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Competitive Diplomacy of India and China

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India's Prime Minister Narendra Modi's official visit to Australia from 16 to 18 November 2014, besides Chinese President Xi Jinping's state visit to the same country at the same time, have revealed the growing relevance of both Beijing and New Delhi to the Indo-Pacific region. Surely, the two leaders were, in any case, scheduled to attend the Group of 20 (G20) summit in Brisbane on 15 and 16 November. This must have suited Australia's Prime Minister Tony Abbott in deciding to play host to Xi Jinping and Modi, on parallel tracks, after that multilateral summit. However, such a logistical nicety has been totally eclipsed by the high tone and tenor of these simultaneous bilateral visits to Australia by Xi Jinping and Modi at this time. Relevant to these two events is a larger regional and global context that concerns China and India, albeit in different fields.

Prior to the G20 summit, the leaders of the intercontinental BRICS forum (consisting of Brazil, Russia, India, China, and South Africa) met informally in Brisbane on 15 November. They decided to try and fast-track the launch of the New Development Bank that could in

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some ways compete with the existing International Monetary Fund and also the Asian Development Bank. As a prime mover, Xi Jinping told his colleagues in this forum that “cooperation among the BRICS countries should be driven by the ‘two wheels’ of economy and politics so that the BRICS can act as not only the world’s economic engine but also *a shield for world peace*”.² (Emphasis is added). Modi, for his part, proposed that the BRICS “should set the target of 2016 for [the] inauguration of this [New Development] Bank” which would be headquartered in Shanghai in China. Emphasising that India “hope[s] to ratify the [relevant] agreement by the end of the year [2014]”, he assured his colleagues that the Indian candidate for the post of president of the bank would be nominated soon. Hailing the proposed Contingent Reserve Arrangement and the Reinsurance Pool as “timely” and “welcome” initiatives, Modi said “these measures send a strong message to the rest of the world about the efficacy of BRICS”.³

India and China, viewing themselves as key players within the BRICS which they see in a worldwide perspective, had in fact made two different global commitments on the eve of this Brisbane G20 summit. It is easy to discern that the BRICS is a forum of five potentially influential countries, despite each of them being at a different stage of development at present. Their shared desire to re-shape the current international economic and political order does not, however, negate their recognition that they still have to negotiate with the existing West-dominated global order in specific fields. This should explain the ‘global’ commitments that India and China made on the eve of the latest G20 summit.

India ‘Clears’ WTO Decks

Recently accused of stalling progress at the World Trade Organization (WTO) negotiations on a Trade Facilitation Agreement, India announced on 13 November that the decks had now been cleared. Although New Delhi had repeatedly expressed its commitment to a Trade Facilitation Agreement even before that date, the Indian negotiators were insistent that their

² Ministry of Foreign Affairs, People’s Republic of China, Xi Jinping Attends Informal Meeting of BRICS Leaders, Stressing to Together Implement Outcome of Fortaleza Meeting and Increase Voice of BRICS Countries in Global Economic Governance, 2014/11/15, www.fmprc.gov.cn/mfa_eng/topics_665678/xjpzxcxesgjtldrjcfhdadlyxxlfjjxgs... (Accessed on 18 November 2014)

³ Ministry of External Affairs, Government of India, Opening Statement by Prime Minister at BRICS’ Leaders’ Meeting in Brisbane, Australia (November 15, 2014), www.mea.gov.in/Speeches-Statements.htm?dt1/24250/Opening_Statement_by_... (Accessed on 20 November 2014)

concerns about domestic food security should first be addressed fully. While these two issues are not explicitly linked, the integrated agenda of the ongoing global trade talks “is a fine balance between market access and development issues”, as in the words of India’s Minister of State for Commerce and Industry Nirmala Sitharaman.

Indicating progress, in a statement issued in New Delhi on 13 November, she said as follows: “We are extremely happy that India and the US have successfully resolved their differences relating to the issue of public stockholding for food security purposes [–] in the WTO in a manner that addresses our concerns”.⁴ With the relevant details remaining scanty, India’s External Affairs Ministry Spokesman said in Brisbane on 15 November that New Delhi had “stepped forward”, “not stepped back”, in entering into such an understanding with the US. He cautioned that the “proposal” “is as yet not finalised because this has to be approved by the WTO Council”. Noting, too, that “this is an understanding only between India and the US”, he maintained, however, that “the world seems to be very supportive of this [Indo-US] process”,⁵ as was clear at the latest G20 summit.

It is understood that the latest Indo-US understanding on this delicate WTO issue was made possible by the political will of Modi and US President Barack Obama, who will be the highest-ranking-ever Chief Guest at India’s Republic Day parade on 26 January 2015. While this will be, in some ways, a high feather in Mod’s diplomatic cap, the latest Indo-US accord on a knotty WTO issue is a testimony to America’s continuing primacy in world affairs.

New Climate in US-China Ties

US’ primacy was also amply evident in the latest US-China Joint Announcement on Climate Change and Clean Energy Cooperation. Obama, while addressing the media in the presence of Xi Jinping in Beijing on 12 November, declared as follows: “We [the US and China] issued [on 11 November] a joint statement on climate change, and we jointly announced our respective post-2020 targets. We agreed to make sure that international climate change negotiations will reach an agreement as scheduled at the Paris conference in 2015, and we

⁴ Ministry of Commerce, Government of India, Statement on WTO made by Commerce and Industry Minister, 13 Nov 2014, Commitment to Multilateralism, http://commerce.nic.in/MOC/press_release.asp?id=3128 (Accessed on 23 November 2014)

⁵ Ministry of External Affairs, Government of India, Transcript of Media Briefing by Official Spokesperson in Brisbane on Prime Minister’s ongoing visit to Australia (November 15, 2014), www.mea.gov.in/media-briefings.htm?dt1/24251/Transcript_of_Media_Briefing... (Accessed on 20 November 2014)

agreed to deepen practical cooperation on clean energy, environment protection, and other areas”.⁶ Obama had clinched the understanding with Xi Jinping on the sidelines of the summit of the Asia-Pacific Economic Cooperation (APEC) forum in Beijing.

In a detailed Fact Sheet on the actual targets now agreed to by the US and China, the global significance of this understanding was spelt out as follows: “Together, the U.S. and China [the world’s two leading economies] account for over one third of global greenhouse gas emissions. Today’s joint announcement, the culmination of months of bilateral dialogue, highlights the critical role the two countries must play in addressing climate change. The actions they [have now] announced are part of the longer range effort to achieve the deep decarbonisation of the global economy over time. These actions will also inject momentum into the global climate negotiations on the road to reaching a successful new climate agreement next year [2015] in Paris”.⁷ While the US now set an “ambitious 2025 target” of cutting America’s climate-pollution by 26-28 per cent from the 2005-levels, China’s new commitment is more daunting. The White House has stated that “China’s target to expand [the] total energy consumption coming from zero-emission sources to around 20 percent by [the year] 2030 is notable”. Further annotating this, the US portrayed China’s new and agreed challenge as follows: “It will require China to deploy an additional 800-1,000 gigawatts of nuclear, wind, solar and other zero-emission generation capacity by 2030 – more than all the coal-fired power plants that exist in China today and close to [the] total current electricity generation capacity in the United States”.⁸

China’s decarbonisation commitment of such global importance was seized upon by Australia’s Tony Abbott, and the two countries signed, on 17 November, a Memorandum of Understanding on Climate Change Cooperation. Moreover, Australia capitalised on China’s expansive profile as a trading nation, and the two countries signed, on the same day, a Declaration of Intent. Signed in the presence of Abbott and Xi Jinping, the Declaration committed the two countries to “conduct respective legal reviews of the concluded text [of

⁶ The White House, Remarks by President Obama and President Xi Jinping in Joint Press Conference, November 12, 2014, www.whitehouse.gov/the-press-office/2014/11/12/remarks-president-obama-and-president-xi-jinping-joint-press-conference (Accessed on 21 November 2014)

⁷ The White House, FACT SHEET: U.S.-China Joint Announcement on Climate Change and Clean Energy Cooperation, www.whitehouse.gov/the-press-office/2014/11/11/fact-sheet-us-china-joint-announcement-climate-change-and-clean-energy-c (Accessed on 23 November 2014)

⁸ Ibid

China-Australia Free Trade Agreement] and prepare Chinese and English language versions for signature in 2015”.⁹

A Customised View of India

Given India’s lower profile as a trading nation, in comparison with China’s status as a premier exporter, Abbott said, on 18 November, that he and Modi “directed that an equitable, balanced, mutually beneficial and high quality Comprehensive Economic Cooperation Agreement be brought to an early conclusion to realise the potential of commercial relations”.¹⁰

More significantly, and in tune with Australia’s recognition of India’s growing power-projection capabilities in the Indo-Pacific region, Abbott and Modi have now agreed on a security-cooperation framework. Issued in Canberra on 18 November, the new Framework covers diverse fields of cooperation – defence policy planning and coordination; counter-terrorism; border protection; disarmament, non-proliferation, civil nuclear energy, and maritime security; and disaster management and peacekeeping.

On the defence front, a key piece of agreement is to “explore defence research and development cooperation, including through visits by Australian and Indian defence material delegations and efforts to foster joint industry links”.¹¹ “Regular bilateral maritime exercises” also figure prominently as a cooperative venture. On disarmament and non-proliferation issues, it is well-known that Australia, which at first condemned India for its nuclear-weapon tests in 1998, had quickly and decisively thereafter come to acknowledge New Delhi’s relevant security concerns. Unsurprisingly, therefore, the latest Framework spells out “Australian support for Indian membership of the export control regimes” in the domain of sensitive nuclear knowhow and equipment. Noteworthy, too, is the latest commitment in the related field of India’s nuclear-energy security. The Framework speaks of “early

⁹ Department of Foreign Affairs and Trade, Government of Australia, Landmark China-Australia Free Trade Agreement, http://trademinister.gov.au/releases/Pages/2014/ar_mr_141117.aspx (Accessed on 21 November 2014)

¹⁰ ‘Prime Minister of Australia’ website, Prime Minister’s Joint Press Statement with the Prime Minister of the Republic of India, 18 November 2014, www.pm.gov.au/media/2014-11-18/Prime-Ministers-Joint-Press-Statement-Prime-Minister-Republic-India (Accessed on 21 November 2014)

¹¹ Ministry of External Affairs, Government of India, Framework for Security Cooperation between India and Australia, November 18, 2014, www.mea.gov.in/bilateral-documents.htm?dt1/24268/Framework_for_Security_... (Accessed on 20 November 2014)

operationalization of civil nuclear energy cooperation [as agreed in early-2014] and Australia's support for strengthening India's energy security by supply of [Australian] uranium for India's safeguarded nuclear reactors".¹²

Australia's latest customised engagement with New Delhi on security and trade issues, besides Canberra's equally customised engagement with Beijing on trade and climate-change issues, are truly reflective of the rising profiles of both China and India in the Indo-Pacific and global arenas.

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¹² Ibid