Chapter 9
India, China and Multilateralism: Towards Multi-polarity and Global Governance

If the trajectories of political, economic, cultural and social influence are used to determine the nature of the global power structure, it can be said that the nineteenth century was a unipolar world dominated by the Great Britain; after the Second World War, the USA filled the void left by the decline of Britain, but also witnessed simultaneous rise of the Soviet Union. As the world was divided into the socialist and capitalist blocks, bipolarity was established. However, with disintegration of the Soviet Union in 1991, uni-polarity was established with the USA at the helm of power. In the twenty-first century, as countries reaped benefits of globalization and liberalization, other centres of power started to emerge, mirrored in the rise of China and emerging economies like India and Brazil. As globalization made the world highly interdependent, establishment of multilateral mechanism for aligning national development strategies through better coordination and consultation became the norm.

The last three decades could be attributed to multilateralism in the age of global interdependence. Multilateralism may not necessarily be an ultimate solution to bilateral or multilateral problem, however, could be important for conflict resolutions and enhancing understanding and cooperation among the nations. The convergences of India and China on climate change, albeit there are some visible shifts in their strategies of late, formation of the BRICS, Asia Infrastructure Investment Bank (AIIB) and Shanghai Cooperation Organization (SCO) are just a few examples. These are established on the premise that India and China relationship transcend the scope of bilateral relation and must be viewed from a global perspective; and that they must not let the differences to grow into disputes and conflicts.

1 India, China and the Climate Change

India and China, and many other developing countries, are at an important stage of industrialization and urbanization and are facing enormous difficulties in controlling greenhouse gasses. If compared with the USA, there is a lot of catching up to be done.
For instance, in India, China and the USA, three largest emitters of the greenhouse gases (GHG) have 18, 113 and over 800 motor vehicles per thousand people. The per capita production of CO₂ in these countries is 2.6, 8.13 and 19.86 tons, respectively. Even if India is at number 4 in terms of total volume of emissions (if we put the European Union at number 3), India only emits 6.96% of the global emissions comparing 14.4% by the USA, and over 25.26% by China. Similar indicators could be applied across various domains of public life in these countries, indicating that it is not a level playing field for India from any perspective (Deepak 2016, 24).

It was precisely owing to such an asymmetry in development levels that India in tandem with China took to the principle of common but differentiated responsibilities, in particular that developed countries should be taking lead in reducing their greenhouse gas emissions and providing financial resources, technology transfer and capacity building support to developing countries, for the global warming is not caused by a couple of decade’s development in India and China, but by the accumulated carbon emissions by the industrialized countries over two hundred years. The same stand was reiterated in October 2009 Memorandum of Understanding between India and China, and even between the USA and China in 2014.

India and China have been emphasizing that the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol (KP) are the most appropriate frameworks for addressing climate change. This was reflected in 2009 Copenhagen Summit when both India and China categorically opposed both the Danish and Tuvaluan drafts, which envisaged deeper cuts in global emissions, as well as limiting the global temperature rise to within 1.5 °C rather than 2 °C, and reiterated that the premise for discussion should be KP and the Bali Road Map (BRM) rather than bringing in a new protocol. However, in 2015, both moved away from their rigid stand of yesteryears and were willing to negotiate climate change alone with other stakeholders; the US–China and India–US climate change announcements prior to the Paris Conference that brings all nations into a common cause to undertake ambitious efforts to combat climate change demonstrated this fact (Deepak 2016, 25). The Paris Agreement entered into force on 4th November 2016, and as of March 2019, 195 UNFCCC members signed the agreement. Citing the deal bad for the USA and its economy, President Trump, announced on 1st June 2017 the decision of the USA to withdraw from it. The decision drew a flak from many criticizing him (Duke 2019) that it “would provide serious cover for major emitters like China and India”.

As far as China is concerned, ever since the advocacy of building “a new type of major power relationship” by President Xi Jinping in 2013, China has been taking proactive approach as regards managing and handling issues with the USA. A year later in November 2014, it quickly reached a deal with the USA on Climate. The article 3 of the US–China Joint Announcement stipulates that the USA will reduce its emissions by 26–28% below its 2005 level in 2025. China declared that it intends to achieve the peaking of CO₂ emissions around 2030 and to make best efforts to peak early and increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030 (TWH 2014). Since then both sides have been strengthening their policy dialogue and practical cooperation that includes, joint clear energy research, utilization and storage of CO₂, cooperation of HFCs, building low carbon
cities and trading in green goods, etc. These emission cuts were reiterated by President Xi Jinping during his September 22–25 US visit. Buoyed by the success of its seven pilot schemes for “cap and trade” (Beijing, Chongqing, Guangdong, Hunan, Shanghai, Shenzhen and Tianjin), Xi announced that China will implement “a cap and trade system” by 2017 albeit analysts believed that allocating permits equitably could be a herculean task for China, especially when energy consumptions and growth rates varied drastically from region to region (Deepak 2016, 26).

Another announcement that attracted worldwide attention was Xi Jinping offering $3.1 billion in climate finance for developing countries, which is a notch above the US pledge of $3.0 billion Green Climate Fund, signalling that China is ready to share greater responsibility at the international stage and help the developing countries to mitigate their emission concerns on the one hand and that the developed world in not doing enough to mitigate similar concerns of the developing countries on the other. India perhaps will not be in such a position and will continue to uphold it earlier position till the time some parity is achieved on the emissions.

Nevertheless, the timings of the US–China announcements in 2014 and 2015 perhaps set a stage for the success of Paris meeting, and put heat on others too. As far as India is concerned, being the third largest emitters of the GHGs, it pledged a 20–25% reduction in emissions intensity from 2005 levels by 2020. However, as every country was supposed to submit its Intended Nationally Determined Contributions (INDCs) ahead of December 2015 climate change conference, India submitted the same on 1st October 2015, which pledged to reduce the emission intensity of its GDP by 33–35% by 2030 from 2005 levels and produce about 40% of its electricity from “non-fossil fuel based sources” like solar, wind or hydropower. These commitments could be fulfilled only if India spends $2.5 trillion till 2030 at current prices (Deepak 2016, 26).

It appears that though China has moved away from the notion of differentiated responsibilities albeit it does make mention of it in the US–China climate announcement made in Beijing in 2014, India owing to huge asymmetries in emission as well as development with China and developed world is sticking its guns to the old notion as demonstrated by India’s the then environment minister Prakash Javadekar’s speech in New York. Moreover, as India maintains a robust growth trajectory, it would require more energy resources for faster growth that will ultimately uplift millions of its poor from poverty; it is this vulnerability that India unlike China has not announced when its emissions might peak.

India’s emission commitment and economic vulnerability is also an opportunity to forge closer technological cooperation with developed countries. In this regard, the US–India deal to “enhance cooperation” on cutting emissions and investing in low carbon energy sources signed in 2015 is a pointer. Though the deal cannot be compared to the US–China deal, nonetheless, India’s two-pronged strategy of dealing with the emission cuts could be seen as a fine balancing act as for now. How successful PM Modi would be treading this line, we will have to wait and watch.

Interestingly, with the US withdrawal from the Paris Agreement, China would be forced to recalibrate its G-2 strategy to a more diversified multilateral cooperation. Though some may see a window for China to take the global leadership as regards
climate change governance, however, given the slowdown in its economy, ongoing coronavirus and trade war with the USA, it may help rebuild global shared leadership by replacing the Sino-US G2 partnership with a Climate 5 (C5) partnership that comprises China, the EU, India, Brazil and South Africa as argued by Zhang et al. (2017a, b) in their study. The grouping accounts for 22% of the world economy, 19% of the global trade and contributes more than 50% to the world’s economic growth. However, if we analyse China’s GDP, it is bigger than the GDP of the rest 4 and its contribution to world economy over 33%.

2 India and China in the BRICS

The acronym, BRIC, was coined by O’Neill (2001), an economist with Goldman Sachs in a paper entitled “The World Needs Better Economic BRICs” published in 2001. Yet in another paper, Wilson and Purushotaman (2003) argue that over the next 50 years, the BRICs could become a much larger force in the world economy and could be larger than the G6 in US dollar terms. For example, the GDP of the BRIC countries would be around 85 trillion USD comparing 66 trillion of the G6 countries. Therefore, the notion signals a shift in the global economic power away from the G7 economies towards the emerging economies. The BRIC thesis holds that China and India will become the hub of world’s manufactured goods and services, while Brazil and Russia will become leading suppliers of raw materials. This, however, may not hold true for the future, as China is determined to move away from the labour-intensive industries to R&D and high-end manufacturing, as could be gleaned from its “Made in China 2025” strategy. During the third BRIC leaders’ summit in China (2011), President Xi Jintao invited South Africa to the club, thus taking the number to five and making it the BRIC into BRICS.

At present, the BRICS accounts for more than 25% of the world’s land mass; more than 40% of world population; over 50% of world economic growth; and around 30% of the world economy. Even though, South Africa’s 366 billion US dollar economy and population of 49 million pales in comparison to other BRICS members, especially China and India, however, it is the most advanced economy in Africa; the largest trade partner of China in Africa; and more importantly will provide a gateway to the BRICS into Africa for greater trade and investment. Furthermore, South Africa’s entry has given the BRICS a voice in the African Continent and is bound to strengthen the economic base of a multi-polar world on the one hand and create conditions for strengthening of the global peace and security on the other.

2.1 A Platform for Cooperation

The BRIC was formally institutionalized as an international forum during the first BRIC summit hosted by Russia in June 2009 albeit the BRIC Foreign Ministers
India and China in the BRICS

had met in Yekaterinburg a year earlier. The summit primarily dealt with the global economic crisis and looked for answers as how to build a new international financial system. In this regard, the Chinese and Brazilian move to invest 40 and 10 billion US dollars, respectively, in International Monetary Fund (IMF) bonds was considered as a move to diversify their dollar-heavy currency reserves, as these nations, especially China, were increasingly apprehensive about the safety of the exchange reserves held in US dollar denominated assets. It was owing to this fact that the BRIC nations called for the reforms of the world organizations, including the financial institutions and the United Nations, and demand greater role for the emerging economies in these bodies. This is obvious from the BRIC foreign ministerial meeting on 16th May 2008 in Yekaterinburg prior to the first BRIC summit at the same place in 2009. During the meeting, the BRIC nations called for the emerging economies to play more assertive role in the World Bank and the International Monetary Fund. A week prior to the Yekaterinburg summit, Brazil and Russia offered $10 billion each to the IMF and China announced plans to invest a total of $50.1 billion. India on its part has committed to contribute $3 billion. This was also approved by the G20 summit held in South Korea in November 2010 of which all the BRIC nations are members. The reform of the world financial institutions is considered as an important step towards a more legitimate, credible and effective system of governance where emerging economies like India and China will find greater representation.

Notwithstanding the “imaginary” foundation of the BRICS, and challenges the grouping is facing internally and externally, its 12-year short journey has indeed achieved remarkable growth and is increasingly been seen as a major economic grouping contributing tremendously to the global economic growth and governance. With the establishment of mechanisms like an agricultural information base system (2010), the stock exchanges of the BRICS emerging markets (2011), agreements to promote trade in local currencies (2012), BRICS University League (2013), BRICS New Development Bank (2014), BRICS Contingency Reserve Arrangement (2015) BRICS first Regional Centre of the New Development Bank in South Africa (2017), etc., have demonstrated that the BRICS has emerged as a fine example of multilateralism. It has also demonstrated the desire of the emerging economies to assume greater responsibilities in global financial governance albeit its power of discourse remains limited as it holds only 13 and 15% of the voting rights in the World Bank and the International Monetary Fund, respectively. It was agreed during the 8th summit in Goa, India, that an independent BRICS Rating Agency would be established to transform global financial architecture based on the principles of fairness and equity. It is believed that the West led agencies such as S&P, Fitch and Moody’s that account for 90% of the rating market have somewhat jaundiced approach towards the developing countries. For example, in May 2017, Moody’s ratings agency downgraded China’s credit score, warning that economy-wide debt is expected to rise as potential economic growth slows over the coming years. Both India and China had slammed Moody’s “inappropriate methodologies” at that time (PTI 2017).
2.1.1 Globalization vs. De-globalization

The retrenchment of the West led by the USA; fissures in the Western alliance; doubts over the success of the European Union following the BREXIT and economic slump in most of the countries, the refugee crisis, Covid 19 pandemic, etc., issues have increasingly made countries look inward, so much so the USA has pulled out of the Paris Climate Change Agreement and the WHO. The BRICS though made a strong pitch for globalization during the 9th BRICS summit in Xiamen, however, the coronavirus spread and India–China border flare up will create difficulties for cooperation. Since the Belt and Road Initiative (BRI) proposed by China remains a mammoth connectivity initiative of the century geared towards boosting regional as well as global growth, its endorsement by BRICS has been problematic as there are differing perceptions about some of the BRI corridors amongst the BRICS countries.

2.1.2 South–South Cooperation

It is evident that the developing countries would like to break free from the subservient role they had with the industrialized economies and forge stronger economic and political relations among themselves, which are based on mutual respect, equality and win–win cooperation. The establishment of the BRICS and its affiliated institutions such as the BRICS New Development Bank (NDB) and Contingency Reserve Fund should be seen in this light. China’s connectivity initiative appears to offer such a model for cooperation, which is seen as less exploitative and more relevant to mutual development, but concerns of neo-colonialism and debt traps remain. Even within the grouping, smaller countries are apprehensive about the ultimate goals of the connectivity initiatives. However, it is the fact that the BRICS countries, especially China, have been instrumental in south–south finance flows; today, China’s policy banks lend more capital than any other bank in the world. The cooperation has resulted in foreign direct investment, trade, transfer of technology especially in mining, energy, infrastructure, etc., sectors. South–South cooperation has been one of the major themes of the summits, but despite of the fact that Brazil is a huge commodity market, Africa and Russia are rich in natural resources, India, the biggest agricultural economy, and China the largest exporter of commodities and production capacities, the intra-trade between BRICS countries remains abysmal. For example, in 2015, it stood at about $250 billion. Though Indian Prime Minister Narendra Modi called for doubling this number to $500 billion by 2020, nonetheless, in the wake of Covid-19 disruption and border tensions flaring up between India and China, the target will remain a far cry.

2.1.3 Global Governance

The paradigm shift in the global economic and political structure has resulted in structural adjustment in the global governance system. The G20 demonstrated that
the developed and developing countries could sit together at the high table, while the birth of various new mechanisms such as BRICS, SCO, NDB, Asia Infrastructure Investment Bank (AIIB), Silk Road Fund indicated that the emerging economies were capable of reshaping or willing to supplement the existing governance mechanisms with new ones. Being the founder members of many of these mechanisms, both India and China, are playing a leading role and building bridges between the developed and developing countries and adding multitude of wealth to the global economy.

Nevertheless, there are voices that the establishment of these institutions including the NDB and AIIB have challenged the post-World War II order. The fact remains that the establishment of these institutions is the outcome of the Bretton Woods System that has been on shaky grounds after the 2008–09 financial crises as well as the Euro crisis, a reminder that if the institutions like IMF, the WB and ADB continue to attach strings to the developmental aids and loans, there is going to be a serious demand for alternative institutions. Especially when the global economic recovery is weak, the establishment of such institutions will promote infrastructural as well as social and economic development in the regions.

2.1.4 Counter Terrorism

BRICS countries remain committed to combat terrorism in any shape and form and believe that there is a need to expand practical cooperation in intelligence sharing, capacity building, and providing security to their sprawling interests abroad. In this context, a Counter-Terrorism Working Group was established during the 8th summit in Goa and held its first meeting. The group agreed to expand counter terrorism cooperation further to include measures for denying terrorists access to finance and terror hardware such as equipment, arms and ammunition. The second meeting was held in Beijing on 17th May 2017 and conducted extensive discussions on the issue affecting region and beyond. India has been urging the BRICS nations to back its efforts for the adoption of a comprehensive convention on terrorism at the UN and shed the ambiguity on “good” and “bad” terrorists.

2.1.5 Combating Global Warming

At a time when the USA is withdrawing from multilateral arrangements such as the Paris climate agreement, BRICS countries have repeatedly expressed their commitment towards the Paris deal and the emission cuts they have undertaken for combating the global warming. No one denies the fact that the combined population of 3 billion people and a GDP of $17 trillion will have a huge impact on global emissions; however, can the BRICS initiate joint research and development into new energy technologies? It has been expressed by some of the BRICS countries like Russia and Brazil that they do not want to be seen as exporters of their natural wealth.
2.1.6 People-to-People Exchange

People-to-people exchanges are the pillar of all bilateral and multilateral exchanges. It is the cultural capital of a country that has attraction and lays foundations of understanding between the people. As regards the people-to-people exchanges between the BRICS nations, even if there are various exchanges such as cultural festivals, media and film exchange, BRICS scholarships programmes, they seem to have made little impact. There remains a huge room to strengthen and broaden the scope these exchanges. The establishment of BRICS University League is an excellent example. There is a need to institutionalize these mechanisms and establish even more at various levels.

3 Shanghai Cooperation Organization

The SCO has become an important multilateral institution promoting regional security, as its security boundaries have sprawled into energy cooperation, military cooperation, counter terrorism, intelligence sharing and above all promoting the proliferation of connectivity thus galvanizing the economic integration in Eurasia, yet it is not a military block or an alliance directed towards any specific country. With India and China, the two largest and fastest developing countries as its members, the contribution they are making together with other members to the global economic growth and prosperity is quite significant. The SCO spirit of inclusivity, unimpeded trade and investment and the greater flow of human resources is necessary for innovation and capacity building between the nations, regions, and the world. This also reflects the thinking of the SCO that disequilibrium in the global wealth distribution could be offset by greater openness, demolition of the trade barriers and through proliferation and docking of connectivity initiatives in the region. An open and innovative Asia will certainly push the global economic growth, regional economic integration and also build trust between the countries. This is necessary if the dividends of the 4th industrial revolution are to be reaped by countries across the globe, the developing countries in particular.

As far as India is concerned, it became a formal member of the SCO during the 17th summit on 8th June 2017 in Astana, Kazakhstan. At the outset, the SCO provides India an opportunity and an excellent platform to engage with other member states in Eurasian continent and calibrate its policies in the region accordingly. Secondly, we must not forget that in 1996 when Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan established the “Shanghai Five” the idea behind was to resolve the border disputes, and downsize military forces along the borders. If the relations are turned benevolent through this platform, the same could be achieved in South Asia, albeit the disputes are more complex, as could be gleaned through frequent border standoffs between India and China. The better management and resolution of the borders paved way for better connectivity between China, Russia and other Central Asian Republics. Thirdly, since fighting terrorism, separatism and extremism is another
important goal of the SCO ever since its formation in 2001, and especially since
the Tashkent Summit in 2004 when a Regional Anti-Terrorist Structure (RATS) was
officially inaugurated; the expansion of the SCO would entail a more coordinated
approach on terrorism. Sharing of intelligence, counter terrorism operations and
combat experience, etc., of various countries will come handy. More importantly, this
multilateral mechanism has provided an opportunity for India and Pakistan to open
channels of communication even if the bilateral dialogue between the two remains
stalled. The first ever SCO RATS legal experts meeting in Islamabad between 23rd
and 25th May 2018 is just an example. Fourthly, the large-scale Peace Mission
military exercises of the SCO, which have gained importance in the backdrop of the
Islamic State spill over into the region, will provide the new entrants, especially India,
a rare opportunity to engage with the PLA and Pakistan army at the same time. Since
the exercises promote interoperability, mutual trust and transparency, it may help to
ease up some misgiving about the PLA in India on the one hand, yet bring the Indian
army face to face with the Chinese personal, technological and integrated command
capabilities of the PLA on the other. Fifthly, since most of the SCO members have
huge stakes in Afghanistan’s security, political and economic stability, they need to
devise a magic formula, for the security situation in Afghanistan has been worsening,
tensions between Pakistan and Afghanistan are escalating, peace with the Taliban that
again owing to diametrically opposite perspectives between some member countries
is elusive.

In this context, the Wuhan and Chennai unofficial summits between president
Xi Jinping and Prime Minister Modi gains traction, where both the leaders reached
some consensus on taking joint projects in Afghanistan. However, the Galwan bloody
standoff has dashed all such hopes of cooperation at bilateral and multilateral forums.
The Quadrilateral Traffic in Transit Agreement (QTAA) between China, Pakistan,
Kirghizstan and Kazakhstan that has been docked with the China–Pakistan Economic
Corridor (CPEC) will further test India’s diplomatic manoeuvrability with the Central
Asian Republics and China. Having said that, since regional and trans-regional
connectivity, expansion of trade, investment and commerce is the top priority of China
in Eurasia and beyond, and since the mechanism of “Belt and Road” is an important
instrument in realizing the policy goals, India may not be averse to connectivity with
China or any other country minus CPEC and unfold a pragmatic and constructivist
approach. It would make sense if India’s connectivity projects, especially the North–
South Transport Corridor (NSTC), and various other connectivity projects inside
India and Southeast Asia, could be docked to similar Chinese initiatives in Southeast
Asia, Central Asian Republics and Russian projects in the region.

As regards, China’s role, since China’s GDP surpasses the combined total of all
the members, it offers immense opportunities for member states to benefit at bilateral
and multilateral levels. Until 2017, the SCO was limited to China, Russia and Central
Asian republics, the inclusion of India and Pakistan has certainly extended the SCO
multilateralism to South Asia, thus expanding its diplomatic, economic, cultural and
security boundaries, and making it perhaps world’s largest multilateral institution in
terms of population, geographical area, and economy. Secondly, China has committed
along with other members that the SCO is not a security or military bloc directed
against any country, the institution rather calls for peace, stability and prosperity in
the region and fight together the traditional and non-traditional security challenges
in a better and coordinated way. Afghanistan could be one of the litmus tests for such
coordination where every member of the SCO has its stake. It will also test China’s
leadership in the SCO and its balancing act with the member states. Thirdly, by way of
advocating Belt and Road Initiative (BRI), China has already asserted the leadership
role in Eurasia and most of the economic corridors of the BRI run through Eurasia,
which will not only bring in physical integration, but more importantly economic
integration as well, thus providing regional peace and stability. China has put huge
stakes in these corridors; for example, China–Pakistan Economic Corridor alone will
incur around $73 billion to China’s exchequer. Fourthly, even though some countries
have cried foul as regards China’s assertiveness in the region, nonetheless, China’s
advocacy of integrated markets with unimpeded trade, investment and currency, the
notion of common and collective security, as well as the “community of shared
future” will be put to test. Finally, since some of the corridors have faced opposition
from certain countries, it remains to be seen how different connectivity initiatives by
the member states could be aligned; for example, the Gwadar and Chabahar ports
that tend to benefit Central Asia and South Asia alike.

4 Constraints and Challenges

Regardless of the potential and opportunities, multilateralism is not without
constraints and challenges. Each nation in the forum has its own priorities, they
do not have a common agenda; BRICS is a typical example. Added to this, they are
not an economic block like the European Union or a political alliance like the NATO,
albeit capable of converting their economic prowess into a greater geopolitical clout;
all have diverging interests, and at times conflicting (Cohen et al. 2010).

First of all, the mammoth economic growth of some member counties is dependent
on manufacturing based on raw materials such as iron ore, copper, aluminium, fossil
fuel and natural gas; technological breakthrough in renewable energy could shift
the balance again in favour of G7 and could result in slower economic growth than
anticipated.

Secondly, the so-called currency manipulation by some BRICS countries has
“harmed” the manufacturing in some countries, as admitted by the then Brazilian
finance minister Guido Mantega. Currency swaps and transaction in Yuan, though
taking place in some degree, but has a long way to go.

Thirdly, there is an asymmetric relationship between the polities and economies
of these groupings. For example, the economy of China is bigger than the rest of
the nations and holds over $3 trillion of reserves, over 30% of the world reserves;
its political clout is also bigger, as it holds veto power in the UNSC, besides being
talked as the G2 partner with the USA. China though favours UNSC reforms, but is
the only P5 country that does not support India’s membership to the Council. These
economic and military asymmetries will result in security dilemmas, as has been the
case with India and Russia vis-à-vis China. China trouncing Russia as the largest trade partner of the Central Asian republics is a pointer to this. It is also for this reason that if China talks about connectivity, trade and investment through the BRI, Russia is quick to bring security on the agenda.

Fourthly, the political equations between India, China and Russia are impregnated with “mutual mistrust” and huge “security deficit”, especially between India and China on the issue of border, and China’s entente cordiale with its “all weather friend” Pakistan. China’s support for Pakistan on Kashmir issue, raking it in the UN, and wanting to grab more territories in Ladakh, has deepened mistrust between the two. Border standoffs such as Doklam (2017) and Galwan (2020) make cooperation extremely difficult.

Fifthly, domestic issues, especially the increasing social imbalance in the groupings such as BRICS could pose serious challenges to the internal security and economic development in these countries. And finally, even though India has welcomed South Africa’s entry into the BRICS folds, but it is believed that the entry has also intensified rivalry between India and China, for China would like to dilute IBSA by amalgamating it into the BRICS. India knows that China has a domi-neering role in the BRICS, NDB, SCO and AIIB, therefore, will pursue bilateral and multilateral engagement on the on its own terms.

5 Conclusion

Multi-polarity in the age of global interdependence has posed challenge to the international governance system that was dominated by the Westphalian and Bretton Woods systems in which the developed countries led by the USA remained at the centre, while developing countries at the periphery of the governance. The international financial crisis perhaps for the first time challenged the existing global governance structure when emerging economies like China and India resiliently not only overcame the crisis, but also helped other developing countries to tide it over. As rightly remarked by the former U.S. Secretary of state, Kissinger (2014) that the “world order is at a turning point”. The shift was confirmed as the economic output proportion of the emerging economies in the global economy rose to 30%, whereas the ratio of the developed G7 economies registered a substantial decline touching 47%. Therefore, the power shift as well as the diffusion led to the crisis of the legiti-macy and effectiveness of the current global governance institutions, as the emerging economies asking for more representation and voice in these institutions became a trend.

The paradigm shift undoubtedly resulted in structural adjustment in the global governance mechanism, thus making the establishment of groupings such as BRICS, SCO, BRICS, NDB, AIIB, even BRI of China possible. While this showed the eagerness of the developing and emerging economies to take more responsibilities in the global governance, but the same has also raised many eyebrows in the developing
world as regards the intent of these groupings, especially the role of China, the prime mover behind such groupings.

Even though the paradigm shift in the global governance has given India and China a bigger say as well as bigger responsibilities in the evolving global ecosystem, however, there remains huge asymmetries in their power and economic structures vis-à-vis developed economies. Ideally, the groupings could have aligned their respective development strategies with various initiatives, however, increasing asymmetries in their power structure, failing to resolve sensitive bilateral issues, growing rivalry between the USA and China, and China viewing India joining the USA in its containment strategies like the Indo-Pacific Strategy and Quad, has deepened the suspicion between the two and made the defined aims and objectives of various multilateral groupings difficult to realize.

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