

India in the 'G2' World

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Summary

After his swing through Asia at the end of October 2025, United States (US) President Donald Trump has left the region with greater uncertainty than ever about the future of America's relationship with China – the central axis of global politics today. His own description of the summit with Chinese President Xi Jinping in Busan as a 'G2' encounter has triggered concern across Asian capitals. For America's allies and partners, it signals the risk that Washington may be drifting toward a 'China-first' and 'business-foremost' policy in Asia. For India, it marks the beginning of a new and unpredictable phase in US-China relations – one that mixes confrontation and cooperation in equal measure.

Eight years ago, during his first presidency (2017-2021), Donald Trump broke with four decades of bipartisan consensus on China. He cast Beijing, alongside Moscow, as a strategic rival, promoted new coalitions like the Quadrilateral Security Dialogue (Quad) and framed the Indo-Pacific as the theatre of the United States' (US) competition with China – with India as a key pillar of regional stability. That framework has now been upended. In October 2025, Trump described the summit with Chinese President Xi Jinping in Busan as a ['G2' encounter](#) – one that would produce ["eternal peace"](#) in Asia. Xi was less exuberant but echoed Trump's rhetoric by saying China's rise should ["go hand in hand"](#) with Trump's vision to "make America great again".

Sceptics call it a temporary truce in the continuing competition between US and China in Asia and beyond. Yet, the change in tone is remarkable. Xi's emphasis on "mutual rejuvenation" – China's national renewal alongside America's economic revival – suggests a new narrative of coexistence rather than confrontation. Trump's enthusiasm for the 'G2' label reflects a reluctant American acceptance of China as a [co-equal power](#).

Yet, the G2 does not herald a condominium. It signals instead a phase of competitive coexistence – a relationship defined by partial cooperation amid persistent rivalry. The Cold War offers some parallels: as the US and the Soviet Union collaborated on arms control and crisis management even while competing for global influence, so too might Washington and Beijing manage selective cooperation without resolving their deeper contradictions.

This second-term Trump is no longer obsessed with ideology but commerce. His new agenda places trade at the centre of foreign policy. The US' 'business-first' diplomacy is reshaping regional relations – not only with China but also with allies who once enjoyed privileged access to US markets. Japan and South Korea have been pressed to invest nearly US\$900 billion (S\$1,172 billion) in the US, a demand that has [stirred resentment](#) even as leaders publicly acquiesce.

Trump's self-styled deal-making has produced a temporary [economic truce](#) with Beijing: China will expand US agricultural imports, delay export controls on rare-earth minerals and curb precursor chemicals for fentanyl. In return, Washington will roll back a portion of the tariffs imposed since 2018. Trump hails this as an "amazing" breakthrough; Xi has been more restrained, describing differences between the two powers as "normal" but urging steady progress.

For the US' Asian allies, the Busan summit underscored Trump's unpredictability. Two decades of US policy aimed at balancing China have given way to the pursuit of accommodation. Trump insists this will not come at the expense of allies, but his transactional style leaves little confidence. The US' allies – Australia, Japan and South Korea – are increasing their defence budgets and deepening security cooperation with other powers, while trying to manage relations with Trump's America. Ironically, Trump's volatility may be accelerating the decentralisation of the Indo-Pacific, as regional states strengthen their own security networks rather than relying solely on US guarantees.

For India, which is not a treaty ally of the US, the challenge is no less significant. During Trump's first term, New Delhi benefitted from the convergence with Washington on balancing China. The Indo-Pacific idea and the Quad framework elevated India's strategic profile. Today, however, a US-China thaw could narrow India's manoeuvring space. How is New Delhi navigating the new dynamic?

One, India will continue to secure ties with Washington despite Trump's repeated provocations on brokering peace between New Delhi and Islamabad. It has refused to get into a diplomatic brawl with Trump and sought to sustain the trade negotiations despite Trump's punitive tariffs, at 50 per cent. [Strategic patience](#) has marked India's response to Trump.

Two, India has created space for itself for some [pragmatic engagement](#) with Beijing. It appears intent on leveraging the modest thaw after five years of political chill, with China to strengthen peace and tranquillity on the border and move toward normalisation of bilateral relations.

Three, India intensified its effort to deepen ties with Europe by [accelerating the talks](#) on a free trade agreement and widening the arc of bilateral cooperation. The leaders of the European Union are expected to be [privileged guests](#) at India's Republic Day celebrations in January 2026.

Finally, despite the pressure from the West, India has held on to its special relationship with Russia. Although it [plans to reduce](#) oil purchases amid expanded Western sanctions, it is bound to signal continuity in the strategic partnership with the Russian President Vladimir Putin when he visits India in December 2025. New Delhi is confident that despite the hype, the world will not easily accept a Sino-American duopoly over global affairs.

While the US and China sit at the top of the global power hierarchy, there are several actors with considerable agency of their own. India sees Europe's quest for strategic autonomy, Russia's defiance of the US, Japan's push to rearm and the assertiveness of the middle

powers – from Brazil to Turkey – as heralding a more plural order. The challenge for India is to utilise the limits of the ‘G2’ system to widen its own room for manoeuvre. This, in turn, will involve building comprehensive partnerships with middle powers across the Indo-Pacific and Eurasia.

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