

A ‘BRICS’ Wall? The Complexity of China-India Multilateral Politics

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Many believe that the rise of the BRICS (Brazil, Russia, India, China, South Africa) forum is the collateral starting point of a new multipolar world order. The recently concluded 2012 New Delhi BRICS summit pushed this notion ahead, prompting a debate whether BRICS is the key to a “non-Western order”. The Delhi Declaration stated that the BRICS platform is a key in enhancing “... security and development in a multipolar, interdependent and increasingly complex, globalizing world”.¹ Within the prism of the decline of the neo-con idea of a US-dominated unipolar world order, the dialogue of BRICS has gathered momentum, with concepts like “non-polarity” and “post-American world” becoming more popular. Experts and scholars have argued their part of the jingle, realizing the weight and vitality of the emerging economies and the developing powers in a rapidly evolving global order, which is versatile and multi-faceted in nature. Richard N. Haass argues that “twenty-first-century international relations is turning out to be non-polarity: a world dominated not by one or two or even several states but rather by dozens of actors possessing and exercising various kinds of power”, indicating a shift from the previous world order.² Fareed Zakaria argues that “the age of American unipolarity – which began with the collapse of the Soviet Union – has ended”.³ Most of these debates indicate that the world is changing rapidly, and the rise of BRICS is the immediate attraction, where the spotlight is often on the emerging economies, especially on China and India.

India’s and China’s recent turn to cross-continental politics in their global approach, as evidenced in their operational and declaratory policies, has been demonstrated through the politics of BRICS, IBSA (India, Brazil, South Africa) and BASIC (Brazil, South Africa, India, China). Among these three cross-continental groupings, the statement of BRICS has been impressive,

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as it not only links Asia's two adversary powers – China and India – together, but asks for a greater “fair and democratic” order with an anti-Western country like Russia. But although the rise and influence of BRICS has unquestionably been significant, the formulations of BRICS within a “non-Western” premise are always complex under any conditions. While boosting global economic growth, enhancing multilateralism and promoting democracy in international relations are some of the main conditionalities that unite BRICS today, the broader objective through which BRICS gathers its global momentum is to enhance the “voice of emerging and developing countries in international affairs”.⁴ This declared objective is, however, difficult to attain, especially given the power politics among the BRICS members themselves in a Chinese-dominated developing-world order.

The complexity of China's and India's rise as Asian and global powers and their complex bilateral relations are a matter of grave concern not only for the sustainability of BRICS, but also to the vision and dialogue of a multipolar world order. The conceptual underpinning of the cross-continental power politics is much rhetoric currently within BRICS, lacking substance in strategic perceptive. This paper aims to scrutinize the policy approaches of China and India, Asia's two impressive economic powers, towards BRICS. In particular, it intends to explore and provide a comparative policy analysis of the Chinese and Indian dialogue on the current cross-regional multilateral politics, thrusting on BRICS. It argues that the dialogue of the two countries about establishing an alliance among the developing countries across the continents is a temporary and ad-hoc approach, linked to their respective individual global foreign policy aims and objectives. Connecting to various cross-continental coalitions is a phenomenon very much linked with their current foreign policy trajectory more than anything else. China's relations with the BRICS countries are in a different league from India's.

BRICS : The Politics

The dialogue of a multipolar world order has been the highlight of the BRICS story so far. The first BRICS summit in Yekaterinburg in Russia in 2009 was categorical in its call for a constructive “multipolar world order”. It advocated a “democratic and transparent decision-making and implementation process in the international financial organizations”. The Joint Statement of the second BRICS summit in Brasilia in 2010 extended this dialogue and talked about a “common vision” for “global governance”, and stated that the changing facets

of the global order demanded a “multipolar, equitable and democratic world order, based on international law, equity, mutual respect, cooperation, coordinated action and collective decision-making of all States”.⁵ The Sanya Joint Declaration reiterated the need for “enhancing multilateralism and promoting coordination on international and regional issues of common interests” among the countries of the developing world.⁶ Similarly, the Delhi Declaration stressed the need for “more representative international financial architecture, with an increase in the voice and representation of developing countries”.⁷ It is thus seen that the BRICS leaders have unequivocally called for reform of the global institutions and transparency in the global decision-making process. These dialogues within BRICS have global political implications, particularly in the context of global balance of power where BRICS intends to counter the Western and European dominance in the global financial bodies and institutions.

The real dynamics behind the BRICS countries’ call for a multipolar world order is that they are spread over various continents other than North America and the core European continent. Politically, the BRICS members have little in common. BRICS has been a “geo-economic” formulation, characterized by mammoth populations, rapidly emerging economies that remain vital for global economic sustainability, and ability and persuasion to seemingly incorporate their economies seamlessly into the global markets and adjust to the changing course of globalization.⁸ As the Sanya Declaration notes, the “total population of nearly 3 billion from different continents” has been the strength of BRICS.⁹ The BRICS member countries’ combined foreign reserves of (US)\$4.3 trillion constitute almost half of the total world foreign reserves.¹⁰ In the context of the current global financial crisis, they have been helpful in keeping the overall global liquidity afloat.¹¹ Significant amounts of BRICS foreign reserves have been invested in the securities issued by the OECD countries; collectively, they have been significant in keeping the interest rates near zero for these countries.¹²

Delhi Declaration: The Highlights

The BRICS construct has throughout been subject to scrutiny, whether it has a realistic foundation and whether it will survive as an influential body. But after the New Delhi BRICS summit of 2012, this grouping of developing countries appears to signal even more strongly the new reality of a multipolar world order, and its own significance as a harbinger of the developing world. The Delhi Declaration not only talked about BRICS taking a lead in the global

decision-making process but also indicated the vitality of BRICS in the global financial architecture and political setup.¹³ The Declaration expresses concern about the “slow pace of quota and governance reforms in the IMF” and calls for urgent attention to this aspect.¹⁴ It seeks a thorough review of the quota formula to better facilitate the representation of emerging markets by January 2013, and a general quota review by 2014.¹⁵

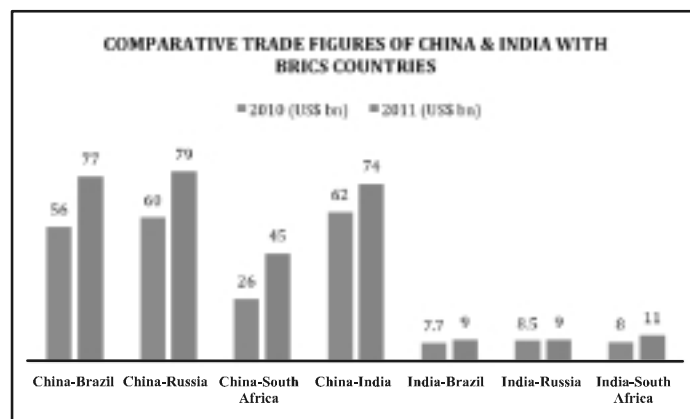
Notably, the Delhi Declaration marks a progressive vision for intra-BRICS economic cooperation. The New Delhi Summit discussed at length setting up a new BRICS Development Bank for mobilizing resources for infrastructure and sustainable development projects within the grouping; its new “action plan” also seems to be comprehensive and futuristic, explaining the progressive future power politics this grouping is aiming to play. The two agreements signed at the summit are intended to provide a line of credit to the business communities of BRICS members. The Development Bank, to be set up on lines of multilateral lending agencies, will be the key in checking the dominance and supremacy of the US Dollar. The agreement, signed by the various development banks of the BRICS countries, is meant to boost trade by offering credit in local currency. These steps are indicative that the US supremacy in both global political and economic decision-making issues is declining. Current intra-BRICS trade is around \$230 billion, which is expected to double to \$500 billion by 2015, indicating the rising import of BRICS in current world politics. The Delhi Declaration is thus a progressive chapter that explains the import of the developing world in future power politics.

On the obverse side, most of the themes and sentiments expressed in the Delhi Declaration are rhetoric, lacking proper guidelines and methods to implement these. Deliberations do not always matter in global politics: what really matters is implementation. This is a challenge for BRICS, given the divergent worldviews of elite BRICS members like India, China and Russia. Coordination on major political and economic issues will remain a policy challenge for BRICS for a long time to come. The “action plan” envisaged in the Delhi Declaration needs close policy management and coordinating mechanism both at the official and non-official levels within BRICS. To what extent the spirit of the Sanya Declaration and the Delhi Declaration will push BRICS ahead will continue to remain a matter of political debate and scrutiny in future, at least from the Western perspective, where the Americans would prefer that the BRICS members remain engaged in their internecine rivalries rather than unite to exert pressure on the United States’ remaining supremacy. More than these, the intra-BRICS complexities restrict the scope and growth of BRICS as a credible cross-regional multilateral bloc at the moment.

The Chinese Distinction and Intra-BRICS Obscurity

The New Delhi summit was undoubtedly an impressive one in pushing BRICS ahead. But among these progressive trajectories of BRICS, much will depend on how its constituent members approach each other and design their bilateral vis-à-vis multilateral politics. Though the role of Brazil, Russia and South Africa will be significant factors in determining BRICS progress and the future, much will depend upon how the two largest economies of the grouping – China and India – will approach each other, and push for the progress of BRICS.

Both countries' economic supremacy and policy approach towards BRICS are a matter of global policy relevance. In terms of economic and strategic depth, China is in a league of its own. The Chinese economy is number one within BRICS, and number two globally. While China's high growth rate has resulted in its contribution to the global economic expansion, the financial role of China and attractiveness of its market for the global economy has been an astounding fact for world politics.¹⁶ It is the "structural position" of the Chinese economy in the world that makes Beijing a pre-eminent power,¹⁷ both within and outside BRICS. China is much ahead of India in its bilateral trade contacts with Russia, Brazil and South Africa (see chart).



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

Another attractive phenomenon within BRICS is the rise of China's consumer market. Data and figures suggest that China is no longer a "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.¹⁸ 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 compare with.¹⁹ The Chinese economy will continue to overshadow other economies in BRICS.²⁰ This generates scepticism about China's interests and approach with regard to BRICS, whether Beijing would stick with the developing world's interests in future. China also outstrips other BRICS members in that it has the political potential as a world leader to share global responsibility with the US in a possible G-2 formulation.

In contrast, Russia is still struggling economically. Brazil has shown some momentum in its economic growth trajectory, but not as much as China and India. South Africa's economy too is not that impressive. India is known for its economic standing next to China and for being on track despite the global economic crisis. Issues like massive corruption, domestic violence and constant harassment by extremist groups have not downgraded India's global profile economically. Barack Obama's tour of India and Asia was in the hope that the American job market would recover because of Asia's inexpensive labour and emerging middle-class consumers.²¹ Even if India's growth rate during 2011-12 slows down, the Indian economy continues to impress many.

More than the economy, India is known for its democratic approach. It is known for its close democratic relationship with powers like Brazil and South Africa in IBSA and also as a power close to the US on strategic parameters. These features make India a distinct power within BRICS along with China. However, to what extent the two countries will collaborate within BRICS is a matter of speculation. The boundary, Tibet and Dalai Lama, and the newly emerged water issues are constant causes of friction between them. Their differences and rivalry have been reflected clearly in their foreign policy stances and global politics. These differences restrict the scope of BRICS to grow and become a credible global body against the Western hegemony.

Behind the BRICS Wall: The Chinese Intent and the Indian Objectives

Known as adversary powers both at bilateral and multilateral levels, China and India have different perceptions and computations with regard to BRICS. The leaderships of the two countries have raised similar and identical concerns at all BRICS meetings, but in different tones and ways. Different connotations are attached to their enunciations and advocacy. There are perceptual differences between the two, which are linked to their foreign policy and

global objectives and, more importantly, to their worldview. Their current foreign policy behaviour and strategy does indicate that BRICS is really weak, an ad-hoc and time-serving phenomenon in the larger power politics.

The Chinese Intent

The Chinese perception of BRICS is linked to its global political objectives and ambition of becoming a superpower in a multipolar world. Its dialogue and policy approach reflect its preference for multipolarity, and scepticism in international institutions, which derives from China's previous and current grievances about the dominant powers like the US or power blocs like the EU. The Chinese approach to BRICS resonates with the neo-realist logic that in the global system of states, the power of a state can only be capably checked and balanced through the establishment of an alliance or network with other states. The dialogue of multipolarity is a "normative good", which suits better the weaker states than the stronger.²² BRICS is an addition to the multipolar world politics, and also a valuable network grouping that serves the Chinese strategy in establishing relations with smaller and rising powers against the bigger blocs and powerful countries. Through BRICS, China connects more conveniently to the smaller but rising powers like South Africa and Brazil. These powers may be remote for China, but carry huge ramifications when it comes to the global financial issues or bodies.

Through BRICS, Beijing is facilitated in endorsing multilateral dialogues on common issues, boosting links with countries having similar concerns, maintaining strong economic diplomacy and promoting public diplomacy.²³ In his speech at the second BRICS summit, President Hu Jintao noted that "China pursues a win-win strategy of opening up and seeks to promote common development of all countries through mutually beneficial cooperation ..."²⁴ This statement is linked to China's broader global objectives and foreign relations strategy. The BRICS setting is beneficial to China, and from this cross-continental collaboration, China intends to stabilize the global order in its favour.²⁵ This also pushes ahead China's "developing country" dialogue. Associating with other developing countries also enables it to combine the interests of these countries together as a leading economy.²⁶ Establishing partnerships and associations through this kind of groupings is a foreign policy target.²⁷ Many Chinese experts opine that the US is still the predominant power because it has been successfully maintaining its partnerships and relationships at various stages with various countries.²⁸ BRICS provides an

opportunity to China to maximize contacts across the continents and slowly implement its foreign policy objectives.

For quite a few years now, the Chinese attempt has been to foster closer coordination among the emerging economies, and try to exert pressure on the US and the EU. For instance, just before the second BRIC summit in Brasilia, Chinese Vice-Foreign Minister Cui Tiankai called on the four developing countries to push their “representation” and “voting rights” in global organizations. He noted that exchanges among BRICS members would increase the emerging and developing countries’ space and rights in multilateral politics.²⁹ In a globalized world politics, BRICS serves the Chinese global agenda of sidelining the Western and European supremacy; in projecting the alliance and demands of the developing economies on various global issues such as in the global financial bodies, climate change dialogue and negotiations, and in the progressive agenda of G-20: China has always asked for a greater role for G-20 in world politics.

The rise of BRICS permits Beijing to move to a multipolar world order without severely rocking the boat of the current power structure, where it is considered at many levels as the power next to the United States. For instance, BRICS unity helps China to put more pressure on the US and EU, in terms of exerting pressure on the US Dollar and the Euro. The current discussion within BRICS to have intra-BRICS trade and developmental banks of BRICS countries to extend credit facility in local currency, and in the multilateral letter of credit confirmation facility agreements are suitable to China’s currency plan in global trade politics. These initiatives will exert pressure on the Dollar and the Euro, a target the Chinese have wanted to settle since a long time in their currency war with the USA and Europe. The proposal to extend credit facility in local currency is a momentous step, as it intends to reduce the demand for fully convertible currencies for transactions among BRICS nations. This will directly help in reducing transaction costs; as will the credit confirmation facility. These objectives have continuously been highlighted in Hu Jintao’s speeches within BRICS, and the “four point” proposal by the Chinese President for the progressive commitment for BRICS during the Yekaterinburg summit indicates that. In the Chinese dialogue, BRICS is a temporary affair, to be milked for China’s global foreign policy objectives. The broader Chinese dialogue is that the declining US hegemony offers adequate scope and opportunity for a multipolar scheme to build a South-South alliance and to use any divisions within the North to segregate the US, the linchpin of the existing unequal global order.

The Chinese approach to BRICS is more politically oriented than towards

economics. China's core foreign policy objective is to design a world order that will accentuate its own standing in the comity of nations. During the Sanya Summit, China succeeded in inducting South Africa into the group, though the South African economy would not objectively have been attractive enough for BRICS membership. Through this move, it attained its objective of creating a stable cross-continental network within BRICS, sidelining India's pre-eminence in IBSA. After South Africa's inclusion in BRICS, Chinese scholars and experts are campaigning for merger of BRICS and IBSA. They explain that there is a need to have focused representation from the developing world to counter the Western economic and political dominance. India disagrees: the Indian approach to BRICS has been more about global economics and governance issues, aiming to reform the global financial structure. In the Indian view, the BRICS economies inhabit a "strategic economic position" in global affairs. Manmohan Singh, India's Prime Minister, has asked for "reform of political and security governance structures in the United Nations or the international financial, monetary or trade system", which would be a stepping-stone for an "orderly transformation" of the world.³⁰

The Indian Objectives

Neither are Indian foreign policy objectives linked exclusively with BRICS nor has India tried to politicize the BRICS gathering in addressing global strategic issues that will affect India's relations with the West. India's views and global objectives may not be entirely different from those of China, but where BRICS is concerned, obvious differences emerge. New Delhi sees the BRICS formulation as an instrument to promote an equitable world order between North and South.

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.³¹ This is in sharp contrast to China's vision vis-à-vis BRICS: 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.³² India does not want to raise political issues within BRICS, which might complicate its foreign policy postures on global issues; nor does it want to be seen closely allied with China multilaterally. The Indian stance in BRICS is limited to reform of the global financial bodies and broader economic issues; whereas China has a greater set of complicated political issues with the West and Europe, such as currency manipulation and human rights. 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.

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 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; (iii) be a part of the emerging order for global issues without affecting the relations with power blocs like the USA and EU. 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.

In brief, BRICS remains an opportunity to maximize the larger governance issues that India plans to achieve collectively by tying up with the developing or rising economies, including China, in a Western-dominated global financial structure. Underlying this unfolding approach is a basic political change: New Delhi's new foreign policy and engaging China without any strategic agreement. Till recently, India had recourse to "security isolationism"; this became the flip side of its traditional foreign policy, which was euphemistically described as being non-aligned. With the rapid evolution of multilateral politics and security alliance building, India has begun to emphasize the virtues of multilateralism at different levels and forming strategic alliances with likeminded countries on issues or themes of common interests.

Objectively, despite the current economic crisis, the USA and the European world and their economies are still large enough for India to look for greater engagement with this part of the world. 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".³³ 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.³⁴ If it materializes, the FTA will be the single-biggest trade pact in the world, benefiting 1.7 billion people.³⁵ 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 EU. This will greatly consolidate India's status as a "relevant power" at the global level. 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. Though the trade ties between the EU or the West and China have increased dramatically, there have been pressures from the EU/West to make China trade fairly, follow WTO obligations and value intellectual property rights (IPR). India's interactions with BRICS are not so large as to overshadow its interest towards Europe or the West.

As regards its relations with the US, India has stated officially that the US is not just a superpower, but its relations with the US impart a positive effect on India's dealings with the rest of the world. This relationship has strategic implications for New Delhi on the issues of nuclear non-proliferation, support for UNSC membership, energy security and balancing power politics in Asia. 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 that 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 the veto power. Comparatively, the China-India association in BRICS is a puny issue, at least where India is concerned.

India's approach to BRICS is best explained in terms of its democratic dialogue. The BRICS members ask for "democratization" of the global order, without really practising the 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 economic terms. For India, IBSA is a coordinating mechanism, based on soft-power dealings, having three specific objectives: democratic ethos, developing-country slogan, and acting together globally for socio-economic dealings. This distinct Indian approach will keep New Delhi politically and economically attractive, even if the Chinese will woo both Brazil and South Africa through trade and commercial dealings. China views IBSA as merely a temporary, and not really a vital bloc. For India, in contrast, IBSA is a vital cross-regional testimony. IBSA not only enhances India's democratic ethos, but also helps to build its identity as a country that does not necessarily belong to the Chinese world that trumpets a

“hard power” club. In India’s perspective, IBSA is a democratic alliance, whereas BRICS is more an abstract phenomenon of rising economies with resources, populations and diverse social and political systems. 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. We are trying to put life into it.”³⁶

Though issues like food security, social inclusiveness and energy security remain the top concerns both in BRICS and IBSA, India views IBSA as largely a “people’s project”.³⁷ The broader dialogue that India tries to institute through IBSA may be listed as follows: (i) political consultation; (ii) multilateral sectoral trilateral cooperation, and (iii) the execution of the developing-world spirit. In other words, BRICS is certainly a serious cross-regional mechanism in India’s dialogue, but not necessarily a most vital one. Sharing the platform with China in BRICS is for India a strategic necessity, but not a compulsive one. The West and Europe are too vital components for India to ignore and support a Chinese-led BRICS order.

BRICS: Not a Credible Wall Yet

Despite its resplendent accomplishments so far, BRICS has limited scope in terms of its assertive power. To begin with, BRICS has huge limitations. One is not sure to what extent the economies in these developing countries will keep developing and growing. Establishing coordination on foreign policy dialogue on global political and economic issues will also be difficult for them to achieve. More than the dissimilarities in their political and social systems, what really make the BRICS phenomenon weak and temporary are the opposing foreign policy perspectives and contrasting worldviews and directives of its constituent member states, especially between China and India.

In fact, the 2012 BRICS summit indicated that the real challenge 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 in BRICS, setting up a BRICS Developmental Bank and its headquartering; and, most importantly, the establishment of the BRICS head office. These issues are likely to create a greater divide between China and India in their struggle to gain greater turf victories.

As regards membership induction: there is speculation that in BRICS grouping, which is still at the embryonic stage, rapidly rising market economies like Indonesia, Vietnam, and Egypt want to be members. Turkey and Mexico

also want to join. The Chinese are not keen to push BRICS into a formal bloc: they only want to use it temporarily for their foreign policy advantage. Equally, India is not sure about the future scope of BRICS. This greatly obstructs any credible China-India multilateral engagement within BRICS. China lobbied hard to induct South Africa into BRICS – and was successful in reducing the influence and prominence of India in IBSA. This power spectrum will continue within BRICS.

Further, with the relative decline of American supremacy in Latin America, and with the rapid influence of the Chinese economy and China's rise, the political space and role of Brazil have grown substantially in world politics. Brazil's geo-strategic vitality has been a talking point for many in the strategic community. Call it a strategy for acquiring superpower status or an attempt at designing the emerging world order: but China has decided to reach remote Latin America in a big way.³⁸ Brazil is important in that context. Hu Jintao was categorical during the second BRICS summit that "BRIC nations should set clear objectives for cooperation" to promote their common interests from a "strategic height", hinting mainly at the clubbing of Brazil and India in IBSA.

South Africa then was not a member of BRICS but was connected with IBSA. Apart from South Africa, China has given adequate importance to Brazil in its foreign relations strategy, and has tried to keep Brazil stay connected multilaterally. It may be noted as an important historical footnote that during the global financial crisis in 2009, China, without any alarums displaced the US as Brazil's top trading partner. Chinese exports to Brazil have been rising constantly, forming more than 62 per cent of their bilateral trade. In this equation, Brazil places China high at the table as the largest exporting destination and as the second-largest importer. Their bilateral trade volume has exceeded \$80 billion by 2011.³⁹ It is obvious that China wants to keep Brazil within its strong diplomatic ambit, to circumscribe India's influence in that country.⁴⁰

China and Brazil have had their differences historically: but they put aside their qualms during the Sanya BRICS summit. During the summit, represented by President Dilma Rousseff on the side of Brazil, the two countries signed a trade deal of \$1.4 billion, including the sale of 35 E-190 Embracer SA jets to China.⁴¹ Brazilians have for a long time pointed out that they see China as a model for their own industrial development. The Chinese in their turn have noted the importance of Brazil as a world market, especially as the world's largest producer of iron ore. Brazil has often been a counterpoint in the dialogue between China and Australian miners.

In BRICS, Brazil occupies a unique position. It possesses the capacity to enrich uranium but lacks nuclear strength, the only country to have given up that ability willingly. Brazil, mainly a mining and agricultural powerhouse, also has clear potential of becoming a major energy player in the world. On issues like global climate talks, Brazil aspires to forge a common BRICS position, but the carbon footprints and resulting negotiating positions of the member countries remain a cause for concern. China would like to stay connected with Brazil massively, both within and outside BRICS.

Russia also is on top of China's economic and foreign policy preferences. The two countries are tied up in BRICS, SCO (Shanghai Cooperation Organization) and RIC (Russia-India-China) formulations. Having healthy relations with Russia is important for the Chinese to prevent the Western powers from gaining importance in the Central Asian region; it will also help them gain clout and bond within the SCO and in other multilateral organizations. President Hu Jintao is reported to have said that China and Russia should aim at attaining \$100 billion trade figure by 2015 and \$200 billion by 2020.⁴² The year 2011 marked the tenth anniversary of the "Sino-Russian Good-Neighbourly Treaty of Friendship and Cooperation". The two sides acknowledged the vitality of their bilateral relations on the occasion of the fifteenth anniversary of the establishment of the Sino-Russian strategic relationship.⁴³ Both countries have also shown remarkable mutual understanding within the frameworks of BRICS, RIC and SCO.⁴⁴ For example, the Chinese were quite categorical in their support of Russia's case for entry into the WTO;⁴⁵ Russia finally became eligible to become a member of the WTO in December 2011.

China's special relations with BRICS members, noted above, are not exactly in consonance with those of India. For example, China seems to have a difference of opinion with India over the structure and functioning of the establishment of the BRICS multilateral bank: these include the appointment of the head, the rotation policy for its presidency, and establishment of the BRICS headquarters. History suggests that China wants to have a dominant say in such issues, which India would naturally not want to allow, asserting its own rights of sovereignty. Consider, for example, the Chinese arrogance where the SCO is concerned: (i) the SCO is named after Shanghai; (ii) the secretariat is sited in Beijing;⁴⁶ and (iii) a Chinese diplomat was appointed as the first secretary general of the SCO.⁴⁷ India needs to note these elements of such Chinese arrogance.

The separate continents and the geographic distances weaken BRICS as a political phenomenon. From a regional perspective, though Russia, India and China are located close to each other, strategic contradictions hardly help

them to 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.

More than any of these issues, the contradictory global institutional perspectives and multilateral differences between China and India may obstruct the scope and rise of BRICS. Among the various levels of multilateral settings in which the two countries engage, and design their foreign policy strategies, are: (a) the reform of the UNSC; (b) the global financial institutions like the WTO, World Bank, G20 and G8; (c) the global non-proliferation system; and (d) climate change coalition. Both countries see these multilateral settings as the "gateway" for their global postures and future paths. Their existing differences and contradictions in these multilateral settings suggest that China-India collaboration within BRICS may not be an encouraging one. UNSC reform is one example, which highlights the existing differences between the two countries. Ignoring the "developing country" status, Beijing has never exclusively supported India's candidature openly, while it has openly backed greater representation of African countries, and has openly backed South Africa's candidature for a permanent berth in the UNSC. This indicates that the rhetoric of unity and harmony within BRICS is merely a chimera. It may be noted in this context that the Chinese were seen together with India in the 1950s as part of the Third World countries formulations.

China-India differences in various other global financial bodies suggest that their economic cooperation within BRICS is also limited. While there are several areas for bilateral convergence of interests at the global level, nothing concrete seems to be appearing which could enhance the China-India global engagements in financial institutions like the IMF, WTO or the G20 in that context. Both are more concerned about their relative status and identity at the global level, rather than really having a joint ethos for a developing-world cause. While India's profile as a centre of global finance is relatively modest, China remains predominant.⁴⁸ The two countries are yet to develop any common ground to manage in effect international financial institutions like the IMF, the World Bank, the Asian Development Bank (ADB), etc. While the voting rights in the Bretton Woods organizations are more favourable to the Western countries, the activism of both China and India about these issues has been restricted to rhetoric. No common perspective between the two Asian neighbours seems to be developing on global oil and commodity prices, global economic imbalances and trade protectionism. In ADB, India and China entered into a dispute when India applied for a financial loan package for infrastructure development in its state of Arunachal Pradesh. Further, neither

country seems to have taken seriously the UN Convention on the Law of the Sea (UNCLOS) and its Commission. A wider consensus between them on environmental governance on a global scale is also still missing, even while BRICS has continuously raised the climate change issue in its summits.

On climate change, both countries had a go-it-alone approach until recently.⁴⁹ Both are massive users of oil and producers and users of coal. In per capita emissions they differ widely. There are also other divergences even if the two have a common understanding on climate talks. Though both share the same dilemmas on a larger scale on vital issues such as energy, maritime security, climate change and various developmental needs, only rhetorical statements have been made time and again both in China-India bilateral relations and within BRICS about building a cooperative approach rather than cobbling concrete institutional mechanisms meant to address these global issues.⁵⁰

Policy Imperatives for India

Their different global visions place China and India in distinct leagues within BRICS. Their multilateral engagements with each other seem to be temporary and ad hoc, without really forging any credible long-term strategy to stabilize their mutual multilateral discourse. In multilateral organizations and in global dealings India remains a conservative and cautious power compared to China. China's multilateral practice in recent times has been aggressive, smart and persuasive. China's approach, as a dominant country on many fronts, is different from other developing countries. China's diplomatic practice of dealing with multilateral bodies or organizations has coincided with its larger regional and global interests. With the new leadership taking over power in China in 2012-13, China's foreign relations strategy and multilateral politics is going to be even more intelligent and assertive. India must put its act together with regard to BRICS and about associating with China in various multilateral political forums. Three policy imperatives suggest themselves.

- (i) India must prepare a clear perspective whether it wants to seriously consider BRICS in its foreign policy or not. More importantly, India must also make up its mind whether IBSA is still having a higher order than BRICS. This is important at a time when China is trying to varnish the weight and significance of IBSA by tying up massively with Brazil and South Africa, India's two cross-continental partners. India must respond by maximizing its relations with Brazil and South Africa.
- (ii) India must have a clear vision and target with regard to BRICS. It should not succumb to the Chinese economic pressure within and outside BRICS,

and must have the BRICS headquarters, BRICS Developmental Bank headquarters, etc. in India. Adequate diplomatic initiatives and networking with the BRICS members must be undertaken. India should continue to see economic dealings within BRICS, and should not bring politics or global political issues to BRICS, which has mainly been a Chinese strategy.

- (iii) Finally, India must clearly assess the Chinese methods and strategy within BRICS. China has given considerable importance to multilateral engagements in recent times, mainly to maximize its own diplomatic aims and objectives. New Delhi must be clear and vigilant about China's global "economic strategy", which has immense political bearings. Also, India must maximize its individual relations with Russia, Brazil and South Africa both within BRICS and outside.

Notes

- ¹ The fourth BRICS Summit also indicates that. See "Fourth BRICS Summit: Delhi Declaration", Ministry of External Affairs, 29 March 2012, at <http://mea.gov.in/mystart.php?id=190019162>.
- ² Richard N. Haass, "The Age of Nonpolarity: What will follow US Dominance", *Foreign Affairs*, May–June 2008.
- ³ Fareed Zakaria, "The World has changed, Mr. Romney", *The Washington Post*, 1 February 2012, at http://www.washingtonpost.com/opinions/the-post-american-world-demands-a-new-approach-from-the-us/2012/02/01/gIQAb5ziQ_story.html
- ⁴ "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. The fourth BRICS Summit also indicates that. See "Fourth BRICS Summit: Delhi Declaration", n. 1.
- ⁵ *II BRIC Summit – Joint Statement*, Prime Minister's Office, Press Information Bureau, Government of India, 16 April 2010, at <http://pib.nic.in/newsite/erelease.aspx?relid=60398>
- ⁶ "Full text of Sanya Declaration of the BRICS Leaders Meeting", n. 4.
- ⁷ "Fourth BRICS Summit: Delhi Declaration", n. 1.
- ⁸ David Underwood, "BRIC Economies", *The Global Dispatches*, 1 March 2010, at <http://www.theglobaldispatches.com/articles/bric-economies>
- ⁹ "Full text of Sanya Declaration of the BRICS Leaders Meeting", n. 4.
- ¹⁰ Mario Garnero and Marcelle Chauvet, "BRICS and the World Debt Crisis", *The Perspectivist*, 22 November 2011, at <http://www.perspectivist.com/business/brics-and-the-world-debt-crisis>
- ¹¹ *Ibid.*

- ¹² Ibid.
- ¹³ The hallmark of the Declaration is its overarching theme titled *BRICS Partnership for Global Stability, Security and Prosperity*. It is categorical about improving the share of the developing world in a range of economic and political issues.
- ¹⁴ “Fourth BRICS Summit: Delhi Declaration”, n. 1.
- ¹⁵ Ibid.
- ¹⁶ 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
- ¹⁷ Ibid.
- ¹⁸ 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-ONeill-BRICs-rapid-growth-tips-the-global-balance.html>
- ¹⁹ Ibid.
- ²⁰ Lye Liang Fook and Zhang Yang, “China in the BRICS: Pursuing Closer Cooperation, Not Hegemony”, *East Asian Policy*, volume 2, no. 4, October–December 2010, p. 62.
- ²¹ Rebecca Byerly, “Is India’s economy headed toward meltdown?”, *Alaska Dispatch*, 15 February 2012, at <http://www.alaskadispatch.com/article/indias-economy-headed-toward-meltdown>
- ²² Xu Xin, “The Chinese Concept of ‘Twenty Years’ Strategic Opportunities’ and its Implications for Asian Security Order”, in N.S. Sisodia and V. Krishnappa (eds.), *Global Power Shifts and Strategic Transition in Asia*, New Delhi: Academic Foundation, 2009, p. 63.
- ²³ “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), at [http://www.wenweipo.com; World News Connections \(dialog.com\), 200912181477.1_17cb01f3a27a0ae1](http://www.wenweipo.com; World News Connections (dialog.com), 200912181477.1_17cb01f3a27a0ae1), accession number 291501134.
- ²⁴ 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
- ²⁵ *Xinhua*, “Chinese president makes proposal for tackling global financial crisis at BRIC summit”, 17 June 2009, at <http://english.peopledaily.com.cn/98373/98460/98506/6770550.html>
- ²⁶ Ibid.
- ²⁷ 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* (dialog.com), 201004121477.1_df6e00753c4250d6, accession number 299200180. The

expert referred to is Li Xiangyang, director of the Institute for Asia-Pacific Studies at CASS.

²⁸ Ibid.

²⁹ "China Expects BRIC Summit to Push for International Financial Reform", *Xinhua*, 7 April 2010, OSC Transcribed Text, World News Connection (dialog.com), 201004071477.1_2595003e8b90ce34, accession number 297052244.

³⁰ "Statement by Prime Minister at the Plenary Session of BRICS Leaders", *Speeches/Statements*, 14 April 2011, at www.mea.gov.in

³¹ 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. For example, in his 2012 New Delhi BRICS summit speech, Manmohan Singh raised issues which were more about global economic and governance issues rather than political issues. See "Prime Minister's Statement at the Plenary Session of the Fourth BRICS Summit, New Delhi", *Speeches/Statements*, 29 March 2012, at <http://www.mea.gov.in/mystart.php?id=530119161>

³² 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 Jagannath P. Panda, "India's Call on BRICS: Aligning with China without a Deal", *ISDP Policy Brief*, No. 91, 9 March 2012.

³³ "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>

³⁴ Importantly, the EU remains India's largest trading partner and also India's largest source of foreign direct investment (FDI). See *ibid.*

³⁵ Ibid.

³⁶ Indrani Bagchi, "PM against merger of IBSA, BRIC blocs," *Times of India*, 17 April 2010.

³⁷ "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

³⁸ According to Yang Wanming, Director General of the Department of the Latin American and Caribbean Affairs of the Chinese Foreign Ministry, China has opened thirty-two Confucius Institutes throughout Latin America. According to him, "China has imported 20.73 million tons of crude oil from Latin American countries in 2010, which accounts for 8.7 per cent of China's total import in that year". See "China to deepen ties with Latin-America", Yang Wanming's Interview, *China Daily*, 17 January 2012, at http://www.chinadaily.com.cn/china/2012diplomats/2012-01/17/content_14463885.htm

³⁹ "China to deepen ties with Latin-America", *ibid.*

⁴⁰ Ibid.

- ⁴¹ Li Xiaokun, Ai Yang and Bao Chang, “China vows new trade ties”, *China Daily*, 13 April 2011, at http://www.chinadaily.com.cn/cndy/2011-04/13/content_12314718.htm
- ⁴² “Chinese President Winds up Eurasia Tour (2)”, *People’s Daily*, 21 June 2011, at <http://english.people.com.cn/90001/90776/90883/7415325.html>
- ⁴³ “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
- ⁴⁴ Ibid.
- ⁴⁵ “Russian WTO Entry gains Support”, *China Daily*, 14 April 2011, at http://www.china.org.cn/business/2011-04/14/content_22356289.htm
- ⁴⁶ 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 Helen Lansdowne (eds.), *China Turns to Multilateralism: Foreign Policy and Regional Security*, London: Routledge, 2008, pp. 104–26.
- ⁴⁷ Jianwei Wang, *ibid.*
- ⁴⁸ Teresita Schaffer, “India: Driving the Global Superhighway”, *Brown Journal of World Affairs*, Volume XVI, Issue II, Spring-Summer, 2010, pp. 219–26.
- ⁴⁹ Chietigj Bajpayee, “China-India Relations: Regional Rivalry Takes the World Stage,” *China Security*, vol. 6, no. 2, 2010, p. 7.
- ⁵⁰ Ibid.

