



## Transcript

# Negotiating the Rise of New Powers

## Amrita Narlikar

Director, Centre for Rising Powers, Department of Politics and International Studies, University of Cambridge

## Brendan Vickers

Head of Research and Policy, International Trade and Economic Development, Department of Trade and Industry, South Africa

## Rosemary Foot

Professor of International Relations, St Antony's College, Oxford

## Jim O'Neill

Chairman, Goldman Sachs Asset Management

## Chair: Markus Gehring

Lecturer in International Law, Centre of International Studies, University of Cambridge

22 May 2013

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

### Markus Gehring:

Good evening ladies and gentlemen. My name is Dr Markus Gehring, I'm the deputy director of the Centre for European Legal Studies in the faculty in Cambridge and I'm also a senior research associate in the Centre for Rising Powers, also in the University of Cambridge Department of Politics and International Studies, which has been very instrumental in helping to put together this special issue of *International Affairs* here at Chatham House on negotiating the rise of new powers.

Everybody who's a practitioner in international affairs, either a lawyer or an international relations scholar, knows that it is indispensable to know much more about the rising powers that we are going to engage in negotiations with over the next couple of decades. So this special issue is I think, I hope, going to really help us in understanding how to negotiate the rise of these new powers that we are discussing.

It's my great pleasure to introduce a very eminent panel. The first speaker is going to be Dr Amrita Narlikar. She's a reader in international political economy in the Department of Politics and International Studies, and she is the director of the newly established Centre for Rising Powers. She's an official fellow of Darwin College. Amrita is the author of numerous publications on rising powers, multilateral negotiations and trained politics *inter alia* of the *Oxford Handbook on the WTO* and most recently *Pathways to Power: Brazil and India in International Regimes*.

After her introduction of the scope of the special issue, we will have Brendan Vickers, who's the head of research and policy in the department of International Trade and Economic Development in South Africa. His role is to be responsible for coordinating the work programme on trade investment cooperation by South Africa, and as BRICS chair between 2013 and 2014. Prior to joining the ministry in South Africa, he was programme director of global economy at the Institute for Global Dialogue, and served in the policy unit of the South African presidency.

Afterwards, we will have short interventions by two very eminent discussants – Professor Rosemary Foot, who's the professor of international relations and the John Swire senior research fellow at St Anthony College, Oxford, and her principal research interests are the international relations of the Asia Pacific, particularly security policies, human rights and regional, institutional normative developments. Her most recent book is titled *China, the United States and the Global Order*. And we have Dr Jim O'Neill, famously the creator of the acronym BRICS, and the former chairman of Goldman Sachs

Asset Management. He and his colleagues have been instrumental in proving us with a lot of research on the BRICS, particularly Brazil, India, China, Russia... yes, provocative. Dr Narlikar?

**Amrita Narlikar:**

What I'd like to do is try and give you a sense of the project design and some of its applications but, before doing so, let me start off by thanking Caroline Soper for inviting me to guest edit this special issue and the editorial team at *International Affairs* who have been a joy to work with.

Recent years have seen a burgeoning of scholarship by political scientists on the revisionist versus status quo orientations of the rising powers, and also by economists focusing on their growth patterns. And while these accounts tell us several interesting things, they seem to miss out on a crucial aspect of the power transition that we are witnessing today, which is as follows. Power transition is seldom solely a function of growing economic or military prowess. A lot depends on how power is exercised, in relation to whom and how that exercise of power is interpreted and also misinterpreted. So the rise of new powers in good measure is a story about bargaining and negotiation, and this story forms the focus of our special issue.

Our collective purpose was to analyse the negotiation of power transition in the international system today. Now, as you'll see from the introduction to the special issue, our collective starting point was to focus on three sets of issues: first, the key players; second, the negotiation behaviour of these key players, which was conceptualized in terms of negotiation strategy, coalitions and framing; and third, the implications of this analysis for three vital issues of international relations: what the analysis could tell us about the motivations of the rising powers and the other actors, the willingness and the ability of the rising powers to carry the burdens of leadership and of others to share this leadership and, third, how different notions, different visions of global governance interact with each other – how far do they collide with each other, or do they reinforce each other?

An important value added of the special issue is that it offers an analysis of the bargaining between multiple players, rather than focus simply on the foreign policy orientations of the different actors. So for example, the articles on Brazil, India and China investigated the negotiation behaviour of these countries with five sets of players: first, each other as rising powers; second, the established powers who thus far have acted as agenda setters in the system and which now find themselves in relative decline; third, the smaller

states that try to make the most of the opportunities afforded to them by this power transition and mitigate the costs; fourth, private actors, so multinational corporations and NGOs which are effectively being harnessed at different levels of the international hierarchy and are also in turn harnessing the stage to their own advantage; and finally, various mechanisms of global governance including the international organizations, which can be the local objects and indeed facilitators of power transition.

So to give you a flavour of the kind of analysis that we conducted in this special issue, I'll now briefly highlight the findings of my own paper on India. So the debate about India has been very polarized thus far. One side sees a rising India as a natural ally of the West that shares its values, while the other side sees it as an unreformed third world power with at least some revisionist ambitions. While I lean towards the cautionary side of the debate that emphasizes that India will not simply roll over and play nice, my examination of India's behaviour with different actors offers some important nuances. So in dealing with the West, and sometimes even when dealing with other rising powers, India uses a strict distributive strategy. It forms bloc-type and balancing coalitions, it avoids bandwagoning and it frames its issues and its various demands in very polarizing moralistic terms – all the signs of a dissatisfied and potentially revisionist power. But, in its dealings with smaller players in multilateral forums, we see it much more willing to play integrative strategies, form Southern coalitions and even accept some levels of freeriding that comes with the willingness to accept international responsibility.

This differentiation in its behaviour pattern suggests that India is perhaps not reluctant to act as a responsible power per se, but that it sees itself as owing its responsibility to different constituencies. Moreover, how these responsibilities are conceptualized is still evolving, which opens up some space for negotiation and influence, both for India itself and also for its various negotiating partners. I then go on to offer some policy recommendations based on this analysis, but perhaps we can discuss these later if the opportunity arises.

### **Brendan Vickers:**

First, thank you very much to Chatham House and especially the editor of the special edition, Dr Narlikar, for inviting me to participate in this project. It was a great honour to be invited, and in the article I focus very much on the relationship between Africa and the rising powers, also trying to draw on both my experiences in the real world of policy and the academic world and trying

to bring them together, being the coordinator of the BRICS Trade and Investment Cooperation programme and having two summits under my belt. So I hope the article in a way offers some perspective about our understanding of the relationship between Africa and the rising powers, especially from a southern African perspective, from where I come from.

Just as a caveat, from the outset I think I should say that Africa is a very diverse continent and African countries also differ very significantly in their respective endowments, their institutions and their strategic and deliberative capacities to engage with and also to benefit from their growing cooperation with the rising powers. So in the article I'm mindful that almost analysing Africa in the singular entails the risks of partiality, oversimplification and generalization. Nonetheless, in doing so I tried to follow an emerging literature that seeks to discern Africa's emerging international relations and international agency, largely because Africa is increasingly delineated in this literature in three ways: Africa as a collective international actor, which is represented by the African Union, or bloc-type coalitions in the case of multilateral trade and climate change regimes; Africa as a collection of states with a shared history; Africa as a discursive presence used by both Africans and outsiders in international politics and policy. So with those brief caveats, in the article I offer four tentative observations, essentially guided by the framework which Dr Narlikar developed in the introduction.

The first concerns Africa's strategic location and significance in the current relative global power transition. I think very importantly Africa is once again at the centre of a great new game of courtship between the established and the rising powers and among the rising powers themselves. Unlike the first colonial 'scramble for Africa', I think the present scramble presents sovereign African states with numerous opportunities for advancing their development, provided the correct negotiating strategies and the domestic policies and institutions are established. I suggest that in this current global flux, the relationship between Africa and the rising powers is increasingly symbiotic. On the one hand, the rising powers hope to gain access to Africa's abundant resources and growing markets, essentially to sustain their own rapid growth and economic performance. On the other hand, as Brazil, China and India seek to negotiate and gain greater power and influence at the high table of global governance, as the various contributors outlined in the journal, they require diplomatic support and backing for their leadership ambitions.

So, as part of the non-Western rest, African countries are able to provide the followership that these rising powers seek and also to legitimize their claims to greater power by securing for them the backing of large numbers. A very

recent example is the selection of the WTO director general, Roberto Azevedo – and his selection was largely attributed to the support of the African group in the WTO. The second observation concerns Africa's negotiating behaviour per se. Following the framework, in terms of negotiation strategy, there appears to be strong emphasis on integrative or win-win bargaining between Africa and the rising powers. I don't think this suggests that African and rising power interests always coincide – they certainly don't, as reflected in concerns about exploitative labour or environmental practices and unsustainable pattern of trade between Africa and China for instance. Moreover, some of these integrative deals appear to have benefitted elite interests rather than providing development for the continent's poorest citizens.

I think the point that I tried to make in the article is that several southern African countries – South Africa, Angola, the Democratic Republic of the Congo – have all managed to carve out important policy space in their dealings with the rising powers, especially China, and compared to Africa's engagements with the established West, such as the economic partnership agreements with the European Union, the rising powers have sanctioned greater policy flexibility, minimal conditionalities, on African partners. An exception for example being – or the most notable one being – with China the only condition is the 'one China' policy.

I also go on to argue that owing to their different levels of development, Africa's commercial engagements with the rising powers inevitably take place on very unequal terms, and this isn't likely to change going forward. Nonetheless, I think there are potential sources of bargaining for African countries to reshape these deals as integrative outcomes, in other words win-win outcomes. And the possible sources of bargaining power to that effect are the commodity power of African countries in the context of a global scramble for resources, market power as a collective brick of the future with a population of a billion people, collective agency through sub-regional strategies rather than grand continental strategies, and normative power.

In terms of the normative power, I also think it's significant that the BRICS collectively have adopted a strong focus on building partnerships with Africa, reflected in the recent summit in South Africa with the theme 'BRICS and Africa: Partnership for Development, Integration and Industrialization'. So this takes place at a time when much-vaunted established power partnerships, like the Africa Action Plan, have essentially fallen by the wayside and disappeared on the G8 and G20 deliberations. Importantly, I think also for the first time, the rise of these new powers presents a best alternative to

negotiated agreement for African countries. They have alternatives, they have options and this should gradually permit stricter distributive bargaining with established powers.

In terms of framing their engagements, African countries and the rising powers all appeal to norms of South–South solidarity and cooperation, owing to a shared history of slavery, colonialism and underdevelopment. I think African countries increasingly look to the rising powers as development partners with compelling growth narratives and development models alternative to the Washington consensus, which stands in contrast to the perception of the established powers as neo-colonial donors. Coalition formation, largely through bloc-type coalitions and norm-based strategies that highlight the continent’s underdevelopment, has also empowered African countries to contest global governance and contribute to an embryonic counter-hegemonic bloc that includes China, India and Brazil.

African countries are no longer passive objects of global governance. Acting collectively and sometimes in partnership with the rising powers, African countries as historical rule takers are actively and confidently contesting global governance in the pursuit of distributive justice. Their strong like-mindedness with the rising powers about the need to reshape a more equitable paradigm for global governance and Africa’s multilateral activism reveals a recurrent pattern of distributive bargaining, reflecting a deep historical sense of injustice with current world order arrangements. This has had the greatest impact in the climate change negotiations, significant impact in the multilateral trade regime, particularly in the Doha Round in the WTO, but perhaps most limited in the UN Security Council debate.

In conclusion, I think the point of my article is that judicious agency still matters for small marginalized states, especially African countries. They need not be hapless victims of established or rising power machinations, as some southern African experiences demonstrate, but – I think this is the important point – this requires clear and coherent negotiating strategies, improved deliberative capacities and coalitions with both state and non-state actors in order to ameliorate the continent’s weaker bargaining power and reshape the terms of engagement, especially with rising powers. So congratulations to Chatham House and Amrita with the journal and the articles and I think for everyone it is compulsory bedtime reading for the bank holiday.

**Markus Gehring:**

We now have two eminent discussants, so if I could first invite Professor Rosemary Foot to share some thoughts on the issue.

**Rosemary Foot:**

Thanks for the opportunity to do this. First of all I wanted to say how appropriate the title is of this new special issue, 'navigating [*sic*] the rise of new powers'. If I were to try and summarize the contribution of this volume in two words, I think it would be depth and breadth – and depth because, as you've heard, it explores negotiating strategies of not just the BICs – Brazil, India, China – but also the incumbent powers, the weaker states in the system, non-state actors. So it has both depth and breadth and that's a really valuable contribution of this particular special edition.

I thought I perhaps would summarize or generalize a little bit more than we've heard so far about the findings with respect to the BICs, the Brazil, India, China phenomenon of rising powers, and that is the volume reinforces the notion that in many senses these states should not be thought of as revolutionary challengers of the system, that in fact if we're looking across the economic and the security fields they are in many senses working from within the system as we have come to understand it. They are navigating their way themselves, apart from all of their interlocutors. They are concerned to protect the sovereignty norm – we've read a lot about this – but it's not just about sovereignty as non-interference in internal affairs, it's actually about sovereignty as equality of states. And again I think that comes out quite strongly across the chapters, particularly those that deal with the BICs.

I wanted to draw attention in the few minutes I have also to some of the larger implications of the project. Again, if I focus on the BICs, I think there are interesting questions about leadership that are worth drawing out from this special edition. Clearly one of the big messages of this special edition is that we are in the midst of a diffusion of power in the global system, so that the interests and the values that are actually represented across the system among states and non-state actors – and continents in the case of Africa – that they're more diverse than they were 20 years ago and there's more opportunity for representation of those interests. Obviously, this former power diffusion complicates the notion of providing leadership in the system, but so does the domestic preoccupation of many of these states – and again the volume makes that clear, if you look at Brazil, India, China, how preoccupied they are with their own domestic welfare agendas. But, of course, one would



extend that also to the United States and, again, one would look at that chapter with that particular phenomenon in mind.

So we may be moving into this period, we may already be in it actually, where there's a sort of an absence of leadership in the system, and so we shouldn't be expecting the creation of new institutions, we may not see major reform of our current familiar institutions, global institutions. And yet we know that BIC involvement in a number of the collective action problems that we face in the global system requires their deep engagement in those collective action problems if they are to be solved, so whether that's water management or climate change or energy security and the like. But I would say expect global governance on a kind of case-by-case rather ad hoc arrangement.

The second point I wanted to make is that – and again it comes out very strongly for me – is role strain for the BICs. I mean some of the authors talk about it in terms of competing identities. I'm thinking about it in terms of role strain. I think the United States – again it's clear from the US chapter that to some degree the US suffers from role strain; it is both a hegemonic power but it also has a capacity to act, at least it has had a capacity to act, unilaterally in the past. And the tension between believing itself as hegemon to have special responsibilities in the system versus the capacity to act unilaterally has always created role strain for the US. Maybe now that that unilateral capacity is under threat in some ways, that sets up different kinds of role strains for the United States.

But if I think about the BICs, the BICs – and to perhaps give you some examples, China is a permanent member of the UN Security Council, Brazil and India are not but would like to be, and this position in some senses cements state hierarchy in the global system, it cements the idea of differentiation among powers. It cements our perception of them as having emerged as candidate great powers, and that means that they have special responsibilities. It's a point that Miles Kahler makes in his article in the – I think it's the final article in the volume, very worthwhile reading I think because of the points he makes about this question of competing identities and role strains. So even though we've moved from the G8 to the G20, he says, this reinforces the view that some states are more equal than others. The idea of BRICS itself, the idea of the basic grouping or the IBSA grouping again starts to pull these particular rising powers away from some constituencies and then this question of navigating becomes so pertinent.

So if they do see themselves and operate almost as candidate great powers, that means that they have great responsibilities, or increasing responsibilities.

They're expected to provide more leadership, and I would say that's even more the case because Brazil, India and China have such large global footprints but, on the other hand, the BICs are also developing countries on a per capita basis. They lack state capacity in very important areas of public policy and there are still large numbers within their societies that remain at poverty levels.

So role strain I think is particularly pertinent as a theme, and which comes out nicely and strongly in this particular special edition. Who are their natural constituencies? The domestic publics want them to represent these unresolved issues of social welfare, incumbent great powers want to draw them into a great power club, the marginal and left-behind states expect them to represent their interests in some ways. So the BICs are looking in a number of different directions, and I think again this makes it difficult for them to maintain a consistent line of policy and perspective.

### **Jim O'Neill:**

Thank you very much for inviting me to do this. I've got a slightly weird set of thoughts going around my head. I'm invited here to talk about primarily I think practical aspects of what is in here, which I shall try to do, but I want to bring it live in terms of issues that I've heard and from what has been said here in my mind. So apologies to my fellow panellists here, but within that I'm sure I'm going to say some things that will really irritate you, so I apologize. With that in mind, also because you said it is on the record, I have to make it very clear that I almost refused to come here with it being BIC and no mention of the R, and in all seriousness, in terms of some of the issues that you just touched on, Rosemary, there would not be a political BRICS grouping if it was not for the Russians. The whole notion of them getting together as a political group, according to virtually everything that I'm aware of, was driven by Russia. So I have to say, and I discussed it quite a bit with Amrita in advance, I still find it a bit off that you sort of hone in in a sense – particularly when we talk about Africa as a continent, and a number of angles even despite all the obvious problems that Russia have got, and my goodness me there's plenty. I have to start with that point.

In the same sort of theme, China itself is of a degree of importance in the world which is a way bigger scale that we are currently talking about with the rest of these countries. I only just recently realized myself, even though I immerse my life in this kind of thing, since the end of 2010, even with China slowing – so in two years the increase in China's GDP has been the same as

the size of India. I'm fond of saying China creates another Greece every 12 and a half weeks, another Cyprus every week actually, but even within this world the scale of China is just of a dimension which is just way beyond currently the others and probably for the foreseeable future, which in terms of the negotiating tactics, and I think it's discussed in some angles here, is a particularly important thing because what they want to do, particularly on this very subtle interplay between what is their domestic motive and what they may explore elsewhere, is obviously completely vital.

The third thing to say in that regard, and it's interesting that it hasn't been mentioned yet, in some ways these countries collectively – and here according to my information the absence of the R actually is also important – the BRICS Development Bank, which your last recent meeting hosted, is arguably the only significant thing as of yet these guys have done together. And I think the Russians were probably the least keen to do it, which in itself is interesting given what I said a few minutes ago. But what happens with that, ranging from where it's going to be located, how it's going to be funded, and actually is it going to be real, what are they going to do, I think in a practical sense will give some real answers to some of the deep things that people indeed should explore in here, because it will be very revealing when it comes to the reality instead of just going on some fancy trip to some nice part of one of their countries once a year, what they are actually going to really try and do.

Two other things to finish off with then I'll stop. Going right back to when I first dreamt up the BRIC phrase – and actually the piece I wrote, and something I just wrote as I was leaving Goldman Sachs three weeks ago, at the core of the global governance of it is actually Europe, and linked to the huge crisis going on here, that there is a critical thing about the responsibility these countries want to take and are prepared to take but until Europe sort of really gets its act together and truly wants to behave as a collective force there isn't space for a more effective body inside the G20. The G20 is a great advent of the 2008-09 crisis and has given these guys some of the voice, but I think Rosemary, as you touched on, within it there are different strata. One of the huge realities of why that's such a problem, being on the record I apologize – you've got all these idiotic lunatics around Europe all insisting on behaving as themselves, which of course is partly why the crisis is so big.

On that side, as another tangential aside, having gone through financial crisis for 32 years, if these lunatics didn't behave as a bunch of 17 different countries there probably wouldn't be a crisis, because actually if you put them together there is a current account surplus. So linking it back to some of these

countries, when the Chinese hear 'please come and help us solve this crisis', they're like, 'you need your help not ours, and by the way when are you going to make some space so that we can have a better, more objective global governance system which would really' – and Amrita, it's something you and I have talked about before – that's when it really tests how much some of these countries want to give up.

Because until they're really given the incentive – which leads me to my final couple of comments... if you look at the whole G system, they usually come into existence because of a crisis, and then within a few months of them serving that purpose they effectively become redundant until there's another crisis and some other G group comes along. What we really need – and, as with everything, I drag it back to my obsession with football – is we need some kind of promotion and relegation, where a G has some permanent relevance and the sort of ego thing of sort of going from the Premier League to the first division and back again sort of disappears. And I think – and here I find some real value of this, because you can think through some of the things that you might use to select those criteria from some of the very detailed and interesting things that are provided within this book. So there we go, thank you very much.

### **Markus Gehring:**

Before we go to the Q&A session, just a brief word from Dr Narlikar in response.

### **Amrita Narlikar:**

I can't help but respond to Jim's point. So we had a robust debate in our study group on whether or not we would include Russia, and you will see details about this in the introduction. But here is how the thinking went. The special issue is about negotiating the rise of new powers, so the first is the issue of rise, and Russia's fit with either criteria, rising or new, is pretty, well, at least contestable. So here's how I'm going to present this issue to you. On the one hand, we're interested in rising powers, and Neil MacFarlane has talked about how Russia – in an earlier special issue of *International Affairs* – how Russia is actually perhaps not only not a rising power, it's probably a declining power. It's risen very much from the 1990s to today, and look at the commodity prices boom and, of course, the Russian market has done very well out of this, but compare Russia to the years of the cold war and here's what Neil MacFarlane had to say about this: 'The R in the BRICS is Russia an

emerging power. The notion of emergence suggests a state that is growing dynamically and undergoing a transformation, a state whose rising power causes it to question its established place in the system, and to assert itself more ambitiously in international politics. This image is far from the Russian reality. Russia is more a state that has recently experienced substantial damage and is attempting to stop the bleeding.' End of quote.

So is it a rising power? A lot of people have argued it is a declining power, but from our own perspective, for this special issue we were really interested in the rising powers of the South. The reason why the BICs are very, very interesting to us is because they do bring alternative visions of global order to the negotiating table. Russia is no stranger to the great power club. The BICs are. There are very interesting potential conflicts at work here, but also potential scope for reform if we are able to bring together a much more pluralistic system.

One other point that I want to raise very quickly is: Jim rightly talked about how there wouldn't be a BRICS grouping if there wasn't Russia in it, remember the first summit, but I just want to draw your attention back to other groupings that these countries have actually belonged to. So for example, Brazil and India have collaborated in coalitions since the early 1960s in the GATT, in the trading regime, and in the WTO. We've seen Brazil, India and China come together in the G20 coalition, in the World Trade Organization, so the three have worked together without the R in the real world as well. So that's my response.