

# CHINA AND INDIA WITHIN THE G20 AND BRICS INTERNATIONAL FORUMS

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As signposts all over the city read “A Good Host, A Better G20”, Hangzhou, the capital city of Zhejiang province, is undergoing extensive preparation work in view of the upcoming G20 Summit, due to be held on September 4<sup>th</sup> and 5<sup>th</sup>. In December 2015, reflecting on the role of the G20 and on the partnership developed among its member countries in the wake of the 2008 global financial crisis, Chinese President Xi Jinping praised the forum, attaching great weight to its “key role in leading and advancing international economic cooperation.” President Xi also introduced the main theme of the forthcoming Summit, asserting the need for China to “work together with all members towards an **innovative, invigorated, interconnected and inclusive world economy**.”

On May 26<sup>th</sup> 2016, at a press conference on the G20 Hangzhou Summit, Foreign Minister Wang Yi provided a more precise yet still broad definition of the main theme of the meeting, announcing ten major outcomes that China expects from the G20 Hangzhou Summit – fiscal and monetary structural reforms, strategies for global trade growth, guiding principles for investment policies, and plans to

implement the UN 2030 Agenda for Sustainable Development. Wang’s emphasis on the economic nature of the meeting build on an earlier statement made on April 8<sup>th</sup> during which he remarked that the Summit should be about economic, not political issues – i.e., disputes over territory and sovereignty. Said announcement clarifies China’s approach to this global forum, and is indicative of China’s willingness to maintain its diplomatic interactions with global partners within the framework provided by issues of economic cooperation.

Among the many countries that will join China at the G20 Forum is India, a developing country with an ever-expanding economy – GDP growth rate in 2015 recorded 7.5%, as opposed to China’s 6.9% – and a population of more than 1.3 billion according to the UN Department of Economic and Social Affairs, only second to China’s. The importance of carefully observing India and China’s interactions within the international arena stems from the crucial role both actors play in the shifts of balance of power dynamics taking place across the Asian theatre. India’s growing economic significance, past tensions along its borders with China, and foreign policy strategies implemented as a containment response to the rise of China,

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Mr. Asif B. Farooq discusses the role of China and India within the G20 and BRICS forums, during the 6th Italian Lecture Corner organized by the Center for Italian Studies of Zhejiang University, Hangzhou.



for instance, are all factors that could potentially create new sources of tension between New Delhi and Beijing.

Given India and China's common membership to both the G20 and BRICS, how do these global players interact with one another, and what is their approach to the negotiating framework provided by these international institutions? These were some of the questions **Asif B. Farooq**, (Ph.D. candidate at the University of Toronto) sought to answer during the **6<sup>th</sup> Lecture Corner** organized in Hangzhou by the **Center for Italian Studies of Zhejiang University**, a partner of the **TOChina System**.

As China pursues President Xi's much advocated Chinese Dream (zhongguo meng, 中国梦) of rejuvenating the nation and guiding it toward an era of restored prominence on the international scene, India's actions must be evaluated not only against the background of the country's clear need to achieve its own national development goals, but also in line with its willingness to "rebalance" against an increasingly preponderant China. In 1991, under the Narasimha Rao Government, India launched its "Look East Policy," which was continued by the succeeding Prime Ministers and recently evolved into the "Act East Policy" of PM Narendra Modi, elected in May 2014. Such a wide-ranging policy has aimed at expanding India's ties in Asia through Free Trade Agreements — with Thailand, Singapore, Malaysia, Japan, South Korea and ASEAN, for instance — and increasing joint military exercises with countries such as Japan, Australia, Singapore and the United States.

Strengthening India's long-standing partnership with the United States is another pillar of New Delhi's current foreign policy objectives. In January 2015, the two parties signed an agreement on "U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region", manifesting their willingness to safeguard maritime security and freedom of navigation in the South China Sea — an area of ongoing disputes between China, the Philippines, Malaysia, Brunei, and Vietnam. On April 13<sup>th</sup> 2016, both parties announced their principle agreement on US-Indian joint military cooperation for logistic purposes. In June, the issue of security was addressed once again during Mr. Modi's visit to the United States. One week later the two countries, together with Japan, practiced anti-submarine warfare and air-defense drills in the Philippine Sea, in an effort to foster security cooperation. Notwithstanding India's status as a non-aligned country, it is here argued that the attention paid to expanding military cooperation with other global actors indicates New Delhi's willingness to counterbalance Beijing's ascent.

On the other hand, cooperation with China is not absent. India's Eastward-looking policy has been characterized by growing interaction with China, notably after the visit of then Prime Minister Atal Bihari Vajpayee to the country in 2003. The establishment of the New Development Bank (NDB) in July 2014 following the 6<sup>th</sup> BRICS Summit in Fortaleza (Brazil) corresponded to another major development in Sino-Indian relations. PM Modi praised the institution, as well as the concomitant creation of the Currency Reserve Arrangement — a USD 100 billion fund aimed at helping countries faced with short-term liquidity urgency, demonstrating the capacity of BRICS countries "to create and manage global institutions."

The establishment of the NDB was not trouble-free, however. At the time, India was concerned with China's greater financial role within the institution, given its economic power compared to the other BRICS members. Moreover, China succeeded in setting the bank's headquarters in Shanghai, triggering India's fears that this would lead to China exercising disproportionate influence over the institution. India, however, did succeed in obtaining the presidency of the Bank for the initial five years, as well as securing equal financial stature for the five members, each contributing an opening share of \$10 billion. Cooperation is therefore present in Sino-Indian relations, but even in a case of success as the creation of the NDB, it is important to note how said cooperation is marked by India's balancing concerns against its most prominent neighbor.

The current year is important for both countries: in addition to the G20 Hangzhou Summit, which will place China under the spotlight, opportunities await India too, as the 8th BRICS Summit is due to be held in Goa on October 15<sup>th</sup> and 16<sup>th</sup>. Its main theme will develop around the idea of "building responsive, inclusive and collective solutions." Future G20 and BRICS meetings, when analyzed vis-à-vis bilateral agreements with third countries, will shed light on the evolution of Sino-Indian relations, allowing for assessments on whether these are moving toward being more cooperative or competitive in nature. In the coming months, the outcomes of these two meetings will either validate or refute PM Modi's idea of BRICS as a "vital pillar of hope for this world full of political challenges, safety related challenges, and economic challenges".

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