia as a trusted ally; yet New Delhi has not really exploited Russia's multilateral potency or presence to its favour the way Beijing has exploited it.

India-China Relations

The boundary dispute remains the prime obstacle in the problematic Sino-Indian relations. India conducts its boundary discourse with China within the broader institutional design: the Special Representative (SR) level, the India-China Joint Working Group (JWG), its sub-group the Expert Group (EG) meetings, and through other bilateral agreements and meetings. Despite the age-old boundary problem, India has stressed for an intense engagement with China at both bilateral and multilateral politics. Trade and economic contacts between the two countries have risen rapidly over the last few years. Both have targeted to achieve a bilateral trade figure of US\$100 billion by 2015. From a strategic perspective, unlike the other BRICS countries, India's outlook with regard to China is a much more serious and constructive one. The predominant Indian dialogue and perspective towards China is one of caution vis-à-vis security concern, be it at the level of a competitor or rival. This perception is because of two constructive trajectories: *first*, the war of 1962, where China attacked India despite the Panchasheel agreement of 1954, has made many Indians view China as always a suspect power; *second*, China's assertive rise and its impact on the Asian

²⁷⁰ Kanwal Sibal, "India's Foreign Policy- Future Options", *Third Y B Chavan Memorial Lecture*, Institute for Defence Studies and Analyses, 30 November 2012, at <http://www.idsa.in/keyspeeches/IndiasForeignPolicyFutureOptions?=&print/10990> (accessed 24 June 2013).

²⁷¹ For a detailed discussion on India-Russia relations, see Jagannath P. Panda, "It's time for India, Russia to map a global design", *Russia & India Report*, 2 May 2012, at http://indrus.in/articles/2012/05/02/its_time_for_india_russia_to_map_a_global_design_15647.html (accessed 24 June 2013).

region, where these clash with Indian aims and ambitions. A bilateral order based more on political and preferential economic engagement with China has been the favoured approach of India so far.²⁷² For India, the USA is a “natural ally” and strategic partner in its broader global strategic calculus and security design, whereas China is an issue-based “limited partner” in cross-continental multilateral politics. Thus, sharing the ideals of multilateral platforms with China in cross-continental forums like BRICS and BASIC is a conscious effort for India.²⁷³

But though the BRICS countries are important to India’s developing-world dialogue at the global level, India has given the highest importance to the USA in the recent past in its foreign policy. India has given much importance always to its foreign relations strategy outside BRICS. Despite being suspicious of the ideas and idioms of the American world, New Delhi has intensively been engaged with the USA in the last few years, and most of the Indian foreign policy energy has been concentrated on the USA. There has been a surge in the overall India-US relations recently, and their strategic dialogue has brought the two countries together on many global fronts. Even more conspicuously, India is being considered as a vital partner in America’s Asia-Pacific strategy.

The China-India Construct and BRICS

The primacy of China-India polygonal politics goes back to 1950s when the spirit of ‘Panchasheel’ was at its peak.²⁷⁴ Hitherto, the China-India multilateral politics have entered a new phase under a rapidly evolving multipolar world order, where many see these two Asian countries as the final frontier of world politics. The Chinese economy has emerged as number two in the world, while the Indian economy ranks fourth. Within the prism of globalization and multipolar nature of global politics, the course of China-India multilateral dealings seems

²⁷² For an analysis of Sino-Indian rivalry in Asia’s multilateral politics, see Jagannath P. Panda, “Competing Realities in China-India Multilateral Discourse: Asia’s Enduring Power Rivalry”, *Journal of Contemporary China*, Vol. 22, No. 82, July 2013, pp. 669-690.

²⁷³ For a detailed analysis of this aspect, see Panda, “India’s call on BRICS: aligning with China without a deal”, n. 241, p. 3.

²⁷⁴ This aspect has been extensively discussed by the author in “Deliberating a ‘Cross-Regional’ Perspective: China, India, and the Emerging World Order”, n. 241.

to have touched new realities. While the spirit of globalization has contributed to lessening their mutual fear, it has not evaporated the threat perception,²⁷⁵ as the politics of resources and identity takes the front seat. Nonetheless, globalization has compelled the two countries to connect and follow an open approach for multilateral politics, prompting a win-win formulation.

But while the two countries have time and again expressed the sentiment that they belong to “Asia” and are “developing countries” on the rise, the crucial question is – *do they have a reasoned strategy for the cause of the developing world, and if so, what is it? Is the politics of BRICS allowing them to construct a new world order? If yes, to what extent is this possible given their mutual differences?* A coherent common strategy to maximize the developing-world cause between China and India did not exist until recently. But with the recent growth of cross-regional parameters, mainly through BRICS, the two countries are mutually engaged in evolving global understanding. This is for two reasons: *one*, both are realizing the benefits of having a mutual understanding at the *global* or *cross-continental* or *cross-regional* level in an evolving multipolar world order; *two*, the rising import of the developing world in global politics makes them inter-reliant. While the idea of a multipolar world structure is a thesis beneficial to both, what really unites them, at least temporarily, is the logic and vitality of developing world. BRICS suffices this case of ‘developing world’ more appropriately than anything else.

Lowell Dittmer has argued that the dialogue of “developing world” has been a point of global reference grouping ever since the developing countries gained independence. He continues to argue that it has been an intellectual challenge to identify the continuity and change that has taken place in ‘developing world’ movement, which has basically evolved under the spectrum of violent to peaceful means, ideological exclusivity to comprehensive ecumenism, from a core of revolutionary idealism to realism etc.²⁷⁶ But if there is any progressive element in the identity politics of developing-world formulation, it has been possible because of China’s and India’s exclusive advocacy of shared global aims and objectives. Despite their historical conflict and hostility, both China and

²⁷⁵ Jonathan Holslag, *China and India: Prospects for Peace*, New York: Columbia University Press, 2010, pp. 31-32.

²⁷⁶ Lowell Dittmer, “China’s Rise, Global Identity, and the Developing World”, in Lowell Dittmer and George T. Yu (eds.), *China, the Developing World, and the New Global Dynamic*, Boulder, CO: Lynne Rienner, 2010, p. 222.

India have been strong advocates of the essence of *Panchasheel* sentiments,²⁷⁷ and demonstrate an exclusive example of cooperation among developing societies today. Scholars place the China-India discourse within the broader spectrum of ‘civilizational course’. They argue that “the prime contradiction of our epoch while assessing the relationship between China and India needs to be reconceptualised as one between forces of *swaraj* and *jiefang* (liberation), on the one hand, and forces of hegemony led by global capitalism, on the other.”²⁷⁸ This sufficiently indicates that there are many facets to China-India relations.²⁷⁹ One of these is the embryonic cross-regional dialogue like BRICS, which binds different continents in their relevant multilateral relationship bonding and discourse. The emerging global order is heavily dependent upon the Sino-Indian cross-regional discourse or engagement. Both China and India have time and again acknowledged this understanding. For instance, while acknowledging that there is a “continuous democratization of international relations and multilateralism”, an official document, *A Shared Vision for the 21st Century of the People’s Republic of China and the Republic of India*, states: “bilateral relationship in this century will be of significant regional and global influence.”²⁸⁰ This is important at a time when the global supremacy of the US is declining and speculation abounds as to which among the world’s burgeoning nations will rise to power. *Does the China-India association within BRICS constitute a force in itself, which will shape and determine the course of a multipolar world order?*

Not to overlook, bilateral relationship has been the core of both multilateral politics and balance of power. Bilateral ties help constitute an alliance too at broader level. Moreover, conventional global politics suggests that building an alliance is the most effective way to check the

²⁷⁷ Experts argue that the novelty of Panchasheel ideals between China and India must be renewed under the new realities. See Alka Acharya, “A measured tread to the future”, *Seminar*, 487, March 2000, at <http://www.india-seminar.com/2000/487/487%20alka%20acharya.htm> (accessed 28 June 2013).

²⁷⁸ Manoranjan Mohanty, “China and India: Competing Hegemonies or Civilizational Forces of Swaraj and Jiefang?”, *China Report*, 46(103) (2010): 104.

²⁷⁹ Alka Acharya argues: “the dominant paradigm in which India-China relations are generally analysed is essentially one of competitive power politics”. See Acharya, “A measured tread to the future”, n. 277.

²⁸⁰ *A Shared Vision for the 21st Century of the People’s Republic of China and the Republic of India*, Ministry of Foreign Affairs of the PRC, 15 January 2008, at <http://www.fmprc.gov.cn/eng/wjdt/2649/t399545.htm>.

dominance of certain countries and construct a balance in global power politics.²⁸¹ But this is a difficult enterprise in the post-cold war era, where a number of powers possess “nuclear strength”, strong militaries, and project different national security strategies and diverse interests and objectives. Two factors that have tactical implications in the current global politics are: *ideology* and *identity*, apart from economic and political strength. While on one hand these two factors restrict China and India from forming a credible alliance against any particular nation or region, they also help them to sit together and think practically to have a combined opinion, groupings and partnership against the conventional Western dominance. The basic premise here remains that both China and India have been associating with each other for greater global bargaining power against the Western hegemonic multilateral systems and financial institutions through BRICS, BASIC, and RIC, etc.

Overall, these groupings are central to the two countries’ global profile as “developing countries” and “developing economies”. In quest of maximizing wealth, security and identity, both would like to bring necessary adjustments to their foreign policy strategy in order to integrate with the evolving global structure. Multilateralism through different modes and mediums has been the pivot of most of the contemporary powers’ global strategy. Multilateralism is viewed as an ad-hoc alliance arrangement in the current global politics.²⁸² By jointly associating with various global, cross-regional or regional bodies temporarily or permanently, China and India make a statement that associating with adversary powers is possible in the current global politics. In this context, cross-regional settings such as BRICS are a new experiment in world politics. The main aim and objective is simple in these settings: to forge a separate identity for themselves and seek to promote their own wealth, welfare, and security; and advocate greater transparency in the global financial structure. Optimism is raised with the label of China-India bonding within the construct of BRICS; yet the same label of politics raises doubt over the credibility of China-India bonding in BRICS. For instance, the politics of BRICS and IBSA makes the China-India bonding weak and fragile. China is not a part of IBSA, which places

²⁸¹ For details on this thesis, see Stephen M. Walt, *The Origin of Alliances*, Ithaca: Cornell University Press, 1987.

²⁸² Robert O’Keohane, “Multilateralism: An Agenda for Research”, *International Journal*, vol. 45, Autumn 1990, pp. 401-434.

India as a separate entity and places it at the forefront of democratic politics.

A Democratic Divide? The Politics of BRICS, IBSA and the China-India Divide

The China-India construct under BRICS is surely a rejuvenated fact for developing-world politics. Yet both countries hold different perspectives and are engaged in a variety of labels and politics when it comes to maximizing their own foreign policy motives and objectives. There are different perspectives between China and India with regard to BRICS and IBSA at present, which restricts their cross-regional association and global multilateral cooperation, which remain central for a multipolar world order. Rising as a continental grouping that was mainly stung by the Western powers' obstinacy at Doha Round of trade talks, and more vitally to push the cause of developing countries at the cross-continental level, IBSA has been promoted by India as an institution of democratic countries.²⁸³ The politics of BRICS and IBSA narrates the two facets of the China-India construct. While the *identity* of developing countries could bring them together; it is *ideology* and systemic differences that pull them apart.

The nature, spirit and objectives of both IBSA and BRICS are complementary in many respects. BRICS constitutes a superset of developing countries that IBSA as a forum originally represented. IBSA essentially depicts a broader South-South solidarity, harnessing a “tripartite” continental framework among three large multicultural democracies of three major continents, namely, Asia, South America and Africa. It deliberates about three main aspiring powers that have asked for permanent seats for themselves in the UN Security Council (UNSC). On the other hand, BRICS broadly defines three things in world politics: *first*, as a multilateral forum it belongs to rapidly emerging economies; *second*, its core members, except Russia probably, are well-known powers from the developing world; and *third*, it is a grouping based more on the North-South divide, and aims to bring reforms to the global financial institutions in favour of the developing world. What places IBSA in a stream separate from BRICS is its “democratic”

²⁸³ Sandeep Dikshit, “IBSA needs to step up pace on trade within the grouping and security”, *The Hindu*, 18 October 2011, at <http://www.thehindu.com/news/national/article2546692.ece>.

ethos.²⁸⁴ Much like BRICS, IBSA has addressed issues related to trade measures in global financial bodies, climate politics, developmental politics, challenges in developing countries, and so on. Notably, IBSA members are linked with China in climate politics of the BASIC framework. The eminence and relevance of IBSA comes to test at a point when the rise of BRICS has been attractive, and South Africa has joined BRICS with massive Chinese lobby and support.

While India continues to stress the importance of IBSA in its cross-continental reach, China has followed a similar strategy with BRICS and has tried to sideline IBSA by developing closer contacts with its members Brazil and South Africa. China has also taken serious note of the political and security issues that IBSA has so far been trying to cover.²⁸⁵ Two factors make the politics of IBSA urgent for China. *First*, IBSA has coordinated in security and political issues more closely than BRICS. Its declarations place enormous weightage on the interests of the developing countries and discuss developmental as well as political and security issues. Under India-Brazil-South Africa Maritime (IBSAMAR), the navies of IBSA countries have held joint exercises in the Indian Ocean in 2008, 2010, and 2012. China's maritime posture in the Indian Ocean has also expanded rapidly in recent years. Diaoyu/Senkaku Islands, South China Sea and the Indian Ocean have been prime targets in the Chinese maritime drive recently. Carrying out offshore military manoeuvres, escort missions and anti-piracy exercises in various parts of the Indian Ocean has been a core strategy of the People's Liberation Army Navy (PLA Navy).²⁸⁶ China would not want to permit India much advantage as a sole power in this Ocean and it has placed stress on Russia's maritime activity as a BRICS country in

²⁸⁴ This section draws on "China and IBSA: Possible BRICS Overreach?", n. 241.

²⁸⁵ The Chinese media have covered the politics of IBSA widely. A few examples are: "IBSA countries sign agreements on scientific areas", *People's Daily* (online), 16 April 2010, at <http://english.peopledaily.com.cn/90001/90777/90852/6953422.html>; "IBSA summit ends with praise for growing forum relevance", *People's Daily* (online), 16 April 2010 at <http://english.peopledaily.com.cn/90001/90777/90852/6953390.html>; "Indian Navy warships leave for African visit", *Xinhua* (online), 20 August 2010, at http://news.xinhuanet.com/english2010/world/2010-08/20/c_13454822.htm; and "IBSA calls for 'immediate end to all violence' in Syria", *People's Daily* (online), 11 August 2011, at <http://english.peopledaily.com.cn/90777/7566857.html> (all accessed 30 January 2013).

²⁸⁶ "Chinese Navy escort voyages fruitful", *Xinhua* (*China Daily* online), 26 December 2012, at http://www.chinadaily.com.cn/china/2012-12/26/content_16055040.htm (accessed 30 January 2013).

this Ocean. An example is a recent *Xinhua* piece, which noted that a Russian sailing vessel *Pallada* was on a “tour of the Pacific and Indian Oceans” as part of its “African Odyssey”, and its “main event” would be “the BRICS summit in Durban” in March 2013.²⁸⁷

Second, IBSA demands the UN and UNSC reforms unanimously.²⁸⁸ China’s stance in this matter is different. As a P-5 country in UNSC, China has backed the African case for greater participation in the UN and UNSC, without supporting India’s case with similar vigour. Its *Position Paper at the 65th Session of the United Nations General Assembly (2010)* advocates increasing the “authority and efficiency of the UNSC” and greater “representation of developing countries, African countries in particular”.²⁸⁹ China mostly perceives the rise of BRICS as an opportunity to prune other power blocs, mainly the Western dominance in global financial and political institutions. It would not want IBSA to steal a march over it in these matters, where Beijing may lose its tag as leader of the developing world. China knows well that the US does not believe in democratic accountability for its global actions. The US will not be forthcoming about UNSC reform easily. The Chinese strategy is not only to advocate in favour of the developing world, but also to take a lead on its behalf, while giving the USA the least quarter to support South Africa and Brazil just as it has supported India for UNSC permanent membership.

While the membership of Russia and China makes BRICS a wealthier organisation than IBSA, the involvement of three democracies from three continents puts IBSA in a different league. In short, BRICS is a notion of “revisionist” powers, with the association of two UNSC P-5 nations, while IBSA is more about “middle power” arrangements.²⁹⁰

²⁸⁷ *People’s Daily* (online), 22 January 2013, at <http://english.peopledaily.com.cn/90777/8104642.html#> (accessed 30 January 2013).

²⁸⁸ See, for example, *Brasilia Declaration*, IBSA, 3 June 2003, at http://www.ibsa-trilateral.org/index.php?option=com_content&task=view&id=48&Itemid=27 (accessed 27 January 2013).

²⁸⁹ *Position Paper of the People’s Republic of China At the 65th Session of the United Nations General Assembly*, Ministry of Foreign Affairs of the People’s Republic of China, 13 September 2010, at <http://www.fmprc.gov.cn/eng/zxxx/t751986.htm> (accessed 29 January 2013).

²⁹⁰ Francis A. Kornegay, “IBSA on the 10th Anniversary of the Brasilia Declaration”, *SAFPI Policy Brief*, South African Foreign Policy Initiative, Open Society Foundation for South Africa, (19), December 2012, p. 1.

Being primarily a grouping of developing countries, IBSA aims at coordinating policies mainly among the developing countries, with a pan-continental framework. BRICS also stresses cooperation among developing countries, but a fundamental distinction between the two forums is that they are great multilateral ideas based on “intercontinental” or “cross-continental” frameworks. India presently capitalizes more on IBSA than BRICS because the former provides a suitable option for it to tackle the “social aspects of globalization”.²⁹¹ For India, IBSA is a “unique”, democratic, novel initiative meant for “special” global causes.²⁹² China on its part seeks the merger of IBSA and BRICS as a consolidated voice of the developing world to establish a credible intercontinental approach to tackle the Western dominance at various levels of global politics. In China’s perception the existence of IBSA as a separate grouping weakens the developing countries’ cause. This essentially puts China and India on different leagues within BRICS.

There are other divides that put China and India on a distinct continuum in cross-continental bonding. BASIC is such an initiative, which suggests that the two countries are engaged in an ad-hoc and temporary cause rather than permanently to have a credible understanding to maximize their strategic interest against the Western-dominated global order. BASIC is mainly limited to the issue of climate change. It was created in December 2009 at the UNFCCC summit during the COP15 in Copenhagen. This consultative mechanism is different from the regular consultation mechanisms such as G-7 and G-20. The politics just before COP15 sufficiently indicated that developed countries would not initiate steps to reduce greenhouse gas emissions if developing countries failed to do so, pointing mainly towards China and India.²⁹³ Though in principle the BASIC countries agree that climate change negotiations should be carried out under framework of the UNFCCC, Kyoto Protocol and the Bali Roadmap, they realize that there has to be some concrete understanding among them as a base for forming a credible grouping. However, the fundamental differences between China and

²⁹¹ Dikshit, “IBSA needs to step up pace on trade within the grouping and security”, n. 283.

²⁹² Sandeep Dikshit, “IBSA must remain restricted to 3 countries: Manmohan”, *The Hindu*, 19 October 2011, at <http://www.thehindu.com/news/national/article2549580.ece?css=print>.

²⁹³ POYRY report, *China, India, South Africa, Brazil (BASIC): Crucial for the Global Environment*, econ R-2011-011, 4 March 2011, p. 30.

India on the issue of emission patterns put this in doubt. The climate burden of the Chinese economic growth on the rest of the global economy is disproportionately large compared to that of India.²⁹⁴ In brief, while the developing-developed world divide promotes China-India cross-regional engagement largely, this engagement has to be built on concrete terms and issues, looking at their greater interests in a multipolar world order. The Brazil BASIC summit joint statement reiterated that there is a need to forge cooperation in achieving a sustained and an inclusive result in future summits in the context of sustainable development and in accordance with the framework and guidelines of the UNFCCC. Most notably, China and India need to take an open and considerate approach on this as both are linked with many emerging economies and the developing world on different settings.

The Prevailing Indian Dialogue

Given its asymmetry of power politics with the major power blocs, India's approach to BRICS has been a statement more of economics and less political, in sharp contrast to China's vision of BRICS.²⁹⁵ Through BRICS Beijing wants to promote both economic issues that have a political bearing for its global dealings, along with other political and security issues.²⁹⁶ Nor does India want to be seen as being closely allied with China multilaterally. An order based on massive political and economic engagement between the developing world at cross-regional and global levels has been India's immediate priority. In this context, BRICS is a staid entity in Indian foreign policy along with IBSA and BASIC.

India does indeed ask for a greater role and presence of the developing world and economies in global financial bodies without distancing itself strategically from the Western world. In general, *three* imperatives explain India's approach to BRICS: (i) pursue the dialogue of the

²⁹⁴ James Jacob, "Copenhagen and the 'BASIC' countries: some basic differences between the Indian and Chinese emissions", *Current Science*, 99(4) (25 August 2010): 439.

²⁹⁵ India has barely raised political issues or politico-security issues within BRICS. Prime Minister Manmohan Singh's speeches at various BRICS summits point to this fact.

²⁹⁶ I have argued this in a policy brief published by the ISDP in Stockholm, Sweden. The Indian part of the BRICS dialogue is an extension of this policy brief. See "India's Call on BRICS: Aligning with China without a Deal", n. 1.

developing world, with China as a possible partner; (ii) maximize economic and political contacts at the cross-regional level, without really merging or mixing the dealings between BRICS, IBSA and BASIC; and (iii) be a part of the emerging order for global issues without affecting the relations with power blocs like the USA and EU. Therefore, India's perception of BRICS is broadly linked with its vision and dialogue of a multipolar world order, modified by its relations with the USA and China. The USA is a "traditional ally" and, notably, a strategic partner in India's broader global strategic and security design, where China is a constant security concern for both. China remains a partner for New Delhi when it comes to cross-regional or global multilateral economic issues that are linked with global governance formulations. India does see the rise of BRICS as a "strategic reality", a fitting mechanism that suits not only its own policy formulations but also for greater developing- or emerging-world dialogue.²⁹⁷ Till recently, India had overall recourse to 'security isolationism' and joining any security alliance. This became the flip side of its traditional foreign policy approach, which was euphemistically described as being non-aligned. With the rapid evolution of multilateral politics and security alliance building, India has begun to realise and emphasize the virtues of multilateralism at different levels and forming strategic alliances with likeminded countries on issues of common interest.²⁹⁸

Both the American world and the European world are vital to India's global strategic interests. Unlike China, India is neither in political conflict with the American world nor shares problematic ties with the European world. Even though India has committed itself to be an integral part of the BRICS world to push forward the dialogue and interests of the developing world, it values and shares a strong commitment towards both the USA and Europe. Despite the current economic crisis in Europe, India sees the EU as a forceful unit in world politics and wants to push forward its relationship. The EU economy and the political spectrum of that continent are too big for India to ignore. Given the cultural, linguistic and religious diversities, experts identify the interests of both India and EU on a similar scale, and draw a convergence of

²⁹⁷ For an exclusive discussion on this aspect, see Panda, "A 'BRICS' Wall? The Complexity of China-India Multilateral Politics", n. 241. The author sincerely acknowledges that most arguments, texts and write-ups in this section belong to this article.

²⁹⁸ Ibid.

interests in a multipolar world structure.²⁹⁹ Officials in EU see India as an effective partner in the global governance architecture, and notably in reforming the global institutions. Jose Manuel Barroso, President of the European Commission, has been reported saying that the EU and India are “two likeminded global players; together they could help shape a rule-based world.”³⁰⁰ The recent India-EU summit in New Delhi did indicate the potential for closer cooperation between India and Europe, where the thrust was on crafting a potential free trade agreement (FTA) between the two sides in the near future.³⁰¹ If it materializes, the FTA will be the single-biggest trade pact in the world, benefiting 1.7 billion people.³⁰² It will help countries like Greece and Spain recover from the Eurozone financial crisis. New job creations, financial collaboration and sustainable economic growth on both sides will further enhance India’s relations with the EU. This will greatly consolidate India’s status as a “relevant power” at many global levels. This fact is especially significant for India in the context where China-EU relations are troubled with issues like human rights, textile dispute, arms embargo issue, etc.³⁰³ Though the trade ties between the EU/West and China have increased dramatically, there have been pressures from the EU/West to make China trade fairly, follow WTO obligations and value IPR. India’s interactions with BRICS are not so large as to overshadow its interests in Europe or the West. Besides, unlike China, BRICS will never be a deterrent for India to design an effective relationship with the EU or the USA. China’s problematic relationship with the EU and the USA on various economic, political and governance issues makes Beijing rely heavily on multilateral spectrums like BRICS.

India values its relationship with the USA in the highest measure. It perceives that the US is not just a superpower, but its relations with the

²⁹⁹ For a detailed analysis of this aspect, see Bernd von Muenchow-Pohl, “India-Europe in a Multipolar World”, *The Carnegie Papers*, South Asia, May 2012, at http://carnegieendowment.org/files/india_europe.pdf (accessed 13 May 2013).

³⁰⁰ “José Manuel Durão Barroso President of the European Commission Statement”, Speech/12/82, 10 February 2012, at <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/12/82>

³⁰¹ Importantly, the EU remains India’s largest trading partner and also India’s largest source of foreign direct investment (FDI). See *ibid.*

³⁰² *Ibid.*

³⁰³ Jerker Hellstrom and Kaan Korkmaz, “Managing Mutual Mistrust: Understanding Chinese Perspectives on Sino-Indian Relations”, *Defence Analysis*, September 2011, p. 50.

US impart a positive effect on India's dealings with the rest of the world. This relationship has strategic implications for New Delhi on issues of nuclear non-proliferation, support for UNSC permanent membership and energy security, and balancing power politics in Asia vis-à-vis Asia-Pacific. Driven by trade, many countries are joining hands with China, but they are also heavily dependent on the US for greater strategic and security issues. The United States' economic prowess in the global financial institutions is still far ahead of China. Despite the reform of the World Bank in April 2010, where China's share of voting rights was increased from 2.77 per cent to 4.42 per cent and India's voting rights from 2.77 per cent to 2.91 per cent, the US still has a 15.85 per cent share, giving it veto power. Comparatively, the China-India association in BRICS is a puny issue, at least where India is concerned.

Further, India's approach to BRICS is best explained in terms of its democratic dialogue. BRICS members ask for "democratization" of the global order, but not all the BRICS members really adhere or practise democratic principles. China's growing relations with Brazil and South Africa also prompt India to believe more in a non-BRICS world; at least in political if not in economic terms. For India, IBSA is a coordinating mechanism, based on soft-power dealings, having *three* objectives: democratic ethos, developing-country spirit, and acting together globally for socio-economic dealings.³⁰⁴ This distinct Indian approach will keep New Delhi politically and to some extent economically attractive globally, even if the Chinese will woo both Brazil and South Africa through trade and commercial dealings. IBSA not only enhances India's democratic ethos, but also helps build its identity as a country that does not necessarily belong to the Chinese world that trumpets a "hard power" cudgel. To quote Prime Minister Manmohan Singh, "IBSA has a personality of its own. It is three separate continents, three democracies. BRICS is a conception devised by Goldman Sachs..."³⁰⁵ Though the broader governance objectives and issues that both BRICS and IBSA have tried to address have much in common, for India, IBSA is largely a "people's project".³⁰⁶ India sees

³⁰⁴ Panda, "A 'BRICS' Wall? The Complexity of China-India Multilateral Politics", n. 241.

³⁰⁵ Indrani Bagchi, "PM against merger of IBSA, BRIC blocs", *Times of India*, 17 April 2010.

³⁰⁶ "Prime Minister's Opening Remarks at the Press Conference after the IBSA Summit", 19 April 2010, at http://www.ibsa-trilateral.org/index.php?option=com_content&task=view&id=128&Itemid=51

IBSA as a forum not only for political consultation among the three large democracies, but also as a multilateral forum to promote the cause, practice and spirit of the developing world.

Further, the rise and growth of BRICS have compelled India to pursue a strategy that should be in India's global interests. Managing relations with both the USA and China needs a well-thought-out strategy. Besides, India's rise has compelled it to take seriously multilateral forums and politics like BRICS, and place in order its evolving approach towards the international forums and institutions. The prime target in this regard is to engage with both smaller and bigger powers in various forums and networks. Pursuing an open and flexible policy approach towards powers and various institutions or bodies is a vital focus of India's foreign policy approach currently. Emphasis here has been given to both political and economic institutions, small and big. Global bodies like the UN, G-20, IMF, WTO and World Bank hold prime importance in Indian foreign policy. So do the newly arrived multilateral settings like IBSA, BRICS and the BASIC. Given the multipolar nature of the current world structure, India's openness to several levels of power relations and multilateral institutional politics and engagement is an advanced stride. *Cross-continental groupings* like BRICS, IBSA and BASIC are important for India's global rise and profile. Through these bodies India tries to advocate its "developing country" label even if New Delhi has to share much of these foreign policy bearings with adverse powers like China.³⁰⁷ Besides, China is important to India. In fact, India does acknowledge the concurrent prominence of China and India in world politics. The Indian Prime Minister has stated that "... there is ample space in the world to accommodate the growth ambitions of both India and China."³⁰⁸ Associating with China in various global platforms and multilateral forums is an open and constructive foreign policy practice that India follows. Besides, cross-continental bodies are important to India's dialogue on climate change and reforming various global financial bodies. The main aims and objective has been to carry forward and prepare a constructive and vigilant path of engagement

³⁰⁷ For an analysis on Indian foreign policy priorities, see, Jagannath Panda, "Revisiting India's Policy Priorities: Nonalignment 2.0 and the Asian Matrix", *NBR Commentary*, 10 July 2012, at <http://www.nbr.org/research/activity.aspx?id=260> (accessed 24 June 2013).

³⁰⁸ "World big enough for both India, China: Manmohan", *The Indian Express*, 30 October 2009, at <http://www.indianexpress.com/story-print/535239/> (accessed 12 February 2013).

with a variety of multilateral forums like BRICS and IBSA, without seriously complicating the foreign policy edifice.

Policy Imperatives for India³⁰⁹

The rise of BRICS has been attractive in the politics and overall scheme of North-South vis-à-vis developed-developing world politics. The developing world looks united and forceful with the rise of BRICS. Both China and India take this lead ahead, though China's lead remains one of the most promising and foremost attractions within BRICS. In fact, BRICS has brought the North-South politics to the table of discussion and debate. Notably, it has raised the validity of attaining global governance and equitable global order, which was missing all this while. BRICS continues to exist as the most instant and urgent attraction in a multipolar world structure. But despite its resplendent accomplishments, BRICS has limited scope in terms of its assertive power.³¹⁰ The separate continents and geographic distances weaken BRICS as a political phenomenon.

From a regional outlook, though Russia, India and China are located close to each other, strategic vis-à-vis foreign policy contradictions hardly help them form any substantial credible alliance. Combined with these strategic contradictions is China's rapid growth and potential in surpassing other BRICS members while using this grouping as a platform for its own objectives. Member countries of BRICS still lack strong and forceful thinking and collective enterprise. Divergent thinking and diverse policy perspectives of China and India, two leading economic powers of the grouping, make BRICS anaemic currently. Also, in a context when the rise of BRICS is mostly about emerging economies, one is not sure to what extent these developing countries' economies will keep growing or sustain their economic growth. Besides, in terms of achieving common goals and objectives, establishing coordination on foreign policy dialogue on important global political and economic issues will be difficult for BRICS. Their different

³⁰⁹ This part is derived from the author's prior publication on this aspect in *Indian Foreign Affairs Journal*. It is largely an extension of the broader dialogue and policy prescriptions that the author has made in public to an extent. See "A 'BRICS' Wall? The Complexity of China-India Multilateral Politics", n. 241.

³¹⁰ Michael Emerson, "Do the BRICS make a bloc?", *CEPS Commentary*, 30 April 2012, pp. 1-7.

economic and political systemic underpinnings will put BRICS countries on a scrawny podium.

The BRICS summit of 2012 & 2013 indicated that the real challenges for BRICS are issues that are linked not only with the future of BRICS but also with the conduct and approach of its members towards each other on vital issues related to this grouping. These include the decision about admitting new members, setting up a BRICS Development Bank and its headquartering; and, perhaps most contentiously, establishment of BRICS head office or virtual secretariat. As regards BRICS membership expansion, there is speculation that rapidly rising market economies like Indonesia, Vietnam, Egypt, Turkey, and Mexico want to be members. Some of them have already expressed such a desire. There are no common perspectives in BRICS about inducting new members. Both China and India have their reservations on the issue. Further, the power balancing and the spectrum of continental politics make BRICS power politics a worrisome fact for the future of BRICS. For example, Beijing lobbied hard to induct South Africa into BRICS and was thus successful in mildly curbing the influence and prominence of India in IBSA. This power play will continue within BRICS.

As regards the issue of BRICS Development Bank, the Chinese are already lobbying hard to have it with them.³¹¹ In the appointment of its head, possible rotation of its presidency, voting rights of member countries, and the bank's funding resources, both China and India will compete to have a better deal for themselves. BRICS headquarters or secretariat office and its official structure are some other possibly contentious issues. History suggests that China has become the dominant player in new multilateral forums where it has been a co-founder. China's superiority and dominance in SCO is one such example where Beijing named this body after Shanghai, placed the secretariat in Beijing, and appointed a Chinese diplomat as its first secretary general.³¹²

³¹¹ Jagannath P. Panda, "BRICS Development Bank: Figuring out the Durban Bid", *IDSIA Comment*, 8 March 2013, at http://www.idsa.in/idsacomments/BRICSDevelopmentBank_jppanda_080313 (accessed 2 May 2013).

³¹² For an excellent analysis of how China has designed its role and influence in the SCO since the formation of this Central Asian body, see Jianwei Wang, "China and SCO: Towards a new type of interstate relations", in Guoguang Wu and Lansdowne (eds.), *China Turns to Multilateralism: Foreign Policy and regional security*, London and New York: Routledge, 2008, pp. 104–26.

It is not necessarily intra-BRICS politics that would expose the China-India divide always. There are other touchy bilateral and global issues as well. Both are known for their rise; but India's rise is seen in benign terms whereas China's rise has been noticed in alarmist terms. India's foreign policy is known for "soft" power dealings, whereas China's foreign policy is mostly known in "hard" power policy notions. Besides, India's profile as a centre of global finance is relatively modest: China remains predominant in this aspect.³¹³ In the context of BRICS, the two countries lack any insightful perspectives and thoughts for common global deliberations currently. For example, they are yet to push for any common perspective or ground to manage the global financial institutions. While the voting rights in the Bretton Woods bodies or organizations are more favourable to the Western countries, the activism of China and India about these issues has been restricted to rhetoric. The two countries' conflicting perspectives on issues like maritime security, energy politics, climate change dialogue, and trade protectionism have been well known.³¹⁴ On a vital issue like climate change, they had a go-it-alone approach till recently.³¹⁵ The decades-old boundary dispute, Chinese objection to India's ADB loan proposal for infrastructure development in Arunachal Pradesh, and the recent verbal spat between the two over India's oil exploration with Vietnam in South China Sea demonstrate two countries' hardcore nationalism to the detriment of wider global interests.

Beijing has been quite open and forthcoming to multilateral politics and its global bearings. Beijing's multilateral practice in recent years has been aggressive, smart and persuasive. Beijing continues to dominate many aspects of global politics today. With a new leadership at the helm, China's diplomatic dealings will become more forceful and immediate. It is no secret now that in multilateral politics, India remains a conservative and cautious power today compared to China. In its own interest, India must note seriously the Chinese supremacy in BRICS, and must have a keen insight on BRICS. Though India must continue to see BRICS as a serious cross-continental multilateral forum

³¹³ Teresita Schaffer, "India: Driving the Global Superhighway", *Brown Journal of World Affairs*, XVI (II), Spring-Summer, 2010, pp. 219–26.

³¹⁴ Chietigj Bajpayee, "China-India Relations: Regional Rivalry Takes the World Stage", *China Security*, 6(2), 2010, p. 7.

³¹⁵ Ibid.

simultaneously with IBSA, it must put its act together with regard to BRICS and China. A few policy imperatives suggest themselves.

First: India must actualize the importance and import of IBSA and BRICS in its dynamic foreign policy independently. With the 2013 Durban summit, BRICS has finished the cycle of holding the first round of summits in every member country once. Therefore, it is time for New Delhi to review, actualize and probe the vitality of BRICS in the context of its emerging cross-continental politics, when BRICS is gaining momentum and seems to be overpowering the relevance of IBSA. With this, the Chinese dominance in BRICS will advance further. China's experience with various Asian or global multilateral bodies suggests that it will seek to dominate the BRICS proceedings in times to come. IBSA allows discussion of and policymaking on security cooperation, such as in the field of maritime and ocean politics,³¹⁶ whereas BRICS only talks about the broader global security issues, which do not really, maximize country-specific security interests. India must evaluate and objectify the relevance and originality of BRICS and IBSA on separate counts in its foreign policy and decide to what extent both these cross-continental groupings facilitate and actualize its broader strategic interests.

Second: Possibly contentious intra-BRICS issues need to be taken with utmost seriousness, as they will more or less shape and determine the future course of BRICS. India is the second-largest economy in BRICS. China is already pushing to have the BRICS Development Bank in its territory, most probably in Shanghai. India should not succumb to Chinese economic pressure within and outside BRICS, and must work to have either the BRICS head office or BRICS Development Bank headquarters in its territory. Adequate diplomatic initiatives and networking with other BRICS members must be undertaken to achieve this. Further, given the traditional Chinese opposition to Indian bid for Asian Development Bank (ADB) loan for infrastructural development in Arunachal Pradesh, New Delhi must clarify on whether it would be allowed to take loans and aid to improve and build infrastructure in North-East India, mainly in Arunachal Pradesh, or not.

³¹⁶ Oliver Stuenkel, "Keep BRICS and IBSA Separate", *The Diplomat*, 13 August 2012, at <http://thediplomat.com/the-editor/2012/08/13/keep-the-brics-and-ibsa-separate/> (accessed 2 September 2012)

Third: Issues like climate change; global financial reforms, and the execution of global governance objectives are matters of mutual interest for China and India. Given China's dominant standing in BRICS, New Delhi must hold an open, direct and constructive dialogue with China both within and outside BRICS on most of these issues. Though China is the dominant power in BRICS and in world politics today, Beijing still needs India as its partner to address most of these issues. It is crucial for India to become vigilant about China's tryst with BRICS; but India must also self-assess its global course and relevance as a power in cross-continental politics.

Fourth: Like every member in BRICS, India would like to push forward its interests in this forum. Still, there must an orderly impost and deliberations on what specific foreign policy interests vis-à-vis multilateral benefits India would like to gain. A core mandate of BRICS is to exert influence and pressure to reform the global political and financial institutions. One aspect that interests India most is the reform of UN vis-à-vis UNSC permanent membership. BRICS will be one of those suitable forums to discuss the expansion of UNSC permanent membership issue, as both China and Russia are P-5 members in this grouping. If an issue like UNSC expansion can be discussed in detail in BRICS, India would gain internationally as a developing country.

Fifth, India must have a rational assessment and judgement about the politics that is arising out of the rise of BRICS. If India continues to pursue its cross-continental and global politics through BRICS, to what extent it would affect India's standing with the Western and European world must be evaluated judiciously. Both the USA and EU are important foreign policy partners for India, and carry strategic relevance for New Delhi's regional and global ambitions. India must evaluate its foreign policy contours both within and outside BRICS, because India's tryst with BRICS does pose a challenge for India's foreign policy interests in both the developed and developing worlds.

Sixth: The BRICS movement will gain momentum in times to come. India must have a thorough policy review on how to approach BRICS in times to come. New Delhi must assess to what extent its seriousness within BRICS will affect it's standing with other groupings like IBSA, SCO, RIC, and BASIC. Will its partaking in BRICS actually make it convenient for India to reach other members in other groupings more effectively or it will increase the gap between India and its relevant partners in those bodies?

SUMMING UP

The rise of BRICS explains various emerging facets in global multilateral politics. The first part in this study has shown that the rise of BRICS itself implies that the world order is in transition. This transition entails a *political transition*, an *economic transition*, and a *structural transition*. The *political transition* leads to a more structured multipolar world order, where developing countries like China and India will lead the process. As regards the *economic transition*, the real economic metier of world politics today belongs to the Southern world. And the *structural transition* implies that world politics is decided not only by global institutions but also by nations that exert pressure on charting a new course of future development. In this process of transition, the BRICS remain in the driver's seat.

In fact, the rise of BRICS explains a coordinated challenge to Western dominance and supremacy in world politics and economics today. For the first time since the days of non-aligned movement (NAM) and New Economic Order in the 1970s, there is a constructive and coordinated effort by the developing world to challenge the developed world's dominance in world politics,³¹⁷ and the BRICS movement has been the linchpin behind this effort. The mortar that binds BRICS together is the rejection of the neo-liberal developmental model in world politics,³¹⁸ which implies the rejection of the Western-dominated financial institutions in world politics. BRICS will continue to struggle and produce a coordinated approach on conflicting global political issues. Reforming global bodies like the IMF, WTO and World Bank will continue to be a key item on its agenda. China and India may even reach a stage where they may represent a unified politics of developing world by campaigning vigorously for reform of these political and financial institutions. Attaining various global governance objectives will also gain momentum in times to come.

³¹⁷ Radhika Desai, "The Brics are building a challenge to western economic supremacy", *The Guardian*, 2 April 2013, at <http://www.guardian.co.uk/commentisfree/2013/apr/02/brics-challenge-western-supremacy> (accessed 27 June 2013).

³¹⁸ Ibid.

The second and third parts in this study have provided a comparative approach of China and India with regard to BRICS. Overall, the two countries do not necessarily have a similar approach to world politics, but they have the identity politics of the developing world, where BRICS remains the apposite forum for policy synchronization and combined thrust. At the same time, given that national interests override collective wisdom and thinking in world politics, the unity and identity politics that China and India bring to the discourse of BRICS may be merely temporary and ad hoc. China will remain the predominant power in the BRICS formulation. To what extent this will affect the discourse and movement of BRICS will remain a matter of conjecture. India will also continue to draw attention. While designing a liberal global order will remain the prime aim of BRICS, it still has to be seen whether the two countries can discard the Westphalian baggage in world politics and lead BRICS ahead. As of now, this looks difficult.

At the same time, a BRICS-led world order is possible with unity and harmony among BRICS members, especially between China and India. The new order being led by the two countries with BRICS will not change or rebuild any new world *per se*. It would affect the American and Western hegemonies in the existing world order. It will probably help build a new world order where developing countries will have a better and bigger say in world politics. But no world order is possible without binding China and India, the world's two largest economies and populous countries, together. China and India also must set an example for BRICS and developing countries on how to maximize and promote collective thinking and common objectives. A new world order will always be possible with China-India association, not in China-India isolation or division. Further, India's rise and prominence within BRICS needs to be recognized by Beijing. The need is to assess and review the strength and weakness that both China and India hold towards each other in the spectrum of BRICS. The identity of BRICS lives more with China-India politics than any other politics, justifying the notion that the world structure is very much multipolar, where both these countries constitute two different poles on their own.

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This monograph *BRICS and the China-India Construct: A New World Order in Making?* portrays to understand and contribute to the strategic analyses of foreign, security and economic policy issues that are attached to the rise of BRICS. This is not only a study about BRICS per se; but is also about China and India, the two most vital powers of this grouping. This study has been written in Indian context, and has tried to delve into the China-India course within BRICS. In brief, this study explores the rise of BRICS in the context of emerging powers or the developing world's dialogue, particularly of China and India, while contextualising the complexity of mutual settings of these two countries. Whether BRICS can produce any constructive result in favour of the South will depend heavily upon the rational and foreign policy conduct of these two eminent neighbouring countries of Asia.



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