

China's role in G20 / BRICS and Implications

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1 Introduction

The main objective of this article is to assess China's roles in the G20 and the BRICS (consisting of Brazil, Russia, India, China and South Africa) and identify some implications for the future. China is now an important member of these groupings that might play a significant role as building blocks in global governance, but for the purpose of this article, it was necessary to evaluate how important these two groupings are from the Chinese perspective and how their future prospects are seen in China (officially and academically).

China has steadily stepped up its international/global engagement over the last two decades. It is now a member of basically all international organizations and institutions and a significant investor in virtually all regions of the world. While Deng Xiaoping's dictum for China's foreign policy – to “keep a low profile” – has not officially been given up, it is clear that China's interests have become global and this is accompanied by a domestic debate about what kind of role China should play in the world. One central question raised is whether China is a status quo power that accepts the international order and its rules and norms or if it will try to change the international system by creating its own institutions which might also push for a different set of rules.

The growing importance of China at the global stage is reflected by its role in the G20 and the BRICS. As a reaction to the global financial crisis, the G20 was “upgraded” to heads of state level, and China – together with other emerging countries – became a regular member of this “club”. Then, on the initiative of Russia, the BRIC group began to hold its own summits in 2009 and in 2012 accepted South Africa as the fifth member (so the acronym is now BRICS).

These developments are manifestations of a global power shift that has implications for global governance and the industrialized nations of the global North, but also for South-South cooperation.

2 Approach

This article probes China's relationship with these two groups through research and interviews. The research involved identification of Chinese publications on the G20 and BRICS over the last years. Overall, these publications on the G20 and BRICS focus on the comparative economic performance and competitiveness of member countries, while there is relatively little on their respective political dimensions. It is only in recent years that the Chinese decision-makers have assigned some think tanks to do more systematic research on the G20 and BRICS.

The second step consisted of a series of interviews conducted in Beijing. For these interviews, an extensive list of questions was prepared and distributed beforehand to the experts interviewed in Beijing for this article. The questions focus on the political relevance of G20 and BRICS and, to a lesser extent, on the economic/financial dimensions of the groupings.

3 Findings

G20

From the interviews conducted in China, it seems clear that the G20 is seen as "indispensable" for addressing global issues, especially after the global financial crisis. On the G7/8, there was a lot of debate in China in 1999/2000 -- after German chancellor Schröder invited China to participate. In the end, China declined, mainly because at the time it saw itself very clearly as a developing country. Moreover, the topics discussed in the G8 -- macroeconomic management, international trade or energy - were at the time not seen as relevant to China's domestic debate: China had no stake in these topics. After a new generation of leaders came into power in 2003-4, there was a turn towards a more active foreign policy and therefore a more positive attitude on the issue of the G8, resulting in the decision to participate in the North-South dialogue together with other big developing countries. Even today, China does not consider itself as a developed country and therefore does not want to become a member of the G8. It does not want to shoulder more international responsibility and there is a belief that China would lose credibility and legitimacy in the developing countries if it joined the "club of rich countries". There is also the conviction that China could not play a real role in the G8, where it lacks friends or like-minded countries. However, the global financial crisis in 2008 fundamentally changed the notion that the

international financial architecture and its future development are not relevant for China's domestic situation.

In China, the role and mandate of the G20 (after its upgrade to a summit level meeting) is mainly seen in the economic field. It provides the best vehicle for solving global economic problems. In contrast, on all political topics, the UN is still the main organization and platform for China.

Academics and officials debate whether China should host a G20 summit. There could be a bid to chair the 2016 meeting. However, since Japan will host the G7/8 summit in 2016, it would make sense to hold the G20 back-to-back with this meeting in Japan. Another candidate for hosting the G20 summit is Indonesia, but it might not be interested due to its elections in 2015.

The G20 is seen in China as an important consultation mechanism for the governments, where it is good to have a seat at the table. For the emerging countries, the G20 is a platform for finding new roles in international affairs. Whether the G20 should take political issues like Syria on the agenda (as it did at its St. Petersburg Summit in 2013) is a matter of debate in China.

Most interview partners agreed that the effectiveness of the G20 has declined since its handling of the 2008-09 global financial crisis (what would have happened then without the G20?). There seems to be some frustration with the big differences between the positions of G20 members. Some believe that the broadening of the G20 agenda (after the worst of the global financial crisis was over) has made the G20 less effective.

According to official documents and announcements of China's leaders, China's engagement in the G20 is likely to grow. This may be due to the fact that China is assigning greater importance to issues such as the international financial order than it has previously.

Two interview partners in two different institutions suggested that China and Germany coordinate their position in the G20, because both countries are in similar positions. For example, both countries were criticized by the other G20 countries for their over-reliance on exports and both countries have criticized the US for its easy money policies.

BRICS

In comparison to the G20, the importance of BRICS is more controversial among Chinese experts. Especially if compared to regional institutions and groupings such as APEC, ASEAN-plus formats or the Shanghai Cooperation Organization (SCO), BRICS appears to have less existential importance for

China: It is not absolutely essential for China to be a member of BRICS. Organizations that include some or many of China's direct neighbors have a higher ranking from the Chinese perspective, since China's development and modernization process requires that neighboring countries at least refrain from forming an alliance against China. China's new leaders have formulated a new good neighborhood policy (*mulin youhao*) which underlines this point. BRICS, therefore, is more a "nice to have" than an absolute must.

From the Chinese perspective, BRICS is mainly held together by the similar development stages of the countries involved and their focus on development issues (with the notable exception of Russia). Officially, the main mission of BRICS was presented as a full-fledged coordination platform, a mechanism to coordinate its members' economic, political and practical cooperation to build closer ties among the BRICS countries. "Global common goods" was presented as the main driver of BRICS. While bilateral differences and even conflicts between BRICS countries certainly exist, these usually do not surface at the summits, since all BRICS countries share the interest of fostering cooperation, especially now that economic growth has slowed down in all BRICS countries. (This slow-down was mainly attributed to external factors without which structural reforms in all BRICS economies would be well under way.)

BRICS has been working on two big projects: a BRICS Development Bank and a Contingency Reserve Arrangement (CRA), which is a US\$100 billion reserve pool acting as a "firewall" to shield BRICS against financial risks.

While the reserve pool was officially described as almost ready to go ("90 % of the details agreed") – maybe at the next BRICS summit in Brazil – there still seem to be many details of the development bank that need to be hammered out ("50 % of the details agreed"). The reserve pool is considered more urgent than the development bank. According to one interview partner, it is also important within the context of the internationalization of China's currency.

Interestingly, the BRICS Bank is being founded in the same timeframe as the Chinese-led Asian Infrastructure Investment Bank (AIIB), which was announced by Chinese President Xi Jinping in October 2013. Although initial capitalization may not be an accurate indication of their ultimate size, both banks are being capitalized at US\$50 billion. The working group for the establishment of the bank is based in Beijing and is headed by Jin Liqun, chairman of China International Capital Corp., one of the country's leading investment banks.

The goals of the AIIB and the BRICS development bank are basically the same – that is, to close a gap in infrastructure financing in emerging and developing countries. China would have a leadership role in the AIIB and BRICS Bank, whereas Japan leads the Asian Development Bank and the U.S. leads the World Bank.

The two new banks are touted as complements not competitors to the traditional institutions such as World Bank and ADB. But both, the World Bank and ADB, are expanding their infrastructure lending and the World Bank is launching its own Global Infrastructure Facility (GIF) in 2014, so competition will inevitably ensue.

The significance of including South Africa in BRICS may be mainly due to the fact that it is seen as the door or gateway to the rest of the African continent. The argument was made that China's activities in the developing world would be more acceptable if conducted within the framework of BRICS, in other words BRICS would provide more legitimacy to China's actions.

China is playing a less assertive role in BRICS than in the Shanghai Cooperation Organization (SCO). According to one interview partner, the future of BRICS depends on the future performance of the G7/8 and G20: If the G20 develops into a real coordination mechanism, there might be less Chinese interest in BRICS. The future prospects of BRICS were presented as less promising than those of the G20, since BRICS will not be able to solve global problems. It is not yet clear whether the main deliverable of BRICS will be directed at cooperation among its members or at third countries. While the idea of BRIC as a group was originally picked up by Russia (the invitation to the first summit, as a move toward "extension" of the strategic triangle Russia, China, India?), its members are now all active in certain fields. For China, it is also an important effort to emerge from its isolation (Copenhagen climate summit). Another factor shaping the future of BRICS might be the development of US-China relations: While all interview partners agreed that BRICS does not aim at creating a new, anti-Western world order, it can be seen as a response to the US-led world order.

Coordination among BRICS

While there is no formal BRICS coordination mechanism within the G20, the eight emerging countries within the G20 usually meet within the context of G20 summits to exchange views, so the format of these meetings includes non-BRICS countries. However, coordination among BRIC countries did take place in 2011 through regular meetings in New York when all (then four)

states were in the UN Security Council. (Since South Africa was not a member at the time, it was not part of these meetings and therefore the only country that voted in favor of the Libya intervention, providing one of the nine necessary votes to pass the resolution.)

There was no mention of a special focus on Asian partners within either G20 or BRICS. It seems that within Asia, there are other organizations that China considers more important (“existential necessity”) for China’s policies, such as APEC (China’s major trading partners), ASEAN plus formats and the SCO (where China can control the agenda). Within Asia – but also beyond – bilateral relations are still most important from the Chinese perspective. Also, within the G20 China sees itself primarily as an emerging country, not an Asian one. As mentioned above, two interview partners saw potential in a closer coordination between China and Germany in the G20. This shows that perceived shared interests also play a role for China.

4 Attitudes and strategies of China toward NGO participation in BRICS/G20

NGOs and civil society in general have come under suspicion in China in the last years. At least, one can say that the official attitude vis-à-vis civil society and NGOs is ambivalent, even contradictory at times. This general trend started under the previous leadership in China. In part, the official suspicion can be explained by events and developments outside of China, which China seeks to avoid, like the color revolutions in former states of the Soviet Union, including China’s direct neighbor Kyrgyzstan (“Tulip revolution”) and more recently, the “Arab spring”. In this context, concerns about spill-over effects into China of these events have emerged.

While it has become clearer that the Chinese state lacks the capacity to handle some social issues and, therefore, needs the engagement of civic groups, it remains ambivalent with respect to civil society and its activism. Civil society groups are seen as a potential threat to domestic stability, especially if they are active in political areas.

Under the new leadership, there have been inconsistent signals as well: On the one hand, Xi Jinping encouraged society to engage in fighting corruption, but when activists publicly demanded that officials disclose their private assets, they were arrested.

Therefore, depending on the topic they are working on, civil society groups are still walking a fine line in China. On international issues, such as human rights or non-proliferation, China has in the past created its own

organizations (GONGOs), i.e., groups consisting of non-officials, but receiving official support for becoming active in the international arena.

China's participation in the newly founded network of think tanks within BRICS, officially BRICS Think Tanks Council (BTTC) (see <http://www.bricsforum.com>) can be seen as such an effort: According to the Ministry of Foreign Affairs, the BRICS think tank consortium is a stand-alone mechanism with no involvement of the government. However, it can give advice to the government and sometimes government officials are invited to meetings as observers. This is the usual way in which track two meetings are conducted in China. China's think tanks are not independent – even though their academics might do independent research. Therefore, they cannot really be considered as representing civil society.

In general, the question is: what role civil society can play in both clubs, the G20 as well as BRICS? So far, this role has been quite limited.