

# **Remarks**

**by**



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**at**

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## 'We owe it to our peoples'

Greetings from the Indian Council of World Affairs, India's premier and oldest foreign policy think tank, based in New Delhi. I express my deep appreciation to the host institution and its partners for the invitation. For me personally, it is a special pleasure to speak at the premises of our new MOU partner, Shanghai Institutes of International Affairs.

### **G-20**

2. As the premier forum for dialogue on international economy and economic cooperation, G-20 has done very well. As an instrument of coordination to tackle the international financial crisis of 2008, it has performed excellently. However, as a platform for crafting policy and ensuring effective coordination for its overarching goal i.e. 'strong, sustainable, balanced and inclusive growth', it has had limited success so far. Consequently, scholars have spoken of G20's 'gap' between expectations and results, its incapability to overcome 'the current gridlock', or even 'global governance failure.'

3. G-20 stemmed from a decision by G-7 in 1999. Perceptions continue that G-20 is, in fact, led and moulded by G-7 even today. Its agenda seems to be essentially the agenda of advanced countries. Inequality and imbalance in decision-making and ownership of decisions continue. Hence emerging economies and possibly a few of the Middle Powers experience a sense of neglect and marginalization.

4. From India's perspective, there is a clear need for G-20 to accord higher priority to i) coordination in orderly exit from the unconventional monetary policies, ii) greater coordination to secure 'a broad-based and sustained global economic recovery and growth', iii) higher priority to the development dimension iv) focus on job creation, v) enhancement of investment in infrastructure, vi) reinvigoration of the Doha Round and, above all, vii) urgent progress in reform of global political and economic governance institutions.

5. Our strategic community would, therefore, judge the future evolution of G-20 in terms of its success or failure in achieving the above-cited priorities. I should, however, add that the official view remains more positive. India's finance minister stated last week (18 September 2013): 'Given its track record, G20 is now moving from a temporary crisis bailout mechanism towards a permanent organisation of global economic governance.'

## **BRICS**

6. As the foremost grouping of emerging economies, BRIC/BRICS is a little older than the summit version of G-20, as it was started seven years back. Anchored in three Cs – Consultation, Coordination and Cooperation, it has been developing steadily, enhancing harmony, generating synergy and crafting a practical agenda that will have impact beyond its five member-states. Its recent decisions on the Contingency Reserve Arrangement (CRA) and the New Development Bank (NDB) have been notable landmarks in its development.

7. More significantly, BRICS is engaged in developing a long-term vision. After elaborate consultations internally, India has just produced its thoughtful input. The relevant document suggests that BRICS seeks to influence the changing world order, but it is not in quest for leadership of anti-Western opposition bloc. The grouping reflects 'collective aspiration to influence and manage' institutions of global governance in order to transform them from being the relics of World War II as at present into effective, contemporary mechanisms. However, we are aware that BRICS has its own complex internal dynamics that indicate its limitations. They will need to be addressed.

## **Asia-6**

8. Six Asian members of G20 (i.e. China, India, Japan, Korea, Indonesia and Australia) represent over one third of GDP and 70% population of G20. But its role in G20 is not commensurate with its strength.

9. I agree to the suggestions made by an eminent Chinese scholar (Chen Dongxiao) that Asia-6 should work harder 'to integrate the global and Asian agendas' and to resolve 'the extremely complicated geo-economic and geopolitical frictions.'

## **New Model**

10. We are currently studying, with deep interest, the new model advocated by China. Three key phrases used by China are: ‘no conflict and no confrontation’, ‘mutual respect’, ‘cooperation toward win-win results.’ We note that the concept is in the process of evolving at present. We can certainly discuss its relevance to other major power relations.

11. We have been told that the US and China are inching towards substantial agreement on the new model, although some undefined differences persist. What exactly are they? What is the current state of play?

12. We have another query: is the model really ‘new’? Are not all countries, including the Great Powers, committed, under the UN Charter, to adopt the path of accommodation and reconciliation rather than conflict in order to secure their interests?

13. Our present assessment indicates that as long as the new model for US-China relationship does not lead to the formation of some kind of G-2 and does not jeopardize the multi-polar character of the international community, we need have no major worries.

14. Finally, we are convinced that the world’s interests are best protected through a conscious promotion of multi-polarity and an inner equilibrium among various poles or pillars of power. By continuing to respect international law and by adhering to the shared commitment to refrain from use of force or threat of use of force, countries, particularly the Great Powers, will help the world immensely. It is of utmost importance that we collectively favour factors and forces that promote security, stability, peace and prosperity. We owe it to our peoples.

15. Thank you very much for your attention.

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