

COMPETING FOR THE GLOBAL SOUTH

ASIA AND THE QUEST FOR LEADERSHIP
IN A MULTIPOLAR WORLD

edited by **Filippo Fasulo** and **Nicola Missaglia**

introduction by **Paolo Magri**



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Introduction

Dissatisfaction with the Western-led liberal order has become a rallying cry across the globe in recent years. From the corridors of diplomacy to policies dealing with economics and security, multilateral forums have faltered, accelerating calls from the developing world for a more commanding seat at the table. Today's global leadership remains lopsided. The United Nations Security Council is the most glaring example, but consider also the International Monetary Fund (IMF), where the Global North – led by the US, the EU and the UK – commands a 46% voting share, a reflection of their global GDP share (though EU nations are arguably overrepresented). Meanwhile, China, which accounts for 17% of the world economy, holds a mere 6% voting stake, and India – a non-permanent UNSC member – finds itself similarly shortchanged, wielding 2.6% of votes despite a 3.4% share of the global economy. Rebalancing this skewed system is a shared imperative for both the Global North and South, but significant hurdles remain.

The Global North has shown little appetite for change: the IMF has seen no major reforms in over a decade, and the United States has disrupted its own Western-centric system by paralyzing the World Trade Organization's Appellate Body since 2019. At the same time, new institutions driven by the Global South risk eroding existing structures. Take the BRICS' New Development Bank, a rival to the World Bank, or its Contingent Reserve Arrangement, which seeks to counterbalance the IMF. China, for its part, launched the Asian Infrastructure Investment Bank

(AIIB) in 2014 to challenge the Asian Development Bank. Yet, there have also been moments of synergy: in 2017, the AIIB and World Bank inked a pact to collaborate on sustainable development initiatives, a commitment renewed in April 2024.

Still, neither the Global North nor the Global South can be viewed as unified blocs. Calls for reform often pull in different directions. Within this evolving landscape, China and India have emerged as leading contenders, each vying to shape a more balanced global order.

China's ascent as a rival to the West has grown more pronounced since Xi Jinping's consolidation of power in 2018, further reinforced by Beijing's alignment with Moscow following the outbreak of the war in Ukraine. In response, the United States has pursued a containment strategy targeting both China and Russia, culminating in an Indo-Pacific Strategy aimed at strengthening security and economic ties with regional Asian partners. Faced with potential isolation after declaring a "no limits friendship" with Putin's Russia just before the invasion of Ukraine, Beijing adeptly leveraged its presidency of the BRICS Summit in 2022 to foster consensus on expanding the group's membership. This diplomatic maneuver culminated in formal invitations to six new member states spanning three continents, a notable success in China's efforts to bolster its global influence.

As highlighted by report curators Filippo Fasulo and Nicola Missaglia, China has since sought to position itself as an alternative to the traditional Western model of liberal democracy. Beijing promotes a development pathway centered on rapid economic advancement and poverty reduction, advocating for the right of individual nations to chart their own paths based on their unique circumstances. Simultaneously, Xi's administration has pushed for a redefined concept of the "Global South" – a nuanced grouping of emerging economies that transcends the outdated "third world" label.

Yet, China's bid to lead the Global South faces stiff competition from Narendra Modi's India. New Delhi presents itself as a counterbalance to Beijing's assertiveness and its expansive

Belt and Road Initiative (BRI), while also serving as a bridge to advanced economies. This rivalry underscores the complex dynamics shaping the race for influence in a multipolar world.

India's bid to lead the Global South stems from a newfound assertiveness in its foreign policy – a confidence forged by economic growth and its growing stature as a geopolitical counterweight to China and a bridge to the West. As Shantanu Roy-Chaudhury notes in this report, New Delhi seeks to engage emerging partners diplomatically and economically to deepen cooperation, promote development, combat terrorism, push for reforms in global governance, and advance climate negotiations. India's quest to assume this leadership role gained momentum during its G20 presidency in 2023, marked by the launch of the “Voice of the Global South” Summits—a forum conspicuously excluding China – to emphasize the need for greater emerging-country influence in reshaping the international order. India has also prioritized connectivity and economic integration through initiatives such as the India-Africa Forum Summit, the International Solar Alliance, and the Coalition for Disaster Resilient Infrastructure. These efforts underscore its ambition to foster stronger linkages and bolster its role as a champion for developing nations.

When it comes to multilateral initiatives, Linda Calabrese highlights in this report that China's Belt and Road Initiative (BRI) remains one of the most extensive, encompassing a vast majority of low- and middle-income countries. This alignment is rooted in Beijing's identification with these nations' economic development trajectories and their shared colonial histories. While the BRI has undeniably contributed to infrastructure development, it has yet to yield clear evidence of transformative economic change in participating Global South countries. On the contrary, many have faced mounting debt distress as a result of Chinese loans. China's engagement with Africa has also been evident through the Forum on China-Africa Cooperation (FOCAC) since 2000, with commitments spanning infrastructure and trade development, healthcare, and

agriculture. In recent years, Beijing has complemented its BRI and FOCAC efforts with a broader Proposal on the Reform and Development of Global Governance. This initiative comprises several pillars: the Global Development Initiative (GDI), which targets issues such as poverty reduction, food security, industrialization, and climate change; the Global Security Initiative (GSI), designed to address security challenges faced by the Global South; and the Global Civilization Initiative (GCI), which seeks to foster a multipolar world built on shared values and coexistence, countering the “clash of civilizations” narrative often espoused by Western-centric perspectives.

In this evolving landscape, one area where China and India find common ground is the urgent need to reform international financial institutions to better address the needs of Global South countries, as Alvaro Mendez explores in the fourth chapter. Both nations share the view that multilateral development banks (MDBs) often deepen inequality between developed and developing countries, rather than promoting debt restructuring and facilitating more substantial financial flows. However, their strategies for tackling this issue diverge significantly. India has put forth a “Triple Agenda” aimed at enhancing the role of MDBs in resource allocation and government collaboration to stimulate investment. Central to this agenda are measures to triple sustainable lending levels by 2030. In contrast, China seeks to engage within the existing operational frameworks of MDBs while simultaneously establishing parallel institutions, such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) created in partnership with the BRICS countries. This dual approach highlights the contrasting yet assertive strategies each nation employs to reshape global financial governance in favor of developing economies.

As Shanthie Mariet D’Souza explains in the fifth chapter, climate change poses a formidable challenge to the Global South, with Asia particularly hard-hit by rising temperatures, erratic monsoons, and rising sea levels, all of which carry

devastating socio-economic consequences. While both China and India have made strides in investing in clean energy and energy transition to meet their nationally determined contributions (NDCs) under the Paris Agreement, they remain among the world's largest polluters, with substantial dependence on coal and other fossil fuels. Across the rest of the Asian continent, responses to the climate crisis vary widely but are generally constrained by limited financial resources. Promises of support from developed nations and international funding bodies have largely gone unfulfilled, slowing progress as poverty and underdevelopment compound the difficulties of a rapid energy transition. Despite a pressing need for a regional approach, meaningful cooperation remains elusive. Multilateral forums, such as the Shanghai Cooperation Organization (SCO), have provided limited dialogue on climate issues, while the competition between China and India for leadership of the Global South has stalled bilateral collaboration on the green energy sector. Rather than coordinating efforts, both nations are focused on competing to dominate the global market with their respective green technologies, leaving a fragmented approach to a problem that demands united action.

The final chapter of this report, authored by Lucio Blanco Pitlo III, delves into the complex security landscape currently confronting Asia. Key flashpoints include tensions in the South China Sea, the Taiwan Strait, the contested India-China border, and the ongoing civil conflict in Myanmar, a crisis with the potential to destabilize the entire Association of Southeast Asian Nations (ASEAN). Despite ASEAN serving as one of the region's few platforms for security dialogue, the scale of these challenges remains significant. While there have been instances of bilateral engagement aimed at de-escalating tensions and involvement in peace and rapprochement efforts in the Middle East and other areas of conflict, a new trend has emerged in the Indo-Pacific: the rise of minilateral alliances. These smaller, focused alliances, such as Japan-Philippines cooperation, the Philippines-Japan-US trilateral partnership, AUKUS (the

pact among the US, UK, and Australia), and the bolstering of the Quadrilateral Alliance (QUAD), are becoming defining elements of the region's security architecture, reflecting the inadequacy of traditional multilateral frameworks. This trend is mirrored in economic institutions as well; inefficiencies within the World Trade Organization (WTO) have driven the formation of economic minilaterals like the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).

Such fragmentation poses a formidable challenge to the Global South, further complicating its ability to address pressing issues like climate change, limited support from international financial institutions, and broader development needs. As this emerging bloc strives to carve out a more prominent role on the global stage, it must navigate a landscape rife with competing alliances and unresolved tensions.

Paolo Magri
Managing Director and Chair of the Advisory Board, ISPI

1. The Rise of the Global South and the India-China Power Struggle

Filippo Fasulo, Nicola Missaglia

There have been two key breaking points in the relationship between China and the West over the last decade. The first occurred in March 2018, when Xi Jinping completed the power centralisation begun at the start of his political mandate, but that became evident during the Congress of the Chinese Communist Party (CCP) the previous autumn, along with the constitutional amendment removing the term limits for President of the People's Republic of China.¹ The Trump administration initiated a trade war just days after the conclusion of the Two Sessions, where this decision was ratified². This decision continues to influence the current state of US-China relations.

Two key elements have now emerged. On one hand, the belief that China might eventually adopt a liberal democratic system has collapsed, while Xi's political centralisation confirmed his vision that China would have to follow its own political path, centred around the authoritarianism of the Chinese Communist Party. On the other hand, the principle that the economy could be a tool to achieve political goals gained traction. This principle would

¹ S.L. Shirk, "[China in Xi's 'New Era': The Return to Personalistic Rule](#)", *Journal of Democracy*, April 2018.

² "[Enforcing U.S. Trade Laws: Section 301 and China](#)", Congressional Research Service, 26 June 2019.

gradually lead to the introduction of decoupling³ in the global political discourse and later, in a more structured way, the concept of economic security⁴ to regulate relations with China. The events of March 2018 thus affirmed the principle that political differences between China and the West exist and that these differences should partly be managed through economic tools.

The second breaking point was Russia's invasion of Ukraine on 22 February 2022. This was pivotal because it required countries and governments to take a clear position, either supporting Russia or Ukraine. As a result, global divisions and polarisation deepened, primarily between the United States and Europe on one side, and Russia and China on the other. This opposition had been building for years. If the fracture line between the West and Russia reached a breaking point with Russia's occupation of Crimea in 2014, as mentioned, the West really started to change its mind about China in 2018.

Against this background, the US sought to find a common denominator to group China and Russia together and rally as many allies as possible to contain the revisionist duo. With regard to China, this containment effort took the form of the Indo-Pacific strategy,⁵ with its military (Quad, AUKUS) and economic (IPEF) ramifications, emphasising values like democracy and market economy. In sympathy with this vision, the Summit for Democracy launched by the Biden administration in December 2021⁶ and since repeated, aims to create a consensus group to pressure international autocracies, especially Russia and China.

³ J. Morrison, "The Strategic Challenges of Decoupling", *Harvard Business Review*, May 2021.

⁴ The White House, [Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution](#), 27 April 2023.

⁵ "Indo-Pacific Strategy after One Year- Perspective from Allies Partners and Across the Indo-Pacific", East West Center, February 2024.

⁶ Department of State, United States of America, President Joseph R. Biden Jr, [The Summit for Democracy](#), November 2022.

The Risk of Isolation and Expansion of BRICS

Russia's invasion of Ukraine and Moscow's relationship with Beijing fit snugly into the evolving dynamics of this process. Moscow's military aggression against Ukraine occurred right after the Beijing Olympics and was even preceded by a meeting between Xi Jinping and Putin on the opening day. On this occasion, the famous "no limits friendship" statement⁷ was issued, causing Xi quite some embarrassment in the early stages of the war. Given this declaration of close ties, whether or not Xi and Putin discussed the attack on Kyiv just two weeks before Moscow launched its military operation remains a mystery. A categorical yes or no answer would put Xi in a difficult position as he would either be seen as having endorsed the attack or as someone who failed to influence the dangerous choices of a friend.

For these reasons, in the spring of 2022, Beijing faced the risk of isolation for several weeks, compounded by Xi Jinping's long period without international travel from January 2020 to autumn 2022 due to Covid-19. However, this impression had begun to fade by June 2022. During that time, Beijing hosted the virtual annual BRICS summit. Unlike previous years, when these meetings had taken place without significant political progress, a political consensus was reached to promote the group's expansion.⁸ This possibility was immediately followed by expressions of interest, with numbers reaching a few dozen by the following year.⁹ This was not an obvious outcome, given that many countries faced pressure over being associated with Russia and China, which were considered autocracies and each responsible in their own way for military aggression against a sovereign state.

⁷ President of Russia, [Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development](#), 4 February 2022.

⁸ President of Russia, [XIV BRICS Summit Beijing Declaration](#), 23 June 2022.

⁹ S. Ismail, "A wall of BRICS: The significance of adding six new members to the bloc", *Al-Jazeera*, 24 August 2023.

The initial support for the BRICS expansion had come to fruition by the time of the next summit hosted by South Africa one year later, when six countries received formal invitations to join the organisation starting in January 2024. These countries represent significant geographical diversity, spanning three continents: South America (Argentina, which would then step back after Javier Milei was elected), Africa (Ethiopia, Egypt), and Asia (Iran, the United Arab Emirates, and Saudi Arabia, albeit the latter hasn't ratified its membership yet). This expansion highlights the weakness of framing the world as a dichotomy pitting democracies against autocracies. Of the six, only Argentina and Ethiopia can be categorised as democracies, and both are grappling with deep systemic crises.

Which Democracy in Asia?

The weakness of the democracies vs. autocracies approach becomes even more evident when considering US interests in Asia, the involvement of potential new allies in the region and their classification as democracies. In strengthening the US strategy in the area, institutions such as the Quad, AUKUS, and IPEF have involved traditional allies and countries caught between the US and China. However, only a few of these countries properly fulfil the definition of democracy, and even fewer participated in the Summits. South Korea has not joined the Quad or AUKUS yet still felt so engaged with the same issues that it co-hosted subsequent editions of the Summit for Democracy. Similarly, the Philippines underwent a challenging internal phase during the Duterte presidency before transitioning to new leadership and fully embracing its status as a democracy by participating in the Summit.

However, other democracies such as Malaysia and Indonesia did not participate due to their complicated internal political situations. Conversely, non-democratic states like Vietnam (whose political structure is comparable to China's) and Thailand (plagued by ongoing military coups) play decisive

roles in regional power dynamics. Additionally, the focus on democracy as a determinant in the international order excludes a country like Singapore,¹⁰ which cannot be categorised as democratic despite being fully aligned with the West and even applying military sanctions against Russia. Finally, even though India is crucial to the United States' Indo-Pacific strategy as well as being the world's biggest democracy, Narendra Modi's government attracts criticism for its staunch nationalism and centralisation of power.¹¹ Reclaiming "Democracy" and the Global South as an Alternative

Framing the international order as a dichotomy between democracies and autocracies is indicative of a descriptive approach and an ambition to define the course of events. This vision fuels hopes that the number and quality of democracies in the world can improve, ensuring rights and freedoms for as many people as possible. However, as illustrated by previous examples, this categorisation risks being overly reductive when trying to create a common identity to counter the political actions of China and Russia. This is the main reason China has sought to diminish the United States' use of democracy as a value. During the days of the Summit for Democracy, China published¹² a White Paper (a document presenting Beijing's official stance on a given issue) on democracy entitled *China: Democracy that Works*. The paper highlights longstanding criticisms about the relationship between procedural democracy – mainly characterised by elections – and substantive democracy, meaning the ability to ensure an equitable distribution of resources. Essentially, Beijing challenges the primacy of American democracy (touting the successes of its own development model, which has improved the economic conditions of its people) and asserts the right of each country

¹⁰ J. Ong, "Singapore left out of summit because US doesn't see it as a democracy: Tommy Koh", *The Straits Times*, 9 December 2021.

¹¹ T. Singh, "The Authoritarian Roots of India's Democracy", *Journal of Democracy*, July 2023.

¹² "China issues white paper on its democracy", *Xinhua*, 4 December 2021.

to follow its own democratic path. According to China, the US cannot present itself as the guardian of democracy since Beijing does not see this as being aligned with the definition of a liberal democratic system. China's view embraces the concept of non-interference in the internal affairs of foreign countries, as outlined during the Bandung Conference in 1955, while promoting a model of modernisation specific to each nation.

However, China has not simply sought to downplay or dilute the characteristics of the principle the US adopted to frame the break in the international order. It has also put forward an alternative categorisation, a new concept: the *Global South*. This idea came to the fore during the 2022 BRICS Summit¹³ and has since been reiterated on various occasions. It is not a new concept, but had not previously gained much traction beyond specialised studies in development economics. To a large extent, it is a reimagining of the idea of the Third World or developing countries but with a more positive spin.¹⁴ The opportunity to make it a mainstream concept came from the need to take a stand in the international arena after Russia invaded Ukraine. Even though those identifying with the Global South do not necessarily align themselves directly with Russia and China, the war has prompted a reflection on their own identity and sympathies. The war is therefore simply a pretext for a broader reflection on the state of the international system, which is increasingly influenced by revisionist demands from countries experiencing rapid economic growth.

Defining who belongs to the Global South is a complex exercise with significant political implications. The idea is that geographic location must be complemented by political value. Therefore, not all countries in the southern hemisphere are part of it and one does not have to be located south of the equator to belong to the grouping. For instance, Australia and New Zealand, which are advanced economies and among the world's

¹³ F. Fasulo, "China's Quest for the Global South", ISPI Commentary, 23 June 2024.

¹⁴ J.S. Nye Jr, "What Is the Global South?", *Project Syndicate*, 1 November 2023.

southernmost nations, fall into the opposite category, i.e. the *Global North*. Conversely, Mongolia, which shares the same latitude as Europe, is undoubtedly part of the Global South. To be part of the Global South, a country must essentially be in a state of underdevelopment or recent economic development. This makes it difficult to categorise certain borderline countries like Mexico, Turkey, or Eastern Europe. The identity of the Global South is built in opposition to the economic and political status quo, which primarily includes North America, Western Europe, Australia, New Zealand and more advanced Asian economies like Japan, South Korea, and Singapore.

Based on these premises, the Global South emerges as a more inclusive concept for emerging countries than the binary distinction between democracies and autocracies. The current idea of the Global South has therefore gained traction, serving as a platform for countries seeking more significant political influence as they feel excluded from international political and economic governance. While Russia and China cannot be considered excluded – since they are part of institutions like the UN Security Council – they are at least politically estranged from the Western value system. Their aim of revising the international order, which became more pressing following its fragmentation due to the war in Ukraine, has attracted the interest of several countries that are rising on the world stage.¹⁵ In Asia, India is a prominent example.

Winning Hearts and Minds in the Global South: The Competition Between China and India

As India under Narendra Modi has ascended on the global stage and made significant economic strides, its competition with Beijing for influence over the Global South has grown ever more evident. This rivalry, which spans economic, political, and

¹⁵ A. Gabuev and O. Stuenkel, “The Battle for the BRICS. Why the Future of the Bloc Will Shape Global Order”, *Foreign Affairs*, 24 September 2024.

ideological dimensions, highlights the contrasting strategies of the world's two most populous nations. Both aspire to lead countries critical of the current international order – arguing that it disproportionately reflects Western interests. However, their approaches diverge sharply,¹⁶ shaped by their respective geopolitical ambitions and evolving global events.¹⁷

At present, China maintains a competitive edge, primarily due to its economic might – its GDP is five times that of India. However, this dynamic could shift over time. India's economy is now growing faster than China's, and while China's demographic dividend is dwindling, India's is expected to expand at least until 2050 and will be an asset for the country if India's leaders are able to effectively capitalize on this opportunity. But even more significantly, India is a democracy – with flaws, but solid as well as the largest in the world – while China is an autocracy. For decades, this political and institutional distinction did not seem to matter to nations (including Western nations) that prioritised China's economic power as a reason to partner or engage with Beijing. However, as the world is increasingly polarised and fragmented, the global landscape is evolving in ways that could increasingly favour India.

India's pragmatic and multi-aligned foreign policy under Prime minister Narendra Modi has allowed it to build consensus in international forums, particularly during its 2023 G20 presidency. By skilfully navigating contentious issues, such as avoiding explicit condemnation of Russia's invasion of Ukraine, India has demonstrated an ability to bridge geopolitical divides.¹⁸ This approach differs with that of China, whose more assertive stances have at times led to deadlock in international organizations, including the UN Security Council and global

¹⁶ M. Schuman, “[India Isn't Signing Up for China's New World Order](#)”, *The Atlantic*, 10 October 2023.

¹⁷ M.C. Miller, “[China and India Compete for Leadership of the Global South](#)”, Council on Foreign Relations, 1 February 2024.

¹⁸ Ministry of External Affairs of India, “[G20 New Delhi Leaders' Declaration](#)”, New Delhi 9-10 September 2023.

financial institutions, frustrating some Global South countries. India's capacity to reconcile conflicting interests favours its position as a leader among developing nations as well as a bridge between the Global South and the Global North.¹⁹

India's ascent as a potential leader of the Global South is thus fuelled by growing discontent with China's increasingly assertive foreign, security and trade policies, particularly embodied by the Belt and Road Initiative (BRI).²⁰ Launched in 2013, the BRI initially attracted numerous emerging economies, eager to trade and take on debt in exchange for infrastructure investment. However, in recent years, many of these countries – especially those with weaker economies – have grown concerned about over-reliance on China and the often-unsustainable debt burdens that follow. Although China has now shifted the BRI's focus toward digital and green infrastructure, economic dependence on Beijing is now seen as a growing risk in many parts of the Global South. India, by contrast, offers a competing narrative, championing transparency and sustainability in global development projects.²¹

Amidst the growing rivalry between the US and China, India has capitalised on its role as a potentially viable alternative to China. It presents itself as a long-term commercial partner with a rapidly expanding economy, a burgeoning middle class, and ambitions to industrialise within a few decades.²² While the Indian leadership must deliver on these aspiration, the country distinguishes itself from China by offering a less authoritarian political model. At the same time, India remains committed to positioning itself as a partner for countries seeking more equitable reforms to the international system.²³

¹⁹ A. Palit, "[India and China: Close Rivals in the G20 and in the Global South](#)", ISPI Commentary, September 2023.

²⁰ M. Schuman, "[Why China Won't Win the Global South](#)", Atlantic Council, 16 October 2023.

²¹ N. Clark, "[The Rise and Fall of the BRI](#)", Council on Foreign Relations, 6 August 2023.

²² "[India aims for 10% share in global exports by 2047](#)", IBEF, 25 October 2022

²³ P. Harish, "[India calls for concerted effort to reform international financial](#)

Yet the deepening geopolitical rivalry between China and India poses significant obstacles to the unity of the Global South. Their differences in policy and global alignments reveal the difficulty of forging a unified bloc of developing nations. Moreover, in a world marked by increasing polarisation and fragmentation, the divergences between India and China are likely to persist and deepen.

A prime example is their contrasting reactions to the Israel-Gaza conflict. Following Hamas's October 2023 attack on Israel, India immediately condemned the violence and aligned itself with Western powers, while reaffirming its support for an independent Palestinian state. China, however, called for a ceasefire without directly condemning Hamas, later criticising Israel's military response as disproportionate. These positions reflect broader geopolitical strategies, with India increasingly aligning with the West, and China echoing the views of many Global South nations that focus on Palestinian rights.²⁴

However, the differences between China and India extend beyond such divisive issues as the Israeli-Palestinian conflict. They also impact potential areas of cooperation, such as within the G20 and BRICS. In fact, divergences between the two will likely make it harder for BRICS+ to achieve consensus on issues that are globally significant, despite some progress on bilateral matters, such as their disputed border.²⁵ Discord has already surfaced on several occasions, from India's frustrations over BRICS expansion, which it views in part as consolidating China's dominance,²⁶ to Xi Jinping's last-minute decision to skip the 2023 G20 summit in New Delhi. Against this backdrop, however, India's pragmatic diplomacy – demonstrated in its

architecture for debt free Global South", *Economic Times*, 9 October 2024.

²⁴ L. Nazir, "1 Year in, India's Approach to the Gaza War Reflects a Wider Foreign Policy Change", *The Diplomat*, 7 October 2024.

²⁵ A. Rajan and G. Donnellon-May, "Have India and China achieved a border breakthrough?", Lowy Institute, 25 October 2024.

²⁶ M. Kapoor, "Can India navigate a China-dominated BRICS?", *Deutsche Welle*, 10 August 2024.

G20 presidency – is increasingly appealing to Global South countries that seek constructive engagement with advanced economies, even as China’s economic influence continues to attract those seeking investment and trade. The polarization of smaller countries around the two Asian giants is likely to persist. And as this polarization becomes more pronounced or evident, it will increasingly impede the Global South from forming a united and cohesive bloc.²⁷

India’s Democracy and the Global South

India’s credibility on the global stage does not rest solely on its rivalry with China. It will also depend on how the country addresses its significant internal challenges. Modi – re-elected for a third term in 2024, albeit with a reduced majority – has driven efforts to modernise India’s bureaucracy and foster the spread of digital tools to streamline inefficiencies. The government has also made important investments in infrastructure, regulatory reform, and domestic production through the “Make in India” campaign.

However, for India to truly emerge as the “new China” – the next global manufacturing hub – it must invest more decisively in its human capital.²⁸ Education, advanced training, and the inclusion of women in the workforce are critical. The average level of schooling in India is just 6.5 years (compared to 8.3 in Vietnam and 8.9 in Thailand), one in three women remains outside the labour market, and India’s middle-class consumer base is surprisingly small at \$500 billion, compared to a global market of over \$30 trillion.

These challenges must be addressed if India’s rise is to be solid, sustainable, and enduring. As the largest of the developing economies, India has pursued modernisation through a

²⁷ A. Palit, “[India and China: Close Rivals in the G20 and in the Global South](#)”, ISPI Commentary, 5 September 2023.

²⁸ Economist Intelligence Unit, “[India’s Manufacturing Moment](#)”, Report.

democratic system that, while imperfect, has remained robust.²⁹ The country's democracy has managed to contain political divisions, centrifugal forces, and occasional outbreaks of violence in a culturally, religiously, and linguistically plural society. This democratic framework provides a pillar of stability, reassuring Global South nations wary of over-dependence on China and bolstering India's role as a vital ally for the West, particularly in countering revisionist powers like Russia and China.

India's ability to safeguard its democratic system – and accompanying political stability, sustained economic growth and responsible foreign policy – will be crucial in shaping its future on the global stage. These foundations are not only critical to India's rise but also central to hopes that the West and the Global South have placed in India as an alternative to China. While Modi's government has tested the principles of pluralism and coexistence that underpin India's democracy with its brand of religious nationalism, India's democratic strength, even more than its economic growth, underpins its credibility as a rising power and a leader for the Global South.³⁰

Conclusion

In conclusion, the competition between China and India will likely prevent the emergence of a single consensus for the Global South. Countries will pursue multi-aligned strategies, selecting partners based on their specific interests and creating a complex web of shifting alliances rather than a unified bloc with a coherent vision for global affairs. The diplomatic, political, and economic influence of both China and India will be continuously tested, as neither is likely to represent the full spectrum of the Global South's diverse perspectives.

²⁹ P. Bhanu Mehta, “[India Steps Back from the Brink](#)”, *Foreign Affairs*, 14 June 2024.

³⁰ R. Guha, “[India's Feet of Clay. How Modi's Supremacy Will Hinder His Country's Rise](#)”, *Foreign Affairs*, 20 February 2024.

This complexity presents a dilemma for China and India alike as they vie to position themselves as leaders of this diverse group of nations. For the West, constructive engagement with countries like India will be vital in addressing the concerns of the developing world while navigating the growing geopolitical rivalry between China and India. How this rivalry unfolds will shape not only the future of international relations but also the global balance of power, as both nations seek to redefine the rules of the international system in the XXI century.

2. From Belt and Road to FOCAC: China's Expanding Influence in the Global South

Linda Calabrese

In recent years, China has emerged as a pivotal player in the Global South. It actively engages with developing nations bilaterally as well as multilaterally, often through a series of initiatives. These efforts reflect China's commitment to fostering economic growth, enhancing security, and promoting cultural exchange in regions that have historically been underrepresented in global discussions. Scholars argue that by prioritizing partnerships with countries in Africa, Asia, and Latin America, China aims to create a more balanced and multipolar world order.¹ Others challenge the idea that China's engagement is led by a strategic paradigm, and argue that opportunistic reasons drive the approach.²

Whatever their drivers, China's initiatives are designed to address the unique challenges faced by these nations. They emphasise economic factors such as infrastructure development and trade cooperation, but also mutual respect and win-win narratives. The economic promise is particularly appealing

¹ J. Char, "China, the Global South and the Struggle for Hegemony", in J.A. Braveboy-Wagner (ed.), *Diplomatic Strategies of Rising Nations in the Global South: The Search for Leadership and Influence*, Cham, Springer International Publishing, pp. 65-104, 2024.

² H. Hung, "China and the Global South", in T. Fingar and J.C. Oi (eds.), *Fateful Decisions: Choices That Will Shape China's Future*, Stanford University Press, pp. 247-71, 2020.

to Global South countries that have witnessed China's rapid economic growth and hope similar performances could be replicated elsewhere. They also like the win-win narrative, which stands in contrast with the "donors vs. recipients" narrative typical of Western countries.'

This chapter explores the various dimensions of China's engagement with the Global South, examining how these initiatives are transforming the landscape of global cooperation and development.

China and the Global South, or China in the Global South?

The "Global South" is a contested category, its definition being debated by northern and southern academics alike.³ One of the points of contention is whether China is part of this category.

China positions itself as an integral part of the Global South, emphasizing its identity as the largest developing country and advocating for the collective interests of emerging markets and developing nations. This self-identification is rooted in a historical context of colonialism and underdevelopment, which resonates with many countries in the Global South. Chinese officials have increasingly adopted the term "Global South", albeit with caution, reflecting a desire to align with nations that share similar developmental challenges and aspirations. By framing its foreign policy around solidarity and mutual support, China seeks to enhance its influence while promoting a narrative of shared growth and cooperation. This approach is evident in China's calls for reforming global governance systems to better represent developing countries, as well as its

³ N. Sud and D. Sánchez-Ancochea, "Southern Discomfort: Interrogating the Category of the Global South", *Development and Change*, vol. 53, no. 6, pp. 1123-150, 2022; J. Wiegatz *et al.*, "Common Challenges for All? A Critical Engagement with the Emerging Vision for Post-pandemic Development Studies", *Development and Change*, vol. 54, no. 5, pp. 921-53.

commitment to initiatives that address the pressing needs of these nations. In doing so, China aims to assert itself as a leader among the Global South, advocating for a more equitable international order that counters the dominance of Western powers and fosters a multipolar world.⁴

This positioning is largely contested by countries in the Global North, but also by India, which see China's economic position in the world economy as a barrier to the country's membership of the Global South. China nevertheless continues to claim its role as a Global South country, and therefore also frames its work with low- and middle-income countries as South-South Cooperation. China actively contributes to the work of the United Nations Office for South-South Cooperation (UNOSSC) but has also created its own platforms, such as the China South-South Cooperation Network.

The Belt and Road Initiative

Launched in 2013, the Belt and Road Initiative (BRI) is China's initiative for connectivity. The BRI is not targeted specifically at the Global South, as in theory any country in the world could participate. However, many Global South countries have joined the initiative. Out of the nearly 150 countries that have signed some form of agreement or Memorandum of Understanding to join the BRI, only 22% are high-income countries, and the remaining 78% are either low- or middle-income. In fact, the ranks of those who have not joined include the richest nations, such as the north American and European countries, as well as Japan and Australia. This means that, while not being specifically targeted at the Global South, the initiative has a strong development angle, as this is in the interests of most of its members.

The main objectives of the BRI are policy coordination, infrastructure connectivity, unimpeded trade, financial

⁴ S. Kawashima, "How China Defines the 'Global South'", *The Diplomat*, 11 January 2024.

integration and closer people-to-people ties. Over the years, China has also proposed some thematic initiatives to expand cooperation in various domains. Of these, the Digital Silk Road, Health Silk Road, Green Silk Road, and Space Silk Road are of particular importance to the Global South.

The Digital Silk Road aims to promote information and communication technology (ICT) infrastructure development and digital connectivity along BRI corridors.⁵

The Health Silk Road was proposed in 2017 to strengthen cooperation in public health and healthcare along the BRI. It focuses on areas like disease prevention and control, medical services, and traditional medicine.⁶ China has provided medical supplies and sent medical teams to BRI countries during the COVID-19 pandemic under this initiative.

The Green Silk Road emphasises sustainable and environmentally-friendly development of BRI projects. It promotes green infrastructure, clean energy, and environmental protection. China has pledged to make the BRI greener and has issued guidelines on green development and environmental protection for BRI projects.⁷

The Space Silk Road or Space Information Corridor is a proposed initiative to jointly build space infrastructure and share space technology along the BRI. It includes building a network of Earth-observation and navigation satellites, as well as ground facilities. The goal is to provide services like weather forecasting, disaster mitigation, and communication services to BRI countries.⁸

⁵ H. Tugendhat and J. Voo, *China's Digital Silk Road in Africa and the Future of Internet Governance*. Working paper 50. Washington, DC, China Africa Research Initiative (CARI), School of Advanced International Studies (SAIS), Johns Hopkins University, 2021.

⁶ K. Tang, K. *et al.*, "China's Silk Road and global health", *The Lancet*, vol. 390, no. 10112, pp. 2595-2601.

⁷ T. Yao *et al.*, "Climate change adaptation and mitigation strategies for building a Green Silk Road", *Bulletin of Chinese Academy of Sciences (Chinese Version)*, vol. 38, no. 9, 2023. pp. 1264-72.

⁸ D. Sun and Y. Zhang, "Building an 'Outer Space Silk Road': China's Beidou

One important question is whether the BRI, given its Global South orientation, has had an impact on development processes. With its infrastructural offer, the BRI has certainly contributed to infrastructure development in the Global South. But studies have found that the impact of the BRI on growth, or the transformation of Global South economies, has been limited.⁹ The outcomes of the BRI are mixed in each country, but some groups are generally found to benefit more than others.¹⁰ Most BRI projects are negotiated by elites. As such they may only benefit certain groups in countries,¹¹ meaning that the distributional impacts of the initiative may be contested.

Debt is an important issue to consider in relation to the BRI in the Global South. By lending huge amounts for infrastructure, China has affected the macroeconomic position

Navigation Satellite System in the Arab World“, *Journal of Middle Eastern and Islamic Studies (in Asia)*, vol. 10, no. 3, 2016, pp. 24-49.

⁹ M. McCartney, “The China-Pakistan Economic Corridor (CPEC): Infrastructure, Social Savings, Spillovers, and Economic Growth in Pakistan“, *Eurasian Geography and Economics*, vol. 63, no. 2, 2022, pp. 180-211; D. Landry, “A torrent or a trickle? The local economic impacts of the China-Pakistan Economic Corridor“, *Oxford Development Studies*, vol. 51, no. 2, 2023, pp. 145-162; L. Calabrese, “Diversifying Away from Extractives: The Belt and Road Initiative, Chinese Capital and Industrialisation in the Kyrgyz Republic“, *The European Journal of Development Research* [Preprint], 2024; L. Calabrese, R. Jenkins, and L. Lombardozzi, “The Belt and Road Initiative and Dynamics of Structural Transformation“, *The European Journal of Development Research*, vol. 36, no. 3, 2024, pp. 515-47.

¹⁰ S. Mark, I. Overland, and R. Vakulchuk, “Sharing the Spoils: Winners and Losers in the Belt and Road Initiative in Myanmar“, *Journal of Current Southeast Asian Affairs*, vol. 39, no. 3, 2020, pp. 381-404; G. de L.T. Oliveira, *et al.*, “China’s Belt and Road Initiative: Views from the ground“, *Political Geography*, no. 82, 2020, p. 102225; L. Calabrese and Y. Wang, “Chinese capital, regulatory strength and the BRI: A tale of ‘fractured development’ in Cambodia“, *World Development*, no. 169, 2023, p. 106290.

¹¹ G. Mohan and M. Tan-Mullins, “The geopolitics of South–South infrastructure development: Chinese-financed energy projects in the global South“, *Urban Studies*, vol. 56, no. 7, 2019, pp. 1368-85; P. Abb, “All geopolitics is local: the China–Pakistan Economic Corridor amidst overlapping centre-periphery relations“, *Third World Quarterly*, vol. 44, no. 1, 2023, pp. 76-95.

of host countries, which has sometimes contributed to debt distress.¹² This is often associated with discussions about “debt-trap diplomacy”, or alleged predatory lending by Chinese institutions. The existence of a debt trap has been widely disproved.¹³ However, excessive lending may still lead to a condition of dependence by the Global South – in particular African countries – on China which, while not intentional as the debt trap narrative suggests, is still harmful to low-income countries.¹⁴

The Global Development Initiative

Together with the Global Security Initiative and the Global Civilisation Initiative, the Global Development Initiative (GDI) is part of the Proposal of the People’s Republic of China on the Reform and Development of Global Governance.

The GDI is framed around the need to inject new life into the United Nations Sustainable Development Goals, which are off track. To achieve this, the initiative focusses on balanced, coordinated, and inclusive growth, as well as on greener and healthier global development. Its themes therefore recall those of the BRI, but with a strong developmental undertone.

¹² J. Hurley, S. Morris, and G. Portelance, “Examining the debt implications of the Belt and Road Initiative from a policy perspective”, *Journal of Infrastructure, Policy and Development*, vol. 3, no. 1, 2019, p. 139; R. Rajah, A. Dayant, and J. Pryke, *Ocean of debt? Belt and Road and debt diplomacy in the Pacific*, Lowy Institute For International Policy, 2019; L. Bandiera and V. Tsiropoulos, “A Framework to Assess Debt Sustainability under the Belt and Road Initiative”, *Journal of Development Economics*, no. 146, 2020, p. 102495.

¹³ D. Brautigam, “A critical look at Chinese ‘debt-trap diplomacy’: the rise of a meme”, *Area Development and Policy*, vol. 5, no. 1, 2020, pp. 1–14; L. Jones and S. Hameiri, “Debunking the Myth of ‘Debt-trap Diplomacy’: How Recipient Countries Shape China’s Belt and Road Initiative”, Research Paper, London, Chatham House, 2020; A. Singh, “The myth of ‘debt-trap diplomacy’ and realities of Chinese development finance”, *Third World Quarterly*, 2020, pp. 1–15.

¹⁴ P. Carmody, “Dependence not debt-trap diplomacy”, *Area Development and Policy*, vol. 5, no. 1, 2020, pp. 23–31.

Since its launch in 2021, the GDI has seemingly been well-received by countries in the Global South. In January 2022, over 60 low- and middle-income countries across Africa, Asia and Latin America have joined the so-called “Group of Friends of the GDI”.

While often compared to the BRI, the GDI differs dramatically from it in many ways. To start with, the GDI is a “pure” development initiative, in the sense that it falls under the remit of Ministry of Foreign Affairs, and it is implemented mainly by the China International Development Cooperation Agency (CIDCA), which is China’s aid agency, among others. In this sense, the initiative has a truly developmental mandate. The BRI, by contrast, is coordinated by the National Development and Reform Commission, an agency mainly responsible for domestic economic management.

The GDI was launched at the opening of the 76th session of the United Nations General Assembly in September 2021. This marks another stark difference with the BRI: while Xi Jinping announced the BRI during speeches in Kazakhstan and Indonesia, giving the initiative a bilateral imprint, the GDI was symbolically announced in a multilateral forum, giving a sense that the Chinese government wants it to be seen as a multilateral initiative rather than a Chinese one.

The other main difference with the BRI is one of scale. Spending on the BRI has been estimated at US\$ 1 trillion.¹⁵ While the BRI has no pre-allocated budget, many financiers are contributing funds towards projects that could fall under the BRI label. The GDI is more distinctly demarcated: there is a list of projects to be funded with a budget allocated against it. The Global Development and South-South Cooperation Fund (GDSSCF), which amounts to \$4 billion, is the primary financing mechanism for GDI projects. This fund is managed

¹⁵ C. Nedopil Wang, *China Belt and Road Initiative (BRI) Investment Report 2023*, Shanghai and Brisbane, Green Finance Development Center, Fudan University, and Griffith Asia Institute, 2024.

in partnership with the UN Development Programme.¹⁶ This strengthens the multilateral imprint of the initiative.

The final difference is about content. While there are some overlaps between the two, the BRI focusses on connectivity. The GDI, on the other hand, has a very strong ‘traditional’ development focus, covering poverty reduction, food security and pandemic response, as well as climate change, industrialisation and so on.

The Global Security Initiative

China’s Global Security Initiative (GSI) is the second initiative under the Chinese Proposal for Reform and Development of Global Governance. Launched in April 2022, the GSI represents a significant shift in the country’s approach to international security, particularly in its engagement with the Global South. This initiative aims to reshape the global security architecture by promoting concepts of sovereignty, non-interference, and a multipolar world, contrasting sharply with the United States-led security order.

The GSI is designed to address various security challenges faced by nations in the Global South and beyond, including terrorism, transnational crime, and regional conflicts. It emphasizes a cooperative framework that prioritizes national sovereignty and mutual respect over interventionist policies commonly associated with Western powers. The initiative seeks to establish China as a leader in global security, offering an alternative to the perceived hegemony of the United States. By advocating for “true multilateralism”, China positions itself as a champion of developing nations’ interests, which often feel marginalized in the current international system.¹⁷

¹⁶ L. Wu, “China’s Transition from the Belt and Road to the Global Development Initiative”, *The Diplomat*, 11 June 2023.

¹⁷ B. Mariani, “9DASHLINE — China’s global security blueprint – implications for Western security agency”, *9DASHLINE*, 7 May 2024; J.S. Van Oudenaren,

The GSI outlines 20 priorities and five platforms for cooperation, focusing on non-traditional security areas that resonate with many countries in the Global South. These include cybersecurity, economic stability, and public health, reflecting a broader understanding of security that encompasses social and developmental aspects.¹⁸ China's approach is particularly appealing to nations that have experienced the negative impacts of Western military interventions and are seeking more equitable partnerships.

While the GSI has garnered support from numerous countries in Africa, Asia, and Latin America, its reception has been mixed. Many nations naturally gravitate to China's emphasis on sovereignty and non-interference, given their own historical experiences of colonialism and external intervention. However, scepticism remains regarding China's intentions and the effectiveness of its security framework. Critics argue that the GSI lacks clarity and concrete mechanisms for implementation, which may hinder its long-term success.¹⁹

Furthermore, China's growing influence in the Global South is not without challenges. Countries in this region often navigate complex relationships with both China and the United States, meaning that their foreign policies are a balancing act. For instance, despite China's outreach, nations like the Philippines and South Korea continue to engage closely with the United States, highlighting the competitive dynamics at play.²⁰

The GSI's promotion of a multipolar world order resonates with many developing nations that aspire for a more balanced international system. By presenting itself as a partner that understands and addresses the unique security concerns of

"How to Respond to China's Global Security Initiative", *War on the Rocks*, 1 March 2024.

¹⁸ M.T. Fravel, "China's Global Security Initiative at Two: A Journey, Not a Destination", *China Leadership Monitor*, Summer, no. 80, 2024.

¹⁹ Ibid.; Van Oudenaren (2024).

²⁰ Van Oudenaren (2024).

the Global South, China aims to consolidate its influence and counteract Western narratives that dominate global discourse. The initiative reflects a strategic move to build new security relationships and protect Chinese interests abroad, particularly in regions where it has significant investments.²¹

In conclusion, China's Global Security Initiative represents a pivotal effort to redefine global security norms in favour of a multipolar approach that prioritizes the interests of the Global South. While it faces implementation challenges and international scepticism, its emphasis on sovereignty and cooperative security aligns with the aspirations of many developing nations seeking a more equitable global order. The GSI's long-term success will depend on China's ability to translate its rhetoric into actionable commitments that genuinely address the security needs of its partners.

The Global Civilization Initiative

The Global Civilization Initiative (GCI) is the third initiative in China's Proposal for Reform and Development of Global Governance and was introduced by Xi Jinping in March 2023. It seeks to reshape international relations by promoting a framework that emphasizes respect for cultural diversity, mutual learning, and people-to-people exchanges. This initiative is particularly relevant to Global South countries, which have historically been marginalized in global governance and development discussions.

The GCI aims to foster a community of shared values that transcends the traditional Western-centric narrative of civilization. It advocates for a multipolar world where diverse civilizations coexist and learn from one another, countering the notion of a "clash of civilizations" often posited by Western discourse. Xi's vision includes the idea that all civilizations are valuable and contribute to the collective advancement of

²¹ Mariani (2024).

humanity, thus promoting a more inclusive dialogue among nations.²²

The initiative is part of a broader strategy that includes the Global Development Initiative (GDI) and the Global Security Initiative (GSI), all designed to position China as a leader in a new global governance framework. This framework aims to challenge the existing “rules-based international order” that many in the Global South perceive as biased towards Western interests.²³

According to Chinese Communist Party sources, China’s GCI resonates with many countries in the Global South, particularly those that have experienced the negative impacts of colonialism and are now seeking to assert their own identities and development paths. The initiative encourages these nations to explore their unique modernization trajectories without external interference, aligning with China’s own narrative of non-interference in the internal affairs of sovereign states.²⁴

The GCI’s emphasis on cultural respect and mutual learning also provides a platform for Global South countries to collaborate and share experiences, potentially leading to a more equitable global landscape. By advocating for the inclusion of developing countries in international governance, China positions itself as a champion of their interests, thus fostering goodwill and deeper diplomatic ties.²⁵

Despite its appealing rhetoric, the GCI has faced criticism for its potential to undermine universal values such as human rights and democracy. Critics argue that the initiative may

²² State Council Information Office, *3 things to know about China’s Global Civilization Initiative*, State Council Information Office, People’s Republic of China, 2024; Xinhua, 2024 Xinhua, “China’s Global Civilization Initiative key pillar for community with shared future, say experts”, *Xinhuanet*, 2024.

²³ R.E. Ellis, “The Trouble With China’s Global Civilization Initiative”, *The Diplomat*, 1 June 2023; M. Schuman, J. Fulton, and T. Gering, “How Beijing’s newest global initiatives seek to remake the world order”, Atlantic Council, 2023.

²⁴ J. Liu, “Riding the Tide of History: Working Together to Boost Solidarity and Cooperation Among the Global South”, *Qinshi*, 2024.

²⁵ Ibid.; Xinhua (2024)

serve as a façade for promoting China's strategic interests while allowing authoritarian regimes in the Global South to operate without accountability. By framing issues of governance and rights as relative, some have argued that the GCI could empower regimes that prioritize stability over individual freedoms.²⁶

The historical context of “civilization” in many Global South countries is also fraught with colonial legacies, making the term itself contentious. The GCI's approach may overlook the complexities of these histories and the ongoing struggles of marginalized communities within these nations.²⁷

China's Global Civilization Initiative represents a significant effort to redefine global interactions, particularly with the Global South. By promoting a narrative of mutual respect and cultural exchange, the GCI seeks to create a more inclusive international order. However, the initiative's success will depend on its ability to genuinely support the aspirations of Global South countries while navigating the complexities of historical injustices and contemporary governance challenges. As the Global South continues to assert its voice on the world stage, the GCI could play a pivotal role in shaping a new paradigm for global cooperation and development.

A Focus on Africa: FOCAC and Other Initiatives

Within the Global South, China has a special relationship with Africa. Every year since 1950 (bar one), Chinese Foreign Ministers have been travelling to one or more African countries as their first overseas trip of the year.²⁸ This highly symbolic fact helps explain the close relationship between China and Africa.

One of the mechanisms through which China governs its relationship with African countries is the Forum on China-Africa Cooperation (FOCAC). The FOCAC serves as the

²⁶ Ellis (2023); Schuman, Fulton and Gering (2023).

²⁷ Ellis (2023).

²⁸ J. Vines and J. Wallace, *China-Africa relations*, Chatham House, January 2023.

primary multilateral coordination mechanism between China and African nations. It brings together China and 53 African countries, along with the African Union Commission, to discuss and plan cooperation across various sectors.

The forum alternates between ministerial-level meetings and summits, typically held every three years alternately in Beijing or an African country. These gatherings result in three-year action plans and Chinese pledges of financial support through loans, grants, and export credits.

Through FOCAC, China has made substantial commitments to African infrastructure development, agricultural assistance, healthcare support, trade promotion and so on. For instance during the 2021 FOCAC Ministerial Summit, held in Senegal, the Chinese government made a number of commitments: it announced it would pledge US\$ 40 billion pledge to support African countries; it formulated the Dakar Action Plan (2022-24), outlining the framework for cooperation over the next three years, emphasizing areas such as health, poverty reduction, agriculture, trade, digital innovation, green development, capacity building, peace and security. The Summit also announced the Sino-African Declaration on Climate Change, emphasizing collaborative efforts to address environmental challenges.

China has pledged support to African development in various fora apart from FOCAC. For instance, during the 2023 BRICS summit, held in South Africa, China announced three initiatives specifically targeted at African countries: the Initiative on Supporting Africa's Industrialization, the Plan for China Supporting Africa's Agricultural Modernization and the Plan for China-Africa Cooperation on Talent Development.

Conclusion

China has launched a series of ambitious initiatives aimed at deepening its ties with the Global South and positioning itself as a leading voice in global affairs. These initiatives span

economic, political, and cultural domains, reflecting China's multifaceted approach to engaging with developing countries.

Taken together, these initiatives demonstrate China's ambition to redefine global governance and international relations. By positioning itself as a champion of the Global South, China seeks to challenge Western dominance and offer an alternative model of development and security.

However, the success of these initiatives remains to be seen. Concerns persist over debt sustainability, environmental impacts, and the geopolitical implications of China's growing influence. As China continues to roll out these initiatives, it will need to navigate complex domestic and international dynamics.

In conclusion, China's initiatives in the Global South represent a concerted effort to expand its global reach and influence. While these programmes offer economic opportunities for participating countries, they also raise important questions about the nature of South-South cooperation and the future of the international order.

3. India's Voice for the Global South: Strategies in a Multipolar World

Shantanu Roy-Chaudhury

In an interview ahead of the G20 summit held in New Delhi in September 2023, Indian Prime Minister Narendra Modi highlighted the country's role as a voice for the Global South. As part of the developing world, India understood the bloc's aspiration and had been raising its concerns at every international forum.¹ To enhance this advocacy, India has launched various bilateral and multilateral initiatives, including three Voice of Global South Summits. These efforts underscore India's commitment to amplifying the voices often overlooked in global discussions and establish its position as a leader among developing nations.

India's economic rise over the past decade along with its growing role as an important geopolitical player in the Indo-Pacific region has resulted in it following a more confident foreign policy and becoming bolder in promoting its interests. The country plans an era of diplomacy aimed at global leadership and engagement with the Global South has become a priority to further these aspirations.² The overriding theme of India's foreign policy has also been one of building inclusiveness in

¹ R. Joshi, S. Menon, K. Subbaraman, and J. Sayed, "[India's Growth Is Good For The World](#)", *MoneyControl*, 3 September 2023.

² M. Tourangbam, "[Reimagining India's South Asia Playbook While Batting for the Global South](#)", ISAS Working Papers, Institute of South Asian Studies, 21 March 2024.

an emerging multipolar world as it navigates global turbulence through its multi-aligned approach.

Aims

Having been a part of the developing world since independence in 1947, India's renewed interest and engagement with the Global South in a leading role has dovetailed with its economic rise and geopolitical influence. As the world's fifth largest economy, India must play an active role in sharing the burdens of maintaining global order while also advocating for a more equitable global order. Unlike the situation in the Cold War era, India is not advocating for the Global South to become a non-aligned movement.³ Rather, increased engagement with those countries serves several national interest objectives including cooperation with the developed world.

Diplomatic Leadership – India's engagement with the Global South would enhance its international role and influence. By linking the bloc to India's own concerns, advocating for climate change, trade, and global governance reform in international negotiations, India would be seen as the voice for the Global South, championing the cause of developing nations. Thus, by positioning itself as a representative of the Global South, it would also facilitate increased interactions between India and those countries across a range of topics. This in turn would help build strong relationships and goodwill amongst nations whose concerns it promotes internationally. This diplomatic capital could also be leveraged to advance India's interests on the global stage.

Economic Opportunities and Resource Security – Closer ties and increased engagement on developmental issues provide new avenues for economic opportunities in the form of new markets for Indian goods and services as well as

³ C Raja Mohan, "[India's Return to the Global South](#)", ISAS Briefs, Institute of South Asian Studies, 16 January 2023.

investment opportunities for Indian businesses. Subsequently, strengthening relationships with resource-rich countries in Africa, Latin America, and Southeast Asia helps India secure vital raw materials and energy resources needed for its growing economy.

Development Partnerships – By sharing its development experiences and providing assistance, India seeks to build long-term partnerships based on mutual benefit rather than donor-recipient dynamics. These include South-South technology transfer with other developing countries where India aims to position itself as a leader in sharing technologies and development models that have led to its success. Additionally, India has also placed emphasis on debt relief for developing economies having expressed concern about unsustainable debt.⁴

Counter-Terrorism Cooperation – Having faced a myriad of terrorism challenges, India has decades of experience dealing with these problems. It has gained valuable insights into strategies and the importance of international cooperation in combating terrorism and extremism. India aims to build a broader coalition against terrorism and extremism by engaging with the Global South on security issues with many countries facing similar security challenges. This includes addressing root causes, expanded cooperation at bilateral and multilateral levels, enhancing the roles of regional organizations in addressing terrorism and raising concerns at international organizations with Western partners.

Global Governance Reform – Successfully emerging as a voice for the Global South and championing its interests bolster India's long-standing bid for a permanent seat on the UN Security Council (UNSC). This is an important aspect of India's broader global governance reform to reflect changing global power dynamics in an increasingly multipolar world where the Global South will have an important role to play. With

⁴ S. Barua, "India Can Still Be a Bridge to the Global South", *Foreign Policy*, 2 March 2023.

or without UNSC reforms, India's role in global governance is becoming significant⁵ and championing the inclusion of the Global South adds legitimacy to India's aspirations.

Climate Leadership – India aims to lead developing countries in climate negotiations, pushing for equitable solutions that consider the development needs of the Global South. With the bloc having maintained a united front on climate change, demanding more financing from the West, India is at an advantageous position due to its proven success in garnering private capital for renewable development and can effectively take the lead on behalf of the Global South.⁶ India's own climate transition is also increasingly linked to international cooperation and collaboration, requiring increased engagement on bilateral and multilateral fronts.⁷

Counterbalance to China – By strengthening ties with Global South countries, India seeks to offer an alternative to China's growing influence in these regions, particularly in South Asia, Africa, and Southeast Asia. Under President Xi Jinping, China has laid out its vision and desire to cultivate influence in the international system through the pillars of the Global Development Initiative, Global Security Initiative, and the Global Civilizational Initiative.⁸ When combined with the Belt and Road Initiative (BRI), these enable China to offer a formidable package intended to increase its global influence and shape international standards while also portraying itself as a leader for the developing world. President Xi has also announced the establishment of a Global South Research Centre providing scholarships and training opportunities to

⁵ Harsh V Pant, “[India is at the heart of global governance shifts](#)”, *Hindustan Times*, 29 September 2022.

⁶ R. Rizzo and T. Pouget-Abadie, “[Why India could play a pivotal role as climate mediator](#)”, Atlantic Council, 1 December 2023.

⁷ K. Nachiappan and C. Xavier, “[India's Global Climate Strategy](#)”, Institute of South Asian Studies (ISAS), 6 November 2023.

⁸ M. Kewalramani, *China as a Rising Norm Entrepreneur: Examining GDI, GSI and GCI*, ISEAS - Trends in Southeast Asia 2024/2, January 2024.

developing countries in China.⁹ As India's neighbour, China has imbibed its virtues and expanded its engagement.¹⁰ Building strong relations across the Global South thus provides India with strategic depth in its geopolitical positioning.

Bridge to the West – India's role as a voice for the Global South would allow it to project itself as a bridge to Western developed nations, enhancing its stature as a global player. Its multi-aligned foreign policy includes participation in the Shanghai Cooperation Organization including Russia and China as well as in the Quad with the United States, Japan, and Australia. India aims to present itself as a bridge by seeking a new deal for the Global South.¹¹ India aims to build multilateral inclusivity: successfully engaging the Global South also adds value to India's relationship with the US as it aims to better engage the world to compete with China.¹² To further its engagement with the Global South, India is also partnering with the developed economies on developmental projects. For example, the US has invested \$553 million in a port terminal in Colombo, Sri Lanka that is being developed by an Indian conglomerate.¹³

These aims regarding engagement with the Global South reflect India's aspiration to be seen as a leader among developing nations while also advancing its own strategic interests. Projecting itself as the voice of the Global South enhances India's image as a global power and enables it to grow its stature on the international stage. Importantly, as a member of the

⁹ Chou Wen-Feng, "An Analysis on the Establishment of Global South Research Center by China", Institute of Chinese Communist Studies, 1 June 2024.

¹⁰ S. Roy-Chaudhury, *The China Factor: Beijing's Expanding Engagement in Sri Lanka, Maldives, Bangladesh, and Myanmar*, London, Routledge, 2023.

¹¹ S. Baru, "India Can Still Be a Bridge to the Global South", *Foreign Policy*, 2 March 2023.

¹² Zhang Jie, "India's Strengthening Relationship with the Global South: Strategic Ambitions and Constraints", Center for International and Strategic Studies (CSIS), original work published in *China International Studies*, 15 January 2024.

¹³ "US invests \$553 million in Gautam Adani's Sri Lanka port to counter China's influence", *Livemint*, 8 November 2023.

Global South, India has similar concerns and can draw from its experiences to be an advocate.

Implementation

Over the past decade under PM Modi, India's interactions with the Global South have increased and diversified. Primarily driven by self-confident foreign policies and a growing economy, the government believes the country is primed for a larger role and leadership in global governance.

India's position amongst the Global South countries was highlighted with the commencement of its G20 presidency in December 2022. PM Modi, in a statement upon assuming the presidency stated, "Our G20 priorities will be shaped in consultation with not just our G20 partners, but also our fellow-travellers in the Global South, whose voice often goes unheard".¹⁴ This set the stage, emphasizing the importance India attached to the developing world, with the Global South emerging as a dominant theme in Indian diplomatic discourse. Being a developing country, made this endeavour easier for India, whose ambitions and aspirations are in line with the demands of the rest of the bloc.

It is important to note that India's rapprochement with the Global South did not begin with its G20 presidency. The country was a leading advocate and founder, under its first Prime Minister, of the non-aligned movement during the Cold War.¹⁵ With the end of the Cold War and the diminished need for a non-aligned bloc, India began to identify more with the rapidly emerging economies of Brazil, Russia, China, and South Africa. In 2009, India officially formed BRICS with these countries, and together they called for reform of the Western-dominated global order. Since then, given India's souring relations with

¹⁴ "India's G-20 Presidency", Narendra Modi, 1 December 2022.

¹⁵ R. Harshe, "India's Non-Alignment: An Attempt at Conceptual Reconstruction", *Economic and Political Weekly*, vol. 25, no. 7/8, 1990, pp. 399-405.

China and Russia becoming an international pariah, the Global South offers a new avenue for India to claim a position of leadership within the developing world.

One of the first items on the agenda during India's G20 Presidency was the Voice of Global South Summit in January 2023. At a time of global instability amidst the Covid-19 pandemic, war in Ukraine, natural disasters, mounting debt, and challenges to food and energy security, the summit brought together developing countries on a common platform to share views and priorities regarding various issues. Leaders and ministers from 125 countries participated in the summit. In his opening remarks, PM Modi stated the Global South should try and shape the emerging global order as it has the "largest stakes in the future" and should thus have an equivalent voice.¹⁶ The prime minister built upon India's leadership and offered to share the country's experiences on vaccine development, digital public goods, financial inclusion, and satellite technology amongst other things.¹⁷ The summit aimed to speak in a united voice and India wished to leverage its G20 presidency to amplify these perspectives and ensure they were tabled in the discussions.

A second Voice of Global South Summit was held towards the end of India's G20 presidency in November 2023 under the theme: 'Global South: Together for Everyone's Growth, Everyone's Trust'. As with the first summit, emphasis was laid on the need to reform global governance to better reflect realities of the twenty-first century to take into account the needs of the Global South. It included eight ministerial sessions and 125 nations participated.¹⁸

¹⁶ "PM's remarks at opening session of Voice of Global South Summit 2023", PM India, 12 January 2023.

¹⁷ "Summary of Deliberations: Voice of Global South Summit 2023 (January 12-13, 2023)", Ministry of External Affairs, 13 January 2023.

¹⁸ "2nd Voice of Global South Summit", Ministry of External Affairs, 15 November 2023.

The third such summit was held in August 2024, within the first 100 days of the new government coming into power after the national elections. It was its first multilateral meeting. The timing reflected India's commitment to the cause and its priority under PM Modi, who amongst several initiatives, announced a \$2.5 million fund for promoting trade and a \$1 million fund for capacity building in trade policy and trade negotiation as a means of advancing India-Global South development partnerships.¹⁹ The virtual summit was attended by delegations from 123 countries with 21 participating at head of state/government level. India's foreign minister stated that China was not invited during a press briefing.²⁰ Whether this was done as a strategy for India to engage the Global South on its own terms, or due to the strained bilateral relations remains to be seen.

The summits with their wide-ranging discussions and sessions highlight India's pivotal role in Global South matters and also provide an opportunity to amplify its wider role in world affairs. The fact that the attending leaders appreciated India's initiative and commended the development projects it had undertaken in their countries added to India's rising stature.

A key facet of India's G20 presidency and its global advocacy has been to ensure the concerns and priorities of the Global South are considered when world leaders meet and discuss solutions to global challenges. At the same time, although calling for the reform of global institutions, India has not taken a confrontational approach and does not attempt to "remind nations of their past as a motivation for revenge, but rather to spur cooperation with the West on more equal terms".²¹

¹⁹ "Chair's Summary: 3rd Voice of Global South Summit (August 17, 2024)", Ministry of External Affairs, 20 August 2024.

²⁰ "Transcript of Special Briefing by External Affairs Minister, Dr. S. Jaishankar on the 3rd Voice of Global South Summit (August 17, 2024)", Ministry of External Affairs, 17 August 2024.

²¹ A. Ramesh and C. Paskal, "India Can Unite The Global South With The Developed World", Pacific Forum, 3 January 2024.

In this regard, as a guest of Japan hosting the G7 Summit in May 2023, India successfully advocated for the Global South perspective to be incorporated in the agenda. However, the G7 did not come to any consensus regarding the Global South and the term did not feature in the Hiroshima Leaders' Communiqué.²²

India also used its voice in the international arena and with the West to highlight the disproportionate impact of Russia's invasion of Ukraine in determining a crisis in food, fuel, and fertilizers.²³ This helped address Europe's misperception that most countries would immediately rally against Russia's aggression. India's efforts during this period ensured discussions were not dominated by geopolitical concerns and focused on economic and developmental challenges.²⁴

Along with advocating for the Global South to have a greater voice during its G20 presidency, India also sought table issues related to the sustainable development of the Global South in G20 discussions. These included challenges of global health, digital public infrastructure, food security, and the transition to a green economy amongst others.

India successfully brought in the 55-member African Union (AU) as a member of the G20. Previously, South Africa was the only member from the African continent represented at the G20. Bringing in the AU was a concrete step towards Global South inclusivity and a step towards a more representative global architecture. By advocating for and facilitating the inclusion of the AU, India thus was hailed as a "champion" for the Global South.²⁵

²² T. Kazutoshi, "India's Global South Strategy and Japan's Response", *Nippon*, 23 June 2023.

²³ H.S. Puri, "Voice of the Global South Summit Speech", *PIB*, 13 January 2023.

²⁴ S. Malhotra, "An articulate India puts the Global South on the European agenda", Observer Research Foundation (ORF), 15 August 2023.

²⁵ T. Godbole, "AU to join G20 as India boosts Global South", *DW*, 9 September 2023.

Aside from India's zeal during its G20 presidency, it has systematically improved relations with different regions of the developing world. The country has sought to bring countries together through various initiatives, showcasing itself as an important player in global affairs with a vision of inclusive governance. Such measures are wide-ranging and include a \$1 million contribution to UNESCO's World Heritage Centre, to be used for capacity building, technical assistance and conservation of World Heritage Sites in the Global South.²⁶ This engagement with Global South countries has allowed India to form strategic partnerships, potentially countering the influence of other major powers in these regions.

On broader initiatives, India has enhanced connectivity and economic linkages by undertaking projects in various sectors across the developing world, and expanded its economic reach. This includes initiatives like the India-Africa Forum Summit and various bilateral trade agreements along with spearheading the International Solar Alliance and the Coalition for Disaster Resilient Infrastructure. Cooperation with resource-rich countries in Africa and Latin America has also helped India secure access to vital resources for its growing economy.

India has extended financial and humanitarian assistance to countries allowing them to mitigate economic challenges and crisis. The provision of aid, grants, and concessional loans to other developing countries has further enhanced its soft power and reputation as a responsible global actor.

The sharing of its expertise in areas like IT, pharmaceuticals, and renewable energy with other developing nations has boosted its image as a valuable partner in development and has contributed towards capacity building and skill development in the Global South through scholarships and training programmes.²⁷

²⁶ PTI, "India to contribute USD 1 million to UNESCO World Heritage Centre: PM Modi", *The Print*, 21 July 2024.

²⁷ "Question No-702 issues related to Global South", Ministry of External Affairs, 8 February 2024.

India's strategy toward the Global South is multifaceted and proactive and has been largely successful, reflecting both its growing economic stature and its ambition to play a more significant role in global affairs. The country has leveraged its position as a developing nation to advocate for greater representation and address shared challenges in line with its own concerns and ambitions. Over and above its diplomatic efforts, India has been engaged in extending financial and humanitarian assistance, sharing expertise in key sectors and initiating development projects across the developing nations.

By positioning itself as both a leader and a partner in the Global South combined with shrewd diplomacy, India has ultimately strengthened its geopolitical influence while promoting a more equitable global order that addresses the needs and aspirations of developing nations. As India navigates these complex geopolitical dynamics, its engagement with the Global South remains a key element in its broader foreign policy objectives.

Challenges and Opportunities

While India's strategy toward the Global South has shown promise and yielded significant diplomatic gains, it is not without its share of obstacles and complexities. As India seeks to position itself as a leading voice for developing nations, it faces a multifaceted set of challenges that test its diplomatic acumen and resource capabilities. These challenges range from the difficulties inherent in uniting a diverse bloc of nations to competition from other major powers, particularly China. Furthermore, India's own developmental constraints and regional complexities add layers of difficulty to its Global South strategy.

At the outset, it is difficult to unite all of the Global South. Despite having common developmental interests, the bloc includes countries with varying interests, priorities, and rivalries. India must navigate and balance these differences while trying to present a unified voice.

Although India has followed a diverse strategy towards the Global South, there remain challenges in implementing an effective strategy to engage the bloc. These stem from India's own limited resources and development challenges, China's successful courting of the Global South and potential avenues for friction with the developed world.

While India has increased its global engagement and footprint in the past decades, the country has several of its own developmental and resource issues. These can limit its ability to provide substantial economic assistance or investment to other Global South nations. Within Government, the Ministry of External Affairs faces capacity constraints.²⁸ The Ministry is understaffed and has one of the smallest diplomatic corps relative to the country's economy and population. The Ministry's limited finances can also impede the potential of new initiatives and commitments and are insufficient to serve India's foreign policy objectives.

Significant challenges also remain within India's immediate and extended neighbourhood that question its ability to assume a larger uniting leadership role. Historical baggage and China's growing influence in South Asia continue to be roadblocks to India remaining a regional leader.²⁹ In Southeast Asia, limited economic and political engagement has resulted in the region having the least confidence in India's ability to lead the global free trade agenda and advocate for rules-based order and international law.³⁰ Taken together, issues closer to home question India's real and perceived influence, which trails behind its growing global stature.³¹

China's engagement with the Global South and its ambition to be seen as the uniting voice of the bloc also hinders Indian

²⁸ C. Xavier and R. Sinha, "A Better but Still Insufficient MEA Budget for Indian Diplomacy", Centre for Social and Economic Progress (CSEP), 26 July 2024.

²⁹ Roy-Chaudhury (2023).

³⁰ *The State of Southeast Asia: 2023*, ISEAS-Yusof Ishak Institute, February 2023.

³¹ H. Thi Ha and E.R.L. Tan, "India's Expanding Global Influence Has Limited Reach in ASEAN", *Fulcrum*, 11 October 2023.

ambitions and strategies. This has led to competition for leadership and support among developing nations. The Global South countries are also likely to choose their alignment with India and China based on specific goals.³² India is unable to compete with the resources and scale of China's engagement across the globe and thus cannot compete with Beijing in the key areas that matter most to developing countries, which include development finance, infrastructure, and trade. Since the establishment of the BRI in 2013, China has concluded deals worth around \$1 trillion in 150 countries.³³ Compared to India, China is also seen as a leader of multilateral organizations like the BRICS and the Shanghai Cooperation Organization.

Finally, India's diplomacy as a voice for the Global South advocating the revamping of the world order may also be incompatible to some, especially countries in the developed world, who rely on the existing status quo.³⁴ Thus, as India advocates for the Global South, it must maintain positive relations with developed nations for trade, technology, and strategic partnerships.

These challenges highlight the complex landscape India must navigate as it seeks to strengthen its role as a leading voice for the Global South. Addressing these issues requires careful diplomacy, strategic resource allocation and a nuanced understanding of diverse global perspectives.

Despite the challenges, several opportunities present themselves in India's engagement with the Global South.

First, India can capitalise on its strengths in IT, digital infrastructure and space technology to offer unique, cost-effective solutions to other developing nations. This could include sharing expertise in digital public goods, fintech solutions, and satellite technology for agriculture and disaster management.

³² H. Tran, "Breaking down China and India's race to represent the Global South", Atlantic Council, 20 October 2023.

³³ J. Douglas, "China Reboots Its Belt and Road Initiative", *Wall Street Journal*, 16 October 2023.

³⁴ Kazutoshi (2023).

Second, rather than competing directly with China in infrastructure and large-scale investment projects, which is an unattainable strategy, India could focus on sectors where it has a comparative advantage, such as pharmaceuticals, renewable energy, and education. Furthermore, by focusing on niche areas, India can showcase its own development experiences and successes as alternative models for growth that may be more applicable and attractive to other developing nations than Western or Chinese approaches.

Third, given its unique position and multi-aligned foreign policy, India could position itself as a trusted mediator between the Global South and the developed world, particularly on issues like climate change and global governance reform. Given the polarisation between the US and China, India's rising prominence as the voice of the Global South would be welcome. The difference between the Indian and Chinese approaches is crucial. While India advocates for inclusion and a reform of current institutions to better reflect twenty-first century realities, China aims to establish a parallel global order by setting up competing institutions. Therefore, a Global South aligned more closely with India's leadership would likely foster a more balanced and cooperative relationship with the US and the West, as opposed to one where China exerts a dominant influence over the bloc.³⁵

Fourth and finally, while facing challenges in its immediate neighbourhood, India could focus on strengthening other regional institutions and initiatives, such as BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), BBIN (Bangladesh, Bhutan, India and Nepal) or the Indian Ocean Rim Association to demonstrate its commitment to regional development and cooperation.

Even with the challenges India faces in its engagement with the Global South, opportunities presenting a promising path

³⁵ J. Happymon, "How to Thwart China's Bid to Lead the Global South", *Foreign Affairs*, 25 December 2023.

forward are available. India's leadership can effectively contribute to a more balanced global order, fostering cooperation rather than confrontation between the developing world and Western powers.

Conclusion

India's strategy toward the Global South reflects its aspiration to be a leading voice for developing nations while advancing its own strategic interests on the global stage. Leveraging its position as a developing country with growing economic and political clout, India has pursued a multifaceted approach encompassing diplomatic leadership, economic partnerships, development cooperation and advocacy for global governance reform.

This strategy, although not a new development, was highlighted during India's G20 presidency in 2023, where it prioritised amplifying the concerns of the Global South and facilitating greater inclusivity in international forums. While India has made significant strides in engaging the bloc, including spearheading initiatives like the Voice of Global South Summit and advocating for the African Union's inclusion in the G20, it faces challenges such as resource constraints, regional complexities, and competition from China.

Nevertheless, opportunities exist which India can capitalize on as its renewed focus on the Global South aligns with its broader foreign policy objectives of shaping a more equitable multipolar world order, enhancing its global stature and positioning itself as a bridge between developing nations and the West. As India continues to navigate the complex landscape of global politics, its engagement with the Global South remains a key pillar of its aspirational diplomacy aimed at global leadership in line with its political and economic stature.

4. Reforming Multilateral Financial Institutions: Perspectives from India and China on Development Finance in the Global South

Alvaro Mendez

The remit of this chapter is briefly to survey and comment upon the Global South's perspective on the reform of the multilateral financial institutions that were founded in the 1940s, directly after the Second World War. The chapter focuses on the Asian countries, China and India in particular. This is just as well, since there is broad consensus across the South over the need for reform, especially to development finance, the positions of China and India actually epitomize the Global South's, even as between both giants there is broad overlap. Speaking in very general term, India is content (at least for now) to work within the liberal Bretton Woods architecture, provided comprehensive reforms are forthcoming in good time. China, however, is more sceptical of the Anglo-Saxon or North Atlantic world order; although it is willing to urge reformation right alongside India, it has done more to re-envision both the details and the broad outlines of national and international finance.

India and China Side by Side

The two most populous countries in the South and in the world are in agreement on key points about what is lacking in the

current global financial architecture and on the imperative need to persist in promoting their agenda against the Global North. They are partly in agreement on the kind of architecture that should supersede the status quo. The key point of agreement is that the rules governing multilateral development banks (MDBs) ensconce and perpetuate inequality between developing and developed nations. MDBs as institutions are not evolving quickly enough to accommodate the now fast-rising Asian markets. The South wants a sustained dialogue on the governance of global development finance.¹ Nearly everyone believes a more equitable system would require restructuring debt, rethinking aid, and increasing investment flows.² The economic order established by Bretton Woods is widely seen as obsolescent and a perpetrator of inequality;³ it must be deeply reformed, or if not, maybe abandoned by developing countries. The South has been waiting for a more equitable financial system for too long, including an overdue restructuring of debts,⁴ implementing new ideas on rendering development assistance,⁵ and collective facilitating of larger flows of financial investment in the developing world.⁶

¹ C. Weaver and M. Moschella, "Bounded Reform in Global Economic Governance at the International Monetary Fund and the World Bank", in O. Fioretos, *International Politics and Institutions in Time*, Oxford, Oxford University Press, 2017, pp. 274-92.

² N. Birdsall and A. Subramanian, "[From World Bank to Development Cooperative](#)", Working Paper, Center for Global Development, 2007.

³ J.E. Stiglitz, "Democratizing the International Monetary Fund and the World Bank: Governance and Accountability", *Governance: An International Journal of Policy, Administration, and Institutions*, vol. 16, no. 1, 2003, pp.111-39.

⁴ S. Horn, C. Bradley, Parks, C.M. Reinhart, and C. Trebesch., "China as an International Lender of Last Resort", NBER Working Paper no. 31105, April 2023.

⁵ Y. Min, "The Dragon's Gift: An Empirical Analysis of China's Foreign Aid in the New Century", *International Trade, Politics and Development*, vol. 6, no. 2, 2022, pp.73-86.

⁶ [G20, New Delhi Leaders' Declaration](#), New Delhi, India, 9-10 September 2023, pp. 19-22.

India's leadership of the G20, commencing on 1 December 2022 and ending on 30 November 2023, has provided one of the poorest nations on earth (per capita)⁷ with a platform from which it could spotlight the global financial order and its inadequacy. In their G20 New Delhi Leaders' Declaration of 9-10 September 2023, the attending heads of state stressed the necessity of a reformation of global finance and called on MDBs to revise their governance rules in order to meet the challenges that lie immediately ahead.⁸

One long-running source of dissatisfaction is the apportionment of voting rights at the World Bank. Both India and China have long called for reform to accurately reflect their relative economic weight as well as to accommodate the broader shifts in the developing versus developed nations' relative share of the world economy. China remains dissatisfied with its voting power at the IRDB⁹ relative to its size as the world's second-largest economy (or largest by purchasing power parity¹⁰) after the 2010 adjustment, which put its number of votes above Germany's and the UK's.¹¹ Voting parity reform to date is widely deemed to have been too little, too late.¹²

India and China stand together with the rest of the Global South on these and many other key development and global finance issues. Their pathway to concrete and specific reforms, however, shows some striking differences in approach and in end purpose. It is better to describe how things stand in detailed rather than general terms, so let us turn to these interesting and important differences.

⁷ World Bank, "[World Development Indicators](#)", April 2024.

⁸ G20, New Delhi Leaders' Declaration 2023, pp. 11-18.

⁹ Ibid., pp. 19, 20-21.

¹⁰ International Monetary Fund, "[World Economic Outlook Database: April 2024](#)".

¹¹ "India, China Get More Say in World Bank Functioning", *Hindustan Times*, 26 April 2010.

¹² The Bretton Woods Project, "[Analysis of World Bank Voting Reforms: Governance Remains Illegitimate and Outdated](#)", 30 April 2010.

The Influence of Indian Agency

Indian leadership of the G20 focused the world's attention on development finance. Finance Minister Nirmala Sitharaman and other Indian officials suggested that MDBs need to make funds more readily available to underdeveloped nations,¹³ including holding discussions on recapitalisation of MDBs to enhance their lending capacity in the Global South. Showcasing its Presidency of the G20, India commissioned an Independent Expert Group to report on the future role of MDBs, who produced the "Triple Agenda" to address the South's immense financial challenges. Radically reformed and strengthened MDBs are to play a key role in providing resources, working with governments and the private sector to ease conditions for investment. They are the most effective institutions for low-cost, long maturity financing, and for sharing and mitigating risks faced by private investors in the most efficient way. But MDBs will have to transform themselves. Their triple agenda is as follows: (I) a triple mandate to (1) eliminate extreme poverty, (2) boost shared prosperity, (3) contribute global public goods; (II) to triple sustainable lending levels by 2030; and (III) to craft a third funding mechanism permitting innovative arrangements to help other (including private) investors support elements of the MDB agenda. Changes in the ways MDBs operate are required. They must: integrate development and climate agendas, working with the private sector and governments to lower the cost of capital; change their culture to be more client-responsive and take more risk. Timelines for project preparation must be shrunk and procedures rationalised whereas the scale and nature of their activities must be expanded. As a percentage of the GDP of borrowing countries, MDB gross disbursements are just half of what they were in 1990, an unacceptably low pace of transfers.¹⁴

¹³ FE Bureau, "India's G20 Presidency to Focus on Sustainable Development Financing: FM Nirmala Sitharaman", *Financial Express*, 13 January 2023.

¹⁴ Independent Experts Group, "Strengthening Multilateral Development Banks:

The Global South, in order to fulfil its current development potential, must spend \$3 trillion a year by 2030, of which \$1.8 trillion is to be invested in climate action, mostly in sustainable infrastructure, and \$1.2 trillion to attain other SDGs (e.g., a 75% increase in health and education). The international system of development finance must be redesigned to support this by providing \$500 billion in *additional* official external financing per year by 2030, of which one-third is concessional and non-debt-creating financing and two-thirds non-concessional official lending. MDBs must mobilise an equivalent amount of private capital, implying a total additional external financing package of \$1 trillion. This means an incremental \$260 billion of additional annual official financing (\$200 billion in non-concessional lending).¹⁵ India has been pushing MDBs to adapt to twenty-first century challenges like pandemics, sustainability, and climate change. It used its G20 Presidency to call for MDBs to expand their mandates to finance initiatives that tackle transboundary issues without compromising traditional development finance. Finance Minister Sitharaman laid out India's position, emphasising improvements to the agility of MDBs, amongst other priorities like resolving critical debt-related matters swiftly; establishing a global regulatory framework for crypto assets; and expanding the South's digital infrastructure. India's goal of reaching developed status by 2047 is to be reached through financing of infrastructure, investment, innovation and inclusive growth.¹⁶ India's agency, as set out in the *G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development* of July 2023, was designed to opportune the MDB ecosystem to explore ways and means of mobilising their existing resources more efficiently in order to meet the anticipated high demand

[The Triple Agenda](#)", 19 July 2023. Center for Global Development.

¹⁵ *Ibid.*

¹⁶ H. Gupta, "[MDB Transformation Roadmap to Be Laid Out During India's G20 Presidency: Sitharaman](#)", *Inventiva*, 29 July 2023.

upon their lending.¹⁷ Whatever its brief as a reformer, India is therefore a reformer that is thoroughly embedded in the norms of the incumbent global economic system.

China's Strategic Innovation in Development Banking

China's approach to reforming the governance of MDBs encompasses working within the existing framework to expand its influence while creating parallel structures that could offer alternative or supplementary avenues for global financial and economic governance. This Janus-faced agency reflects China's grand geopolitical strategy, to reshape the global financial architecture (amongst other things) in ways that better accommodate its own unique economic model and development goals and (so it believes) those of other emerging economies. Specifically, China has dissented from the Bretton Woods approach to development to favour its own infrastructure-first paradigm. It supports reforms shifting MDBs' focus toward infrastructure development away from lending that is conditional on socio-political reforms or economic liberalisation, believing the latter to burden the least developed countries. For instance, China is engaging with Africa through large-scale infrastructure investment and economic partnership so as to build alliances outside Western financial networks that may be leveraged to support reforms or new international institutions.¹⁸

China has led or created new multilateral development banks like the Asian Infrastructure Investment Bank (AIIB) and the

¹⁷ G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks, July 2023.

¹⁸ J. Rayman, "China's Challenge to World Development Paradigms", *Journal of Global Ethics*, vol. 17, no. 1, 2021, pp. 91-113; and S. McCarthy, "China Has a Sweeping Vision to Reshape the World – and Countries Are Listening", CNN, 10 November 2023.

New Development Bank with BRICS nations, which can serve either as alternatives or complements to Bretton Woods, providing China with a platform to exert influence inside and/or outside these structures. This reflects a general scepticism towards the neo-liberal order established and led by the USA.¹⁹ The PRC may be transitioning toward state-controlled economic management, which may eventuate in reforms to multilateral development governance which accommodate alternative financial models that completely eschew neo-liberalism.²⁰

China's innovations and creativity in all finance and development aid matters have been so massive and multifarious that it is practically impossible to summarise them or boil them down to a formula. It seems best to retrace the sequence of events that constitute China's fabled engagement with the World Bank and let the facts speak for themselves. The story of the star pupil of the World Bank who outgrew its master hints at how much China may be able to reorder the entire global system of finance.

The Apprentice and the Sorcerer: A deep background in China's relations with the World Bank (1949-1999)

Since 1980, the People's Republic of China (PRC) has joined quite a few "membership" international governmental organizations (IGOs). The PRC's relations with the main financial IGOs are examined through the proxy of the International Bank for Reconstruction and Development (IBRD), commonly known

¹⁹ A. Kadri, *China's Path to Development: Against Neoliberalism*, Singapore, Springer, 2021. See also I.M. Weber, "China and Neoliberalism: Moving Beyond the China Is/Is Not Neoliberal Dichotomy", in D. Cahill, M. Cooper, M. Konings, and D. Primrose (eds.), *The SAGE Handbook of Neoliberalism*, London, SAGE Publications, 2018, pp. 219-33.

²⁰ J. Blanchette, "[From 'China Inc.' to 'CCP Inc.': A New Paradigm for Chinese State Capitalism](#)", Center for Strategic and International Studies, 2021.

as the World Bank (WB). China's membership of the WB officially commenced on 15 May 1980.²¹ The two main ways of reading China's motivation for engaging with IGOs are: (1) a Realist view that the PRC believes memberships maximise its power in international politics;²² and (2) a Constructivist view,²³ which criticises Realists for inadequately addressing (let alone managing) the *recognition* needs of the rising South. "The heart of Chinese foreign policy thus is not a security dilemma, but an 'identity dilemma': Who is China and how does it fit into the world?"²⁴ The need for recognition implicates first and foremost the rising power's sense of self, and how integration into international society actually affects its collective self-recognition. Any contrasting approach which should invoke "socialisation" being adopted as a *status quo*, – i.e., identity *change*, – or weighs up material interests narrowly, cannot fully explain a rising power's demands, so risking the outbreak of systemic revisionism.²⁵ China "has been reluctant to take on the stronger responsibilities that fall on developed countries. China's insistence on being treated as a developing country is a main source of tension in its economic relations with the advanced economies ... [as well as] that China's bilateral economic relations with other developing countries do not always meet global standards and norms [despite the scale of its lending into these markets] ... [Remaining] outside of [this socialisation framework] leaves China free to behave differently from the advanced economies".²⁶ Recognition is a public

²¹ A.E. Kent, *Beyond Compliance: China, International Organizations, and Global Security*, Stanford, CA, Stanford University Press, 2007.

²² J.J. Mearsheimer, *The Tragedy of Great Power Politics*, New York, W.W. Norton & Company, 2014.

²³ A. Wendt, *Social Theory of International Politics*, Cambridge, Cambridge University Press, 1999.

²⁴ W. Callahan, *China: The Pessimist Nation*, Oxford, Oxford University Press, 2010, p. 13.

²⁵ M. Murray, *The Struggle for Recognition in International Relations: Status, Revisionism, and Rising Powers*, Oxford, Oxford University Press, 2020, p. 207.

²⁶ D. Dollar, "Reluctant Player: China's Approach to International Economic

good which small states also crave, it should be noted; they feel its deficit no less than great powers.²⁷ In this sense, China's experience is generalizable to the whole of the Global South.

At the same time and rather paradoxically the PRC is also an outlier amongst WB members and clients, and its exceptionalism also offers valuable lessons for markets of the South that are still in the throes of development. China was a founding member of the World Bank when its Articles of Agreement were drawn up and signed on 27 December 1945. After the 1949 Communist victory in the civil war, membership stayed with the Republic of China after it fled to the island of Formosa, as the US and most IGOs recognised Taipei as China's legitimate government. In the 1950s and 1960s no relationship was possible between the World Bank and the PRC. Beijing, like much of the South, perceived the WB as a proxy for US imperialism.²⁸

This status quo was dramatically upended by Beijing's persistent international agency. The UN General Assembly decided on 25 October 1971, in *Resolution 2758*, to expel the Republic of China and to recognise the PRC as China's legitimate representative.²⁹ Washington began with alacrity to engage Beijing, culminating in US President Nixon's famous visit to China. This ended with the Shanghai *Communiqué* of 27 February 1972, jointly pledging to establish diplomatic relations.³⁰ In the interim the two opened Liaison Offices in each other's capitals in May 1973.³¹ By September the

Institutions", *Global China: Assessing China's Growing Role in the World*, 14 September 2020, p. 1.

²⁷ D. Guilfoyle, "Litigation as Statecraft: Small States and the Law of the Sea", *British Yearbook of International Law*, 2023.

²⁸ J.B. Gewirtz, *Unlikely Partners: Chinese Reformers, Western Economists, and the Making of Global China*, Cambridge, MA, Harvard University Press, 2017.

²⁹ United Nations, "United Nations General Assembly Resolution 2758", United Nations, 1971.

³⁰ H. Harding, *A Fragile Relationship: The United States and China since 1972*, Washington, DC, Brookings Institution Press, 2000.

³¹ H. Feldman, "A New Kind of Relationship: Ten Years of the Taiwan Relations Act and the United States's China Policy", in R.H. Myers (ed.), *A Unique*

first official interaction between the PRC and WB occurred: China's Minister of Foreign Affairs, Ji Pengfei, telegraphed WB President McNamara advocating that membership rights properly belonged to the PRC.³² McNamara replied in November 1973 in support of Ji's case, convinced he needed all of China to make the WB truly global in reach.³³ Nixon's post-visit euphoria was undercut by American domestic politics; unsure of his Administration's support, Beijing withheld a reply.³⁴ This actually delayed membership for years;³⁵ Beijing hesitated to act without Washington's approval, so discreet was Chinese diplomacy in those early days.

Other endogenous factors weighed on China's hesitancy, which the author is convinced by observation and experience mirror concerns across the global South. In 1974, the Chinese Ministry of Foreign Affairs (FMPRC) and Ministry of Finance (MOF) advised against WB membership on two grounds:, firstly, that the WB's weighted voting system provided an unresponsive platform for attaining the PRC's foreign policy goals; and, secondly, that WB membership would inhibit its discretion to determine its "foreign exchange rate [policy] and control ... administration of its foreign exchange".³⁶ China's money and credit system at that time was bespoke to shelter its

Relationship: The United States and the Republic of China under the Taiwan Relations Act, Stanford, CA, Hoover Institution Press, 1989, pp. 25-48.

³² J. Howell, "Foreign Trade Reform and Relations with International Economic Institutions", in C. Hudson (ed.), *The China Handbook*, Abingdon, UK, Routledge, 2014, pp. 173-87.

³³ P.Y. Lipsy, *Renegotiating the World Order: Institutional Change in International Relations*, Cambridge, UK, Cambridge University Press, 2017.

³⁴ L.W. Liebovich, *Richard Nixon, Watergate, and the Press: A Historical Retrospective*, Westport, CT, Praeger, 2003.

³⁵ H.K. Jacobson and M. Oksenberg, *China's Participation in the IMF, the World Bank, and GATT: Toward a Global Economic Order*, Ann Arbor, MI, The University of Michigan Press, 1990, p. 64.

³⁶ N.R. Lardy, "China and the International Financial System", in M. Oksenberg and E. Economy, *China Joins the World: Progress and Prospects*, New York, Council on Foreign Relations Press, 1999, pp. 206-230.

economy from external market forces, which Beijing perceived as irrational *per se* and prejudicial to its national interests. Washington would have to allay these concerns first, for the sake of which Beijing continued to pursue *rapprochement*.

WB membership lay dormant until the PRC converted to a broad economic programme designed to foster “reform and opening-up” economic program. In pursuit of these nascent reforms, Deng Xiaoping saw in the WB a conduit of technical assistance and financial subvention. By mid-1978, the prohibition on borrowing money from Western countries, financiers, and agencies was lifted, after an expert mission led by Vice-Prime Minister Gu Mu found that China had much to learn from Europe.³⁷ In July 1978 the State Council conditioned borrowing on furthering China’s economic modernisation. This, plus the decision to authorise Special Economic Zones, became the twin pillars of reform at the Third Plenary Session of the Eleventh Central Committee in 1978. China opted to seek membership of WB as a necessary prerequisite.³⁸ Deng made his first state visit to the US in January 1979. He globalised the Open Door policy and publicly broached membership of the WB.³⁹ Beijing inaugurated its Embassy in Washington in March 1979.

The *annus mirabilis* was 1980. On 1 February the US granted China most favoured nation (MFN) status in trade. China’s Ambassador to the US, Chai Zemin, notified McNamara of the PRC’s membership application, and invited him to visit China.⁴⁰ McNamara flew to Beijing a few weeks later for a historic meeting with Deng on 15 April 1980,⁴¹ during which

³⁷ P. Bottelier, *Economic Policy Making in China (1949-2016): The Role of Economists*, Abingdon, UK, Routledge, 2018.

³⁸ *Ibid.*

³⁹ J.M. Boughton, *Silent Revolution: The International Monetary Fund 1979-1989*, Washington, D.C., International Monetary Fund, 2001, p. 976.

⁴⁰ Jacobson and Oksenberg (1990); and *Ibid.*

⁴¹ P.A. Sharma, *Robert McNamara’s Other War: The World Bank and International Development*, Philadelphia, PA, University of Pennsylvania Press, 2017.

Deng famously stated: “We are very poor. We have lost touch with the world. We need the World Bank to catch up”.⁴² (Small states of the Global South can express a lostness and need like this, even after becoming disappointed with the WB and similar traditional MDBs.⁴³) Deng’s candour charmed the West; China’s accession was approved with unprecedented speed. The WB Board of Governors spared itself any diplomatic fuss by unilaterally transferring China’s seat on the Board from Taipei to Beijing on 15 May 1980. They welcomed in the new China without expelling the old.⁴⁴ The Bank had “doubled [its] developing country population”.⁴⁵

Impoverished as it was, China would rather have received as much financial assistance as quickly as possible. Yet Beijing chose the way of patience, mindful of the WB’s complicated protocols for carefully prioritising, thoroughly assessing, and taking account of the sectoral context before approving projects. It could not just give away concessionary loans.⁴⁶ McNamara sent the first fact-finding mission in July 1980, yielding the WB’s first multi-volume report on the Chinese economy in June 1981, titled *China: Socialist Economic Development*,⁴⁷ and offering background on China’s development since 1949. The fact-finders were blunt about China’s failures; the Chinese did not object to a single word; rather, they made it available immediately to policy makers and academics, to

⁴² Cited in Y. Zhang, *China in International Society Since 1949: Alienation and Beyond*, Basingstoke, UK, Palgrave Macmillan, 1998, p. 227.

⁴³ M. Ravallion, “The World Bank: Why It Is Still Needed and Why It Still Disappoints”, *Journal of Economic Perspectives* 30, no. 1, 2016, pp. 77-94.

⁴⁴ S. Tenney and A.C. Salda, *Historical Dictionary of the World Bank*, Plymouth, UK, Scarecrow Press, 2014.

⁴⁵ Sharma (2017), p. 158.

⁴⁶ P. Bottelier, “China and the World Bank: How a Partnership Was Built”, Working Paper #277, Stanford Center for International Development, April 2006.

⁴⁷ World Bank, *China, Long-Term Development Issues and Options: A World Bank Country Economic Report*, vol. 1 of 6 vols. Baltimore, MD, World Bank - Johns Hopkins University Press, 1985.

the general public two years later; a “breakthrough toward greater openness”.⁴⁸ In all of these acts and attitudes, China’s exceptionalism is clearly visible in contrast to developing states generally (even perhaps India) yet throughout the South, China’s success story has become aspirational.

The sheer impact of China’s productivity and efficiency on the WB was such that by 1990 its Beijing office was the second-largest after Washington’s.⁴⁹ Chinese borrowing skyrocketed; it had surpassed India as the largest borrower on record by 1993 and became the “major success story” in the Bank’s history.⁵⁰ It remained the largest through 1997 (when it became a donor). As soon as 1993 the WB could tout China as the world’s fastest-growing economy, expanding at about 12% *per annum*.⁵¹ Beijing amassed a formidable record of project completion. The World Bank committed a fifth more project funds to China than to India in fiscal years 1990-1995 yet undisbursed commitments to India (the money New Delhi was unready to spend) exceeded those to China by 1995. In that fiscal year, repayments made by India with interest to the WB *exceeded* disbursements of committed funds by USD 185 million; net financial transfers from WB to India had actually become negative!⁵²

The Global South generally had reason to be dissatisfied with WB governance norms; China was just the most conspicuous instance. In 1995 Beijing was in a strong position to negotiate a WB governance reform raising China’s shares from 7,550 to 12,550, placing it eighth 8th amongst members with 2.84% of total shares, corresponding to 45,049 votes, which amounted to about 3% of *that* total. It became the first non-market economy represented on the WB’s Governing Board.⁵³ Beijing

⁴⁸ Bottelier (2006), p. 7.

⁴⁹ Howell (2014), and Ibid.

⁵⁰ Kent (2007), p. 112.

⁵¹ L.R. Sullivan, *Historical Dictionary of the People’s Republic of China*, Lanham, MD, Scarecrow Press, 2007.

⁵² Lardy (1999), and Ibid.

⁵³ Howell (2014); Lardy (1999), and Sullivan (2007).

wanted more participation in policy making and more access to resources (and more prestige than India) yet even after China overtook Japan as second-largest economy (excluding the EU) in 2010,⁵⁴ somehow reform lagged inside WB. Even today China is only ranked third: as of February 2020, it had 119,365 votes or 4.78% of the total; Japan was second with 193,710 votes or 7.77%. In first place, of course, is the US with 385,235 votes for 15.44%.⁵⁵ The US has always kept this primacy, with Japan next since 1984.⁵⁶ As all important decisions must be reached by an 85% supermajority per WB rules, the US, with over 15% of the votes, can veto any such decision, even if current reform plans succeed.⁵⁷ The South generally harbours similar grievances against the governance of traditional MDBs.⁵⁸

China's finance creativity and ambition cannot be confined to the halls of Western financial institutions even if ever satisfactorily reformed. It dared to innovate on its own as early as 1994 by founding three "policy banks" (non-profit institutions waging Beijing's economic statecraft):⁵⁹ the China Development Bank, Agricultural Development Bank of China, and Export-Import Bank of China. In the beginning, their capitalisation was coordinated by the People's Bank of China by administratively apportioning bond issuances, which

⁵⁴ M.M. Pearson, "China's Foreign Economic Relations and Policies", in S.M. Pekkanen, J. Ravenhill, and R. Foot (eds.), *The Oxford Handbook of the International Relations of Asia*, Oxford, UK, Oxford University Press, 2014, pp. 160-78.

⁵⁵ World Bank, "IBRD Subscriptions and Voting Power of Member Countries", in *World Bank Group Finances*, Washington, DC, World Bank, 2020.

⁵⁶ M. Solís, "Japan's Foreign Economic Policies", S.M. Pekkanen, J. Ravenhill, and R. Foot..., cit.

⁵⁷ Y. Zhang and W. Feng, "Non-neutral International Institution and Catch-up Strategy of Emerging-market Economies", in B. Shao (ed.), *China under Xi Jinping: Its Economic Challenges and Foreign Policy Initiatives*, Leiden, Netherlands, Brill, 2015, pp. 117-42.

⁵⁸ R. Peet, *Unholy Trinity: The IMF IBIS World, Policy Banks in China – Market Research Report (2014-2029)*, Beijing, China, May 2024., *World Bank and WTO*, London, Zed Books, 2003.

⁵⁹ IBISWorld, *Policy Banks in China – Market Research Report (2014-2029)*. Beijing, China. 2024.

commercial banks and credit cooperatives were required to buy into. This trick adequately capitalised policy banks when neither the internal market nor the state could have done it.⁶⁰ Just fourteen years later, they emerged among the world's strongest lenders, stepping into the vacuum left by the West's financial failures of 2008 and projecting Beijing's power abroad.⁶¹ They have lent to developing markets mostly and proved willing and able to operate in high-risk situations.⁶² Beijing has resorted to its foreign exchange reserves to recapitalise to cover losses,⁶³ a stratagem that has proved itself. Interestingly, capitalisation is voluntary as well: "In most financial systems, development banks are government funded and do not take deposits from the public. However, in China all of the development banks do take deposits".⁶⁴ Even so, as a gauge of Chinese financial markets' enormity, "compared to the 'Big Four' state-owned banks, these policy banks account for only about 5% of the domestic banking business".⁶⁵ China's financial innovativeness potentiates the forecast that it may someday rival or even supplant the Bretton Woods institutions, especially if China and the rest of the South are never satisfied with the marginal reforms to governance the West has been willing to make. The World Bank's 2020-2025 Country Partnership Strategy anticipates this, stating that WB lending to China, an upper middle-income country now, must decline in favour of a "focus on China's remaining institutional gaps *and the country's contribution to global public goods*".⁶⁶

⁶⁰ M. Chen, *The Latecomer's Rise: Policy Banks and the Globalization of China's Development Finance*, Ithaca and London, Cornell University Press, 2024.

⁶¹ Z.Z. Liu, *Sovereign Funds: How the Communist Party of China Finances Its Global Ambitions*, Cambridge, Harvard University Press, 2023.

⁶² Chen (2024), and Ibid.

⁶³ Liu (2023), and Ibid.

⁶⁴ N.R. Lardy, *China's Unfinished Economic Revolution*, Washington, DC, Brookings Institution Press, 1998, p. 253.

⁶⁵ Z. Ji, *A History of Modern Shanghai Banking: The Rise and Decline of China's Financial Capitalism*, Armonk, NY, M.E. Sharpe, 2003, p. 262.

⁶⁶ World Bank, IFC, and MIGA, "Country Partnership Strategy for the People's

Hedging against Western finance does not stop with domestic institutions. As early as the mid-1960s, China had begun to take strategic “steps into regional development banking” in the South.⁶⁷ It joined the Asian Development Bank (ADB) in 1966, the African Development Bank in 1985, and the Inter-American Development Bank in 2009. Its motives for *creating* the AIIB appear similar. Some scholars argue that the AIIB befits “a new international economic order in which [the PRC’s] political power is more commensurate with its economic power”;⁶⁸ others that the “AIIB’s architects identified certain functional deficiencies in the performance of existing financial institutions and attempted to establish [a better] alternative”.⁶⁹

The AIIB is purposely based on the governance template of Bretton Woods. Its likeness to the World Bank reassures the private investors who are needed as partners in the New Development Assistance (NDA),⁷⁰ while furnishing to the PRC a policy platform outside US or European control. The AIIB was conceived within the framework of the Belt and Road Initiative (BRI), considering the timing of its debut a month after the Silk Road Economic Belt (SREB) was announced in Kazakhstan in September 2013.⁷¹ Two factors favoured the AIIB: (1) Beijing’s participation in the WB since 1980 which equipped it with

Republic of China for the Period FY 2020-2025”, Washington, D.C., The World Bank Group, 2019.

⁶⁷ H.J. Gåsemyr, “China and Multilateral Development Banks: Positions, Motivations and Ambitions”, Norwegian Institute of International Affairs (NUPI), 2018, p. 6.

⁶⁸ J.F. Paradise, “The Role of ‘Parallel Institutions’ in China’s Growing Participation in Global Economic Governance”, *Journal of Chinese Political Science*, vol. 21, no. 2, 2016, p. 149.

⁶⁹ E. Doron, “Balancing Effectiveness with Geo-Economic Interests in Multilateral Development Banks: The Design of the AIIB, ADB and the World Bank in a Comparative Perspective”, *The Pacific Review*, 2020, p. 1.

⁷⁰ Y. Jing, A. Mendez, and Y. Zheng (eds.), *New Development Assistance: Emerging Economies and the New Landscape of Development Assistance*, Governing China in the XXI Century, Basingstoke, UK, Palgrave Macmillan, 2020.

⁷¹ A. Mendez and M. Turzi, *The Political Economy of China-Latin America Relations: The AIIB Membership*, New York, Palgrave Pivot, 2020.

the knowhow to lead a comparable organisation; and (2) its deep worry that the Bretton Woods architecture is not being reformed in the aftermath of 2008.⁷²

China's worry is not just about its own weight. It has pleaded for years (to no avail) that the WB should foster specifically infrastructure development for economic growth.⁷³ This is encapsulated in a 2009 report by the High Level Commission of the World Bank Group: "Repowering the World Bank for the 21st Century",⁷⁴ drafted with the input of Zhou Xiaochuan, the former Governor of the People's Bank of China. It was critical of three aspects of WB governance: (1) the expense of maintaining its resident Board (USD 70 million annually); (2) the lack of urgency in the process of approving critical projects for clients in emerging markets with a real need for fast access to funding; and (3) the excessive risk-aversion that all too often rejects prime sustainable development projects or puts gratuitous burdens on borrowers.⁷⁵ Genuine reform rides on the WB Governors' discretion to reformulate their internal procedures to prioritise the South's needs, or not.⁷⁶ The WB is unlikely to act without the US pushing it along. The AIIB is manifestly meant to answer these far-reaching concerns, which China shares with the Global South as a whole.

So far, the AIIB has been a diplomatic victory for China. It is not only winning the hearts and minds of most of the MDBs of the world, even the WB, but is keeping Washington and Tokyo isolated as well, so long as they are unwilling to join a successful institution that comes from China or anywhere else in the Global South. How things will play out in future is at the present moment unknowable.

⁷² D. Dollar, "Lessons for the AIIB from the Experience of the World Bank", The Brookings Institution, 27 April 2015.

⁷³ Dollar (2015).

⁷⁴ Commission, *Repowering the World Bank for the 21st Century: Report of the High-Level Commission on Modernization of World Bank Group Governance*, Washington, D.C., World Bank, 2009.

⁷⁵ Dollar (2015).

⁷⁶ A. Mendez and D.P. Houghton, "Sustainable Banking: The Role of Multilateral Development Banks as Norm Entrepreneurs", *Sustainability*, vol. 12, no. 972, 2020, p. 9.

5. Battling Climate Change: Lessons from Asia's Global South

Shanthie Mariet D'Souza

The Asian continent has been grappling with the impact of climate change. While global warming is universal, with barely any country unaffected, history demonstrates that Asia is particularly vulnerable to rising temperatures, sea level rise, and more severe monsoons. According to the World Meteorological Organisation (WMO)'s 2023 "State of the Climate in Asia" report,¹ since 1960, the continent has warmed faster than the global average.² In 2023, 79 extreme climate disasters were reported in Asia,³ resulting in the deaths of more than 2000 people and registering the second-highest mean temperature rise on record. The impact has been profound on societies, economies and human lives, as well as the environment.

Corresponding to this rapidly deteriorating and devastating phenomenon is a rise in awareness among governments and people about climate change and the need to urgently address it. It is broadly accepted that the phenomenon is global, has far-reaching consequences, and needs a united effort to deal with it. Not surprisingly, therefore, Asian countries have initiated

¹ World Meteorological Organization (WMO), "[State of the Climate in Asia 2023](#)", April 2023.

² P. Prakash, "[What does the new 'State of the Climate in Asia' report say? | Explained](#)", *The Hindu*, 27 April 2024.

³ In WMO parlance, extreme climate disasters refer to cyclonic storms, heatwaves, droughts, and flooding.

steps to transition to carbon neutrality and have also been keen participants in global conversations on climate change. However, one of the key components of their participation underlines the fact that while efforts must be united, they also need to be based on a common but differentiated approach. Such an approach must (i) distinguish between countries with an outsized responsibility for historical emissions, i.e. the United States and the European Union, and the developing countries of the Global South; (ii) factor the needs of developing countries into climate change goals and grant them more time to achieve their nationally determined contributions (NDCs) under the Paris Agreement; and (iii) link the developing world's journey towards net-zero pollution to finance and technology transfer from the developed world.

Debates around common and differentiated responsibilities approach to mitigation and adaptation are well known and have been in the public domain for a considerable period. This paper builds on this existing knowledge base to unravel the climate change strategies of the Asian Global South, mapping progress through various on-going projects as well as the unity and divergences among nations in the overall approach. The purpose is not just to shed light on national and regional common initiatives (if any) and on development projects aimed at mitigating the impact of climate change, but also to answer the broader question: is there a common Asian Global South approach to climate change? In keeping with this report's wider objective, this chapter focuses principally on India and China, but explores developments in other Asian countries of the Global South as well.

Climate Change and Asia

According to the Global Climate Risk Index 2021, 6 of the 10 countries worst affected by climate change between 2000

and 2019 are in Asia.⁴ Examples of specific regions within these countries bring out the challenges posed by climate change even more vividly. According to a study in 2023, titled “Gross Domestic Climate Risk”, by the Cross Dependency Initiative (XDI), a global organisation specialising in climate risk analysis, 9 of the 50 regions in the world that face the highest climate risk due to fragile physical infrastructure lie in India.⁵ The report also includes that there are 26 such regions of China, 2 in Pakistan, and 3 in Indonesia.⁶

Asian countries are also the world’s worst polluters and emitters of greenhouse gases. China and India are among the top 20 global polluters in terms of absolute figures, although the average American is responsible for nearly twice as much climate pollution as the average person in China. Similarly, in India, with a population of 1.4 billion, per capita emissions are significantly below the global average. Other Asian countries in the top 20 include Japan, Indonesia, South Korea, Vietnam, Iran, Iraq, Pakistan, Saudi Arabia and Türkiye.

It is clear therefore, that along with the United States and the European Union, which are responsible for a large proportion of planet-heating pollution, the response of Asian nations, principally India and China, will have a significant bearing on the rest of the world’s fight against climate change.

⁴ These are Myanmar, Philippines, Bangladesh, Pakistan, Thailand and Nepal. See D. Eckstein, V. Kunzel, and L. Schafer, “[Global Climate Risk Index 2021](#)”, *Germanwatch*, January 2021.

⁵ Bihar (22nd spot), Uttar Pradesh (25th), Assam (28th), Rajasthan (32nd), Tamil Nadu (36th), Maharashtra (38th), Gujarat (48th), Punjab (50th) and Kerala (52nd) are among the most vulnerable in India, with the index identifying the economic capital Mumbai to be at notable risk as well. See “[Maharashtra, Tamil Nadu in world’s top 50 regions at high risk due to climate change: report](#)”, *The Hindu*, 9 March 2023.

⁶ XDI Cross Dependency Initiative, *2024 XDI Gross Domestic Climate Risk Report*, March 2024.

National Response: Meeting the NDCs

Meeting climate change goals is all about decision-making at the national level and diplomacy at the international level. Invigorated national action on climate change adaptation and mitigation and on transition to a carbon-neutral future has been prioritised by all Asian nations including China and India. However, differences in achievements exist and progress towards attaining NDCs paints a varied picture in different Asian countries.

Along with the US, China has committed to increasing its investment in and output from renewable energy sources and to reducing all greenhouse gas emissions. According to its scaled-up NDC, China will lower its CO₂ emissions per unit of gross domestic product (GDP) by over 65% from the 2005 level, increase the share of non-fossil fuels in primary energy consumption to around 25%, increase its forest stock volume by 6 billion m³ from the 2005 level, and bring its total installed capacity of wind and solar power to over 1.2 billion kW. It has a declared objective to achieve carbon neutrality by 2060.⁷

According to the Chinese Ecology and Environment Ministry, the country plans to “promote ecological civilisation and economic and social development, focusing on forming a synergy between reducing pollution and controlling carbon emissions”.⁸ Although the policy is vaguely worded, China’s development of renewable energy is faster than anywhere in the world. In 2023, its solar power capacity increased by 55% to surpass 609 GW, while installed wind power capacity rose by nearly 21%, surpassing 441 GW. China’s nuclear capacity also increased by 2.4% to nearly 57 GW and hydropower capacity

⁷ United Nations Framework Convention on Climate Change, “China’s Achievements, New Goals and New Measures for Nationally Determined Contributions”, 2022.

⁸ Ministry of Ecology and Environment of the People’s Republic of China, “China’s Policies and Actions for Addressing Climate Change (2022)”.

by 1.8% to above 421 GW.⁹ Such impressive achievements often convince experts that the country has the will and wherewithal to achieve its NDCs.

Its emissions have also started to plateau. Climate Action Tracker projects them to peak by 2025, five years ahead of the 2030 target.¹⁰ However, key challenges remain. China's contribution to pollution has soared. It relies heavily on coal to grow its economy and continues to add thermal plants for energy generation. In 2022, it “granted permits for 106 gigawatts of capacity across 82 sites, quadruple the capacity approved in 2021 and equal to starting two large coal power plants each week”.¹¹ In 2023, its thermal power capacity further increased by 4.1% to around 1,390 GW. An uneven distribution of resources and a lack of the financial and technical capacity, strong institutions, and laws needed to combat climate change are additional challenges to implementing identified goals.

India updated its NDC in 2023¹² after claiming that two targets set in its original 2015 NDC have already been met. The updated NDC sets a new target of reducing the emissions intensity of GDP by 45% (up from 33-35% in the earlier NDC) by 2030 and obtaining about 50% (up from 40% in the earlier NDC) of cumulative installed electrical power capacity from non-fossil-fuel based energy resources. Other highlights in India's updated NDC include adopting a climate-friendly and cleaner path for economic development, creating an additional carbon sink, adapting to climate change by enhancing investments in development programmes in vulnerable sectors, mobilising funds from developed countries to implement better mitigation and adaptation actions, and building an architectural framework and other capacities for quick diffusion

⁹ “China's solar power capacity soared by 55% in 2023 and wind capacity by 21%”, *Energy Data*, 29 January 2024.

¹⁰ Climate Action Tracker, “China-Country Profile”.

¹¹ J. Yeung, “China approved equivalent of two new coal plants a week in 2022, report finds”, *CNN*, 27 February 2023.

¹² India submitted its first NDC in the year 2015.

and better research and development of climate technologies.¹³ India further claims that it is the only G20 country on track to achieve its climate goals under the Paris Agreement. It has a goal of reaching carbon neutrality by 2070.

India's renewable energy sources, including large hydropower, had a combined installed capacity of 197.20 GW in July 2024.¹⁴ In the first six months of 2024, the country added 15GW of installed solar power capacity,¹⁵ despite the logistical challenges of delays due to grid connectivity and inadequate transmission infrastructure. India's installed wind power capacity is 47.07 GW as of July 2024 – the fourth largest in the world. This has risen from 41.9 GW in 2022. Similar steps to increase nuclear energy, which currently produces only 2% of the country's energy, have also been initiated. Budgetary allocations have been increased to achieve the commissioning of one reactor every year.¹⁶ To overcome funding crunch, the government has invited the participation of the private sector with proposals to build smaller reactors instead of large conventional ones. The plan entails an investment of \$26 billion by five private Indian companies to build 11,000 megawatts (MW) of new nuclear power generation capacity by 2040.¹⁷

While this is evidence that the Indian government is prioritising the transition to a green energy future, India's continued and increasing reliance on fossil fuels remains a significant area of concern. India is the third largest energy consuming country in the world and almost 80% of this energy comes from fossil fuels. Coal has been the foundation of India's industrial heritage and accounts for 55% of the country's

¹³ P. Prakash, "Explained | India's updated Nationally Determined Contribution to combat climate change", *The Hindu*, 9 September 2022.

¹⁴ A. Manohar, "Renewable Energy", *Invest India*.

¹⁵ "India reaches a record 15 GW of solar capacity in the first half of 2024", *Energy News*, 26 August 2024.

¹⁶ T.S. Subramanian, "India will 'commission a nuclear power reactor every year': NPCIL chief", *The Hindu*, 18 January 2024.

¹⁷ *Ibid*.

energy needs. Like China, India continues to commission new coal plants. In 2023, fossil fuel consumption in India went up by 8% in line with energy demand.¹⁸ According to the government, such demand is likely to peak between 2030 and 2035,¹⁹ although experts predict that it could take much longer. However, it is also a fact that India is at a much earlier stage in its development trajectory and has contributed very little to historical emissions. It has far lower per capita emissions than China.

Regional Efforts

While climate change is accepted as a global challenge requiring countries to collaborate in their efforts, learn from each other's best practices, and adopt common initiatives, such cooperation appears to be largely missing in Asia despite the fact that countries share similar climate vulnerability. This gap exists though both India and China have been trying to project themselves as leaders of the Global South, indirectly claiming a high seat in climate change conversations with the West. Climate change certainly figures in the agendas of Asian multilateral institutions. However, beyond high-profile declarations, very little collaboration has been initiated. The issue of climate change does not figure prominently in bilateral forums either. Jointly, these omissions expose Asia's unpreparedness to tackle the phenomenon and leave individual countries to rely predominantly on their own national plans. The following are some examples.

In the BRICS forum, of which China and India are members, the importance of climate change has figured prominently in recent years. Following President Xi Jinping's proposal at the

¹⁸ "India fossil fuel consumption went up by 8% in 2023", *Economic Times*, 20 June 2024.

¹⁹ Press Information Bureau, Government of India, "Coal Demand Likely to Peak Between 2030-2035", 21 December 2022.

13th BRICS Summit in September 2021, China hosted the first BRICS high-level meeting on climate change in May 2022. At the gathering, BRICS nations adopted a joint statement affirming consensus on accelerating low-carbon and climate-resilient transformation, advancing the multilateral process on climate change, and strengthening unity and cooperation in response to global warming. However, beyond an agreement between China and South Africa to cooperate on climate change, little resulted from such a declaration.²⁰

Similarly, in the Shanghai Cooperation Organisation (SCO), which has a large number of members from South, Central and West Asia, including India and China, climate change has received repeated mentions by the participants, but little else. Climate change is not even mentioned in the SCO's charter, despite attempts by some members to include it. In July 2024, China organised the Green Development Forum in Qingdao to mark the SCO Year of Ecology. It was attended by 200 delegates from several member and observer countries.²¹ India, however, did not send any delegate. Multilateral climate change conversations in South Asia have remained a non-starter because of the non-functioning of the only regional organisation, the South Asian Association for Regional Cooperation (SAARC). The organisation formulated an Action Plan on Climate Change in 2008 and organised the 16th SAARC conference in Bhutan on the theme of climate change in 2010. However, coordinated action on the issue is mostly non-existent.

On the bilateral level, rivalry between India and China is the main reason for the complete absence of cooperation on climate change. This is unfortunate since both countries have a strong history of common negotiating positions on climate change in global forums. For instance, the common position of both led to the evolution of the principle of "Common

²⁰ H. Liqiang, "BRICS plays role in global climate fight", *China Daily*, 9 September 2023.

²¹ Shanghai Cooperation Organization, "The SCO Year of Ecology 2024 Forum held in China", 8 July 2024.

but Differentiated Responsibilities and Respective Capacities (CBRD-RC)” in the 1992 UN Framework Convention on Climate Change (UNFCCC),²² shielding developing countries from binding commitments regarding climate mitigation. In the run-up to COP21, held in Paris in 2015, China and India published a joint commitment²³ to more far-reaching measures by announcing cooperation on new technologies and NDCs in addition to the principles of the Kyoto Protocol. At COP26 in Glasgow in 2021, behind-the-scene efforts by both nations ensured a permissive outlook on the continued use of coal by developing countries.²⁴

However, such a common outlook on major issues relating to climate change has not been translated into cooperation on projects or initiatives. Instead, the rivalry has taken the form of a serious competition between the two in tapping the global market for solar and green hydrogen energy. Despite its ambitious plan for increasing solar energy production, India restricts the import of components from China, which is the market leader in this area. As a result, Indian companies shop abroad, probably buying the same Chinese-manufactured components but often paying much more than by sourcing them directly from China. Similarly, in the field of green hydrogen, the two nations remain locked in a fierce competition to capture the emerging market. India launched its National Hydrogen Mission (NHM) in August 2021 to develop India as a global hub for the whole value chain of hydrogen and fuel cell technology. China has a similar objective, implemented through its China Hydrogen Alliance industrial grouping.

²² United Nations, “[United Nations Framework Convention on Climate Change](#)”, 1992.

²³ Ministry of External Affairs, Government of India, “[Joint Statement on Climate Change between India and China during Prime Minister’s visit to China](#)”, 15 May 2025.

²⁴ “[Competition and Cooperation: India and China in the Global Climate Regime](#)”, GIGA Focus Asia, no. 4, 2022.

The same lack of cooperation exists between India and Pakistan, two geographically contiguous countries with an enmity spanning several decades since their creation in 1947. Pakistan is highly vulnerable to climate change and has experienced severe climate disasters in recent years, just like India. In 2022, 8.2 million people, the highest number in Asia, were displaced in Pakistan due to climate disasters.²⁵ Both countries experience extreme heatwave conditions, drought, and floods. Yet there is a complete lack of joint effort.

It is, however, interesting to note that climate change does not figure prominently in dealings between Pakistan and China either, despite their friendly relations. In October 2023, both countries set up the China-Pakistan Joint Research Centre on Earth Sciences (CPJRC), a scientific and technological innovation platform to promote sci-tech cooperation against climate-induced disasters and talent cultivation. At the same time, media reports have indicated that due to China's insistence, Pakistan had to set up a new imported coal-fired power plant in Gwadar in its Balochistan province. Beijing has refused to collaborate with Pakistan on issues of energy, water management, and climate change under the China-Pakistan Economic Corridor (CPEC) project.²⁶

Similarly, climate change has not been an issue of deliberation or cooperation between India and Nepal. Both are friendly countries sharing a 1751 kilometre long border and multiple rivers that flow from the Himalayas, each central to the lives and livelihoods of millions of citizens and each vulnerable to the impacts of climate change. The Ganges River Basin, Asia's most populous region, spans India and Nepal and is beset with serious water management issues and marked by poor river conservation, lack of research on water resources and insufficient groundwater recharge. Yet, high-profile

²⁵ Chelsea Ong, "Climate change has forced millions to flee their homes – and Asia is 'not prepared'", *CNBC*, 3 January 2024.

²⁶ "China refuses to further expand cooperation with Pak in energy, water, climate under CPEC", *The Hindu*, 26 September 2023.

intergovernmental discussions between India and Nepal, often on hydropower projects in Nepal from where India purchases a significant amount of electricity, have consistently overlooked climate change.²⁷

National efforts to meet climate change goals/NDCs have therefore been more successful than regional and bilateral efforts to launch common initiatives and develop joint projects, regardless of the bilateral relations between countries.

Challenges of Climate Financing

Climate financing – “local, national or transnational financing drawn from public, private, and alternative sources of financing”²⁸ – is a core aspect of combating the climate crisis. In addition to the advances made nationally and despite the lack of cooperation at the regional or bilateral level, the Asian strategy to meet climate change goals further extends into seeking funding and technology from Western nations, without which they argue that reaching these goals may not be possible.

According to the UNFCCC’s first “Needs Determination Report”,²⁹ around \$5.8-5.9 trillion of finance is required to implement developing countries’ climate action plans by 2030. This does not even fully include adaptation costs. The Asian argument is in alignment with this and also corresponds to the reality that developed nations have consistently failed to fulfil their commitments to providing finance. Developed nations like the EU, the US, Canada, Australia, and New Zealand are obligated to provide a minimum of \$100 billion in annual climate finance to developing countries by 2020, extending to

²⁷ R. Bhushal, “[Nepal is sacrificing its ecology to build economic ties with India](#)”, *Scroll*, 18 August 2023.

²⁸ United Nations Climate Change, “[Introduction to Climate Finance](#)”.

²⁹ United Nations Climate Change, “[First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement \(NDR\)](#)”, 2021.

2025. However, they have failed to fulfil this commitment. The transfer of Environmentally Sound Technology (EST) too has faced intellectual property rights roadblocks. Combined with a reduction in official development assistance for developing countries, this has created an unsustainable situation in which many countries will be forced to slow down their climate change projects.

On the other hand, developed nations have started to advocate broadening the donor base for climate finance to include countries like China and Saudi Arabia. This is in response to demands by the developing world for a new climate finance target post-2022 to replace the \$100 billion goal, previously identified. However, a study in 2023 by a UK-based website indicated that developing countries like India, China, Brazil and Russia are already among the top 20 global climate finance providers, voluntarily providing finance to others for climate action. Their contributions, however, largely remain unrecognised as they do not report this provision. According to the estimate, China has contributed \$1,236 million and India \$765 million for climate finance in solidarity with other developing countries. Most of this financial support is provided via multilateral development banks.³⁰ Unfortunately, much of this assistance remains unverifiable and, if real, may have been used by both countries to gain influence in Africa and among Small Island Nations as part of their foreign policy tools.

Already available funding sources such as the Green Climate Fund (GCF), Special Climate Change Fund (SCCF), Least Developed Countries Fund (LDCF) and Adaptation Fund (AF) have been useful, but by no means adequate. The number of projects approved in Asian countries by the GCF is a ready reckoner. In 2024 (till July), Pakistan had 2 projects approved by the GCF and Cambodia, Vietnam, Bhutan, Tajikistan and Jordan only 1 each. In 2023, Lao PDR, Pakistan, and

³⁰ “India, China providing more climate finance to other developing countries than rich nations”, *The Hindu*, 12 December 2023.

Bangladesh had 2 projects each approved by the GCF, and Cambodia, Philippines and Thailand had 1 each. In addition, few projects were approved for multiple countries.

The case of India attempting to attract finance from multiple sources is indicative of the Asian approach of tapping all possible sources to fund climate projects. According to the World Bank's International Finance Corporation (IFC), India needs an estimated \$10.1 trillion to achieve net zero by 2070. This is impossible with public investments alone. Hence, the government of India has relied on the GCF to finance some of its major projects. By 2022, 5 projects had been approved with a total allocation of \$514.8 million in diverse areas including water, clean energy, livelihoods and transport.³¹ In March 2024, another project was approved for the creation of the Avaana Sustainability Fund (ASF) a \$120 million venture capital fund that aims to invest in early-stage climate technology companies in India.³² In July 2024 again, another project was approved to enable the Small Industries Development Bank of India to provide low-interest loans to 10,000 Micro, Small and Medium Enterprises (MSMEs). The MSME sector is a significant emitter of greenhouse gases and at the same time faces high vulnerability to extreme weather events.³³

The Indian government's attempt to involve private sector companies in operationalising small nuclear reactors in the country has already been mentioned. Furthermore, in its 2024 budget, the Indian government proposed a taxonomy for climate finance – standardising “regulations and guidelines to inform companies and investors on making impactful investments towards environmental conservation and combating the climate crisis”.³⁴ The government believes that this will enhance

³¹ Press Information Bureau, Government of India, “[Green Climate Fund](#)”, 18 July 2022.

³² Green Climate Fund, “[SAPO37 - Avaana Sustainability Fund](#)”, March 2024.

³³ Green Climate Fund, “[FP241 - Financing Mitigation and Adaptation Projects \(FMAP\) in Indian MSMEs](#)”, July 2024.

³⁴ Pr. Prakash, “[Budget 2024: What is taxonomy for climate finance? | Explained](#)”,

the availability of capital for climate adaptation and mitigation.

Low-carbon technologies have continued to grow but remain concentrated in a handful of countries or regions. According to a 2022 assessment by the UN Environment Programme (UNEP), most emerging markets and developing economies (EMDEs) are being left out of expanding trade in low-carbon technologies.³⁵ In October 2023, India proposed a roadmap before the World Trade Organisation (WTO) to facilitate the development and transfer of ESTs among WTO member countries to address climate change challenges.³⁶ The proposal includes the establishment of a database of ESTs and links with a technology transfer platform, streamlining licensing practices and enabling developing countries to use TRIPS flexibilities.

It must, however, be underlined that the lack of enthusiasm among developed nations to meet their financial contribution and technology transfer commitments remains the core factor in developing nations failing to meet their climate goals. This has forced resourceful countries to tap multiple sources, even though these are by no means adequate. For poorer countries, however, options are limited. Spending on climate change has the potential to push them into a state of debt distress and force them to spend significantly more on debt servicing than on climate adaptation every year. This undermines future resilience as well as growth prospects. Therefore, Asian insistence that developed countries must meet their climate financing commitments is particularly relevant.

The Hindu, 25 July 2024.

³⁵ B. McDonald and S. Vaughan, “[Rethinking Technology Transfer to Support the Climate Agenda](#)”, International Institute for Sustainable Development, 8 November 2023.

³⁶ J. Mathew, “[India proposes WTO roadmap for transfer of climate-friendly tech](#)”, *Fortune India*, 30 October 2023.

Conclusion: Is Asia Climate Change Ready?

Since the Asian Global South is a victim of climate change and also a perpetrator responsible for a significant portion of greenhouse gas emissions, it is expedient for it to make steady progress towards its net-zero goals. The reality, however, is that progress towards climate resilience in this region remains varied. Worse still, despite the progress of individual nations, most countries are insufficiently prepared to face the extreme weather events and natural disasters that are increasingly caused by climate change. They lack adequate financial means to initiate adaptation and mitigation efforts.

Against this backdrop, the strategy of the Asian Global South to deal with climate change requires closer scrutiny. The analysis presented in the paper reveals modest progress by certain countries, while many others lag behind. Some forward movement has been noted in the generation of green energy, although this is happening along with a steady rise in the use of fossil fuels. Poverty and underdevelopment make swift transformation highly improbable. In addition, the lack of regional cooperation and the absence of adequate climate financing remain two key challenges. Although both India and China are interested in projecting themselves as leaders of the Global South, the region lacks a unified and cooperative strategy to move forward. This state of affairs may not be confined to Asia alone, but the enormity of the region's demography makes the scenario of slow progress extremely problematic for global efforts to deal with climate change. This truism needs to be factored into the policies of countries in the region and into those of developed nations, which so far have been slow and somewhat reluctant in acceding to the financial and technological needs of the Global South.

6. Security Challenges in Asia and the Global South: New Frontiers of Cooperation

Lucio Blanco Pitlo III

The re-emergence of Asia has had profound effects on the global distribution of power. Owing to its demography, burgeoning economy, and relative political stability, the continent will be a major driver of global growth and development. But the voyage to the Asian Century has its fair share of storms and currents, and if Asian countries navigate poorly, they can be led astray, delaying, if not dashing, hopes of raising their profile on the world stage. Defence dialogues, dispute management, practical cooperation and mediation have been employed to deal with various security challenges and to achieve different results. Organisations like ASEAN (the Association of Southeast Asian Nations) hope to remain in the driver's seat as the region experiences tense flashpoints and becomes embroiled in great power strife. ASEAN wishes to remain inclusive, focused on economics, and open to all complementary initiatives from external partners. However, shortcomings in addressing security issues in its own backyard have given rise to minilaterals.

Asia's Mixed Record in Addressing Security Woes

The rise in the comprehensive national power of Asian countries, including through defence expenditure, may revive suspicions, jealousies, and historic rivalries that were mostly

suppressed in the past to focus energies on development. The absence of meaningful security dialogues and reassurance, along with defence modernisation, may be misread and lead to an unwanted and dangerous arms race. Fault lines from the Himalayas to the South and East China Seas and Taiwan Strait can threaten regional stability if not responsibly managed. Any change in the delicate status quo of these hotspots achieved through force, coercion or deception may spark a conflict nobody wants. Concerns about freedom of navigation and overflight in contested spaces have likewise been raised. The raging civil war in Myanmar risks spilling over to its neighbours, undermining the relative peace of Southeast Asia and casting doubt on the ability of ASEAN to keep its house in order. While tensions have not yet dissipated investor interest or impacted bustling economic activity, conflict in major flashpoints can still torpedo Asia's promising upward trajectory.

Aside from traditional security hotspots, non-traditional, borderless security issues also hound the continent. Climate change is bringing with it unprecedented typhoons, inundating coastal cities and towns and wreaking havoc on farms and infrastructure. Long dry spells are bringing record heat waves, imperilling water security, and stretching power supplies. Countries in the region are investing in clean energy and transport, but transition will take time and resources. Illegal, unregulated, and unreported fishing, especially in the exclusive economic zones of maritime states with weak patrol and law enforcement capacity, are leading to unsustainably depleted fishing stocks and risking the livelihood of artisanal fishermen. Ocean pollution and plastic debris risks harming fragile marine ecosystems and affecting economic activities like shipping and fishing. Many countries are looking to grow their blue economy and the race to tap resources like petroleum and seabed minerals in maritime commons to fuel development and lead in next-generation technologies such as electric vehicle batteries may well breed disputes or lead to wanton extraction by nations

with greater capacity but less regard for the environment.¹ Cooperation is crucial in addressing these challenges.

Asian countries have made positive contributions to promoting peace in their neighbourhood and beyond. Annual platforms have been established to discuss security issues, in which defence ministers, military officials and security experts from different countries interact. The ASEAN Regional Forum (ARF) established in 1994 and hosted by the rotating ASEAN chair is one example. Kazakhstan proposed the intergovernmental forum Conference on Interaction and Confidence-Building Measures in Asia (CICA) the first summit of which was convened in 2002. The Shangri-La Dialogue, organised by the Bahrain-funded International Institute for Strategic Studies (IISS), was held in Singapore in 2002. China has developed its own Xiangshan Forum, which has met in Beijing since 2006. India has established its Raisina Dialogue, which has gathered participants in New Delhi since 2016. Such venues for diplomacy offer rare chances for the defence officials of neighbours, allies, partners, and disputants to have frank and candid exchanges on shared concerns and points of disagreement. The Shanghai Cooperation Organisation (SCO), which began as a grouping of five countries focused on defeating terrorism, extremism, and separatism, has expanded to ten members with more than a dozen observers and dialogue partners and has extended its remit beyond security to include political and economic agendas.

High-level meetings and reciprocal official visits likewise help ease tensions and stabilise hotspots. Military hotlines and exchanges help avoid accidents. Discussions at working group level can explore opportunities for functional or practical cooperation in turbulent waters.² Track 2 or 1.5 dialogues can

¹ E. Denes, “[Diving Deep in the Race to Mine the Sea](#)”, Marine Conservation Institute, 22 August 2024.

² L. Liang Fook, “[The China-Philippines Bilateral Consultation Mechanism on the South China Sea: Has it Worked for China?](#)”, ISEAS Perspective 2024/26, 9 April 2024.

help break the ice in frosty ties or explore off-ramps in prevailing tensions. The publication of defence white papers helps improve transparency in terms of communicating a country's military development, strategy, capabilities, and priorities. Joint military exercises can also help in capacity building and deterrence, though they risk heightening tensions in festering hotspots. Inviting more observers to such activities may help improve perceptions of them.

In the South China Sea, noise aside, bilateral and regional tracks are in already place. Last October 16, 2024, the first Bilateral Dialogue on the Management of Maritime Issues in the South China Sea between Malaysia and China was held in Langkawi, Malaysia.³ The Philippines and China have convened three vice-ministerial level Bilateral Consultative Mechanism meetings since January. The ninth round of talks held in July in Manila and the tenth hosted by Beijing in September have helped defuse crises in the Second Thomas and Sabina Shoals. A provisional arrangement has facilitated unimpeded resupply missions to Filipino troops stationed on a stranded ship in Second Thomas. In Sabina, the coast guard ships of both sides have agreed to withdraw from the low-tide feature, ending months of tense standoff. A proposal has been made to resume a joint coastguard committee and create hotlines at foreign ministries and presidential offices.⁴

Last January, the Philippines and Vietnam signed an MOU on incident prevention and management during the visit of Philippine President Ferdinand Marcos Jr. to Hanoi.⁵ Last year, the Philippines and China agreed to establish a direct communication mechanism between their foreign ministries to handle the stubborn sea row during a trip by Marcos to Beijing

³ O. Wang, "South China Sea needs 'pragmatic cooperation', Beijing and Kuala Lumpur agree", *South China Morning Post*, 17 October 2024.

⁴ P.-L. Brago, "Philippines, China set up presidential hotline on South China Sea", *Philippine Star*, 18 July 2024.

⁵ "PH, Viet Nam ink understanding on incident prevention, management on South China Sea", PCO Gov, 30 January 2024.

in January.⁶ ASEAN and China also vow to accelerate the conclusion of a Code of Conduct to prevent untoward clashes in the contested sea and airspace above it. In the Myanmar crisis, ASEAN came up with a Five Point Consensus in 2021. However, this is under review as it has failed to meet its goals.⁷

Pragmatic and interim cooperation that does not prejudice competing claims, such as joint offshore oil and gas development in choppy waters, has been proposed with varying results. The national oil companies of the Philippines, China, and Vietnam entered a Joint Marine Seismic Undertaking (JMSU) in 2005. However, the deal was upended due to opposition and a change in government in Manila. The concept was revived by the MOU in Oil and Gas Development Cooperation between the Philippines and China during the visit of President Xi Jinping to Manila in 2018. However, constitutional and legal constraints and policy discontinuity in Manila have hampered the MOU's implementation. Last year, the Philippine Supreme Court ruled that JMSU was unconstitutional⁸. Elsewhere in the region, joint development between Malaysia and Vietnam and between Malaysia and Thailand in their adjacent continental shelves bore fruit.

Asian countries have also served as brokers or mediators to promote rapprochement. Iraq, Oman, and China have helped mediate between Iran and Saudi Arabia. China has offered to play a role in easing tensions between Iran and Pakistan and between Pakistan and Afghanistan.⁹ Beijing has brokered a ceasefire between the Myanmar ruling junta and ethnic rebel

⁶ Joint Statement Between the People's Republic of China and the Republic of the Philippines, 5 January 2023.

⁷ ASEAN Leaders' Review and Decision on the Implementation of the Five-Point Consensus, 9 October 2024.

⁸ "SC Declares Unconstitutional the Joint Marine Seismic Undertaking Among Philippine, Vietnamese, and Chinese Oil Firms", 5 January 2023.

⁹ E. Ashraf, "Trouble Among Neighbors: Iran, Pakistan, and China's Offer of Mediation", *The Diplomat*, 25 January 2024; B. Rubin, "Chinese Peacemaking Efforts in Afghanistan", *Stimson*, 3 September 2024.

armies.¹⁰ Huge economic and political stakes in the stability of its neighbours and strong influence with the parties concerned have motivated Chinese diplomatic overtures. Qatar has served as an intermediary between Israel and Hamas since war erupted in Gaza last year.¹¹ Singapore and Vietnam hosted meetings between US and North Korea in 2018 and 2019 respectively. In 2015, Singapore hosted the first cross-Strait leaders' summit since the end of the Chinese Civil War.¹² Turkey helped secure a deal to facilitate the flow of grain in the Black Sea amid the Russia-Ukraine War.¹³ Various actors in the Global South, including Turkey, China, India, Brazil, Indonesia, and even an African mission, have expressed interest in mediating between Moscow and Kyiv.¹⁴ The results of these interventions unfortunately remain uncertain, especially in the case of active conflicts like Ukraine and Gaza.

ASEAN in the Evolving Regional Security Order

Regional organisations figure prominently in tackling security challenges. ASEAN seeks to be a principal actor in the region's fast-changing geo-economic and geopolitical architecture. While ASEAN has been known more for advancing economic integration and connectivity, the 57-year-old bloc has also prevented inter-state conflict between and among its ten

¹⁰ “[Myanmar’s military, ethnic armed groups agree to China-mediated truce](#)”, *Al Jazeera*, 12 January 2024.

¹¹ “[Handling Israel-Hamas war mediation: The role of Qatar](#)”, Universidad de Navarra, 15 May 2024.

¹² A. Liang, “[Singapore is natural choice for China-Taiwan talks](#)”, *Jakarta Post*, 8 November 2015.

¹³ S.R. Amir, “[The Truth About Turkey’s Interest in Russia-Ukraine Grain Trade](#)”, *Fair Observer*, 27 August 2024.

¹⁴ S. Roy, “[India, China & Brazil in Putin’s list of potential mediators on Ukraine](#)”, *Indian Express*, 6 September 2024; N. Adler, “[Can Africa and China help end the Russia-Ukraine war?](#)”, *Al Jazeera*, 27 July 2023; P. Parameswaran, “[What’s Behind Indonesia’s Russia-Ukraine Peace Initiative?](#)”, *ASEAN Wonk*, 5 June 2023.

members despite long-running disputes and historical issues. The ASEAN Way, which features non-interference, mutual respect given the diversity of its members' political and economic systems, consensual decision-making, and informal and quiet diplomacy, has made ASEAN one of the most successful and enduring regional organisations.¹⁵ ASEAN has socialised major powers around these norms and tried to channel competition into more productive areas like trade, infrastructure, and technology investments. The group has used its convening power to encourage external partners from near and far to acknowledge its centrality in the evolving regional security order. This is important as great powers have begun assembling ad-hoc minilateral groupings that may impact ASEAN's relevance going forward.

ASEAN remains inclusive and continues to assert its role in a dynamic region with active hotspots and where rival titans, notably the United States and China, compete for influence. It remains open to initiatives from partners that complement or converge with its programmes and priorities. Major and regional powers also court ASEAN. President Xi announced the XXI Century Maritime Silk Road and the Asian Infrastructure Investment Bank in a visit to Jakarta in 2013. Southeast Asia is a crucial geographic area for China's massive multiyear Belt and Road Initiative. India has upgraded its Look East to Act East Policy, highlighting the strategic relevance of ASEAN in Delhi's foreign policy. ASEAN's importance also manifests in South Korea's New Southern Policy and its new incarnation, the Korea-ASEAN Solidarity Initiative. It is also reflected in Taiwan's New Southbound Policy. ASEAN is likewise a key piece in the Indo-Pacific visions and strategies of the US, Japan, India, Australia, South Korea, the European Union (EU), France, Germany, and the Netherlands. Australia, China, India, Japan, South Korea, and the US have elevated their ties with ASEAN to a level of comprehensive strategic partnership.

¹⁵ C.-A. Mely, "The ASEAN way and the changing security environment: navigating challenges to informality and centrality", *International Politics*, 2022.

Instead of endorsing the strategy or initiative of one partner, ASEAN proposed its own ASEAN Outlook on the Indo-Pacific (AOIP) in 2019.¹⁶ This document's four key elements lay out the organisation's perspective amid the escalating great power rift in the region.¹⁷ First, it views "the Asia-Pacific and Indian Ocean regions not as contiguous territorial spaces but as a closely integrated and interconnected region, with ASEAN playing a central and strategic role". This is likely a response to the rise of new informal minilateral configurations like QUAD and AUKUS, which are led or promoted by competing major powers and risk undercutting the value of ASEAN. Second, AOIP aspires to "an Indo-Pacific region of dialogue and cooperation instead of rivalry". This reinforces ASEAN's wish to provide a platform for great powers to meet and even cooperate on confronting shared challenges instead of focusing excessively on the competitive or adversarial aspects of their relations. Third, it envisions "an Indo-Pacific region of development and prosperity for all", pointing to where ASEAN's priority really lies. Finally, it raises "the importance of the maritime domain and perspective in the evolving regional architecture". This recognises the importance of the blue economy for regional countries. Except for landlocked Laos, all ASEAN members are coastal if not maritime states, including the world's two largest archipelagos, Indonesia and the Philippines. Aside from sovereignty and territorial integrity, the seas are also important for food and energy security and connectivity. However, the maritime domain has also spawned risks and challenges, from natural disasters like storms and floods, exacerbated by climate change, to flashpoints like the South and East China Seas and Taiwan Strait.

Besides cultivating ties with major powers and making them invest in ASEAN's cohesion, security, and prosperity, the bloc is also expanding its links with other regional organisations in the Global South. This includes the Pacific Islands Forum

¹⁶ J. Lin, "Advancing the ASEAN Outlook on the Indo-Pacific Beyond Indonesia's Chairmanship", *ISEAS Perspective* 2024/9, 2 February 2024.

¹⁷ ASEAN Outlook on the Indo-Pacific, 2021.

(PIF), Indian Ocean Rim Association (IORA), and the Gulf Cooperation Council (GCC). Last year, ASEAN signed MOUs with IORA and PIF.¹⁸ These MOUs facilitate collaboration in the areas of maritime cooperation, connectivity, achievement of the 2030 UN Sustainable Development Goals, the blue economy, people-to-people exchanges, and digital and green economies. Being exposed to global sea level rise and climate change hazards, ASEAN and PIF also aim to bolster cooperation in disaster risk reduction and humanitarian assistance and disaster relief (HADR). ASEAN members Indonesia, Malaysia and Philippines are among PIF's 18 dialogue partners, while Indonesia, Malaysia, Singapore, and Thailand are also members of IORA. Such interlocking memberships strengthen ties between ASEAN and these two other regional organisations. Last year, ASEAN also held its first inter-regional summit with GCC in Riyadh.¹⁹ Both organisations vowed to cooperate in a broad range of fields, including trade and investment, sustainable development, energy and water security, climate change mitigation, information technology, and combatting transnational crimes.

Security Minilaterals: Band-Aid Solutions or Lasting Fixtures?²⁰

One emerging trend in Asia in response to security issues is the rise of so-called minilaterals. The proliferation of these groupings ignites debate on their impact on multilateralism

¹⁸ “ASEAN, PIF, and IORA forge stronger ties to advance regional cooperation”, *Indonesia Way*, 22 September 2024.

¹⁹ R. Burchill, “The First ASEAN-GCC Summit and More Diverse Interregional Cooperation”, United Nations University-Institute on Comparative Regional Integration Studies, 5 February 2024.

²⁰ This section is based on the author's remarks delivered during the Regional Seminar on “Towards a Free and Open Indo-Pacific: Prospects and Challenges” organized by the Cambodian Center for Regional Studies and supported by the Embassy of Japan in Cambodia held at Fairfield by Marriott Hotel, Phnom Penh, 17 October 2024.

and Asia's evolving security order. This is especially so as great power rivalry intensifies and longstanding flashpoints simmer. Some think they portend the end of unipolar and bipolar world orders. After all, great powers marshal coalitions and build alliances and security partnerships but are also influenced and shaped by them.²¹ Joining minilaterals is seen as an expression of autonomy and agency for small and middle powers. There is a minilateral market out there, and countries can choose which ones they want to be part of. They can even form their own. However, the presence of these clubs, especially those involving external powers, also exposes the inability of Asian countries to handle fraught issues on their own.

Multilateralism is increasingly under stress. In the economic realm, the World Trade Organisation (WTO) has stalled. In the interim, an array of bilateral and regional free trade agreements like the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) have been put in place. BRICS Plus provides a platform for emerging economies to have a greater say in global economic conversations and is a counterweight to the traditionally heavy influence of the G7. The BRICS Summit in Kazan (22-24 October 2024), attended by emerging and developing economies in the Global South, even proposed creating an alternative payment system in response to concerns about the weaponisation of financial and economic interdependence.²² The picture is more demanding in the security domain, where vetoes have hampered the UN Security Council. General Assembly debates on brutal conflicts, from Ukraine to Gaza and now in Lebanon, are more acrimonious still. Even within the G20, there is heated debate on whether security issues should be considered in the agenda.

²¹ P. Parameswaran, "Minilateralism, ASEAN Centrality and Indo-Pacific Institutional Flux Amid Strategic Competition", Wilson Center, 3 April 2024.

²² A. Palit, "BRICS summit in Kazan: A turning point for the global south", *ThinkChina*, 29 October 2024; Md. Badrul Millat Ibne Hannan, "Can BRICS Pay become a challenger to SWIFT?", *The Business Standard*, 30 October 2024.

Security minilaterals are seen as a response to the stagnation of security multilateralism in the region.²³ In Southeast Asia, for example, ASEAN is immobilised by sensitive or polarising issues like the raging Myanmar crisis and disturbingly violent incidents in the disputed South China Sea. Minilaterals are also viewed as a means to maintain the status quo amid the shifting sands of global geopolitics, with the rise in overall national capacity, including defence spending and military power projection, of emerging powers like China. Minilaterals are agile, flexible, and less institutionalised arrangements and, where current security multilateralism is absent, can prove effective without being bound to more rigid treaty-based alliances.²⁴

They provide options for small and middle powers wanting to grow their autonomy amid escalating great power competition.²⁵ They can help strengthen the defence posture of members and provide some form of insurance or future-proofing at a time of rising geopolitical uncertainty. For instance, Japan's provision of security goods through funding the coast guard buildup of littoral states like the Philippines is welcomed.²⁶ Tokyo's increased defence budget and growing security engagement with regional countries can lessen the fallout of possible changes in US policy and its implementation depending on the result of the US elections in November. Minilaterals can also help bind major powers by making them invested in the security of small and middle powers. Minilaterals even provide a way to upgrade or modernise postwar alliances to keep up with the changing times. Insecurity and a lack of durable and

²³ H. Haqqani and J. Narayanappa, "The Minilateral Era", *Foreign Policy*, 10 January 2023.

²⁴ C.R. Mohan, "The Nimble New Minilaterals", *Foreign Policy*, 11 September 2023.

²⁵ J. Biyon Sony, "Middle Power Minilateralism: An Effective Indo-Pacific Strategy for India?", *South Asian Voices*, 28 February 2024.

²⁶ A.L. Gonzales, "PH secures P25-B loan from Japan to buy 5 maritime vessels", *Philippine News Agency*, 11 June 2024.

functioning multilateral security mechanisms will therefore continue to provide a space for minilaterals to flourish.

Not all minilaterals are created equal, however. Their longevity and endurance may wax and wane depending on members' commitment which, in turn, may shift due to leadership change, among other factors.²⁷ The number of members is also crucial. Too many can prove unwieldy, but too few creates the impression of being an exclusive security clique. However, inclusivity is not necessarily a hallmark of minilaterals. Members usually work with countries they trust and in whom they have confidence, especially on sensitive security issues like intelligence sharing or developing next-generation defence or dual-use technologies. Affinities and pre-existing links can also help members of a minilateral to gel faster. For instance, the Philippines and Japan are both US treaty allies (Philippines-Japan-US trilateral), and Australia, the UK, and the US (AUKUS) are formal allies, too. Hence, one often hears phrase such as "like-minded" or "shared values" when describing members of a minilateral grouping.

In ASEAN, minilaterals with more defined geographies, specific mandates and economic goods are achieving better buy-in and success. For instance, the Lower Mekong Initiative and Lancang-Mekong Cooperation (LMC) are platforms to discuss connectivity and water resource management. The Malacca Strait and Sulu-Sulawesi patrols by relevant ASEAN countries have helped reduce the instances of piracy and armed robbery at sea in these waters. Minilaterals that have limited or issue-specific goals tend to deliver immediate and effective results. Such swift, concrete outcomes cannot necessarily be expected from more strategic security minilaterals like Quad and AUKUS as these projects have a broader scope and long gestation. This is not to say that they do not have an immediate impact. Joint exercises challenge excessive and unlawful maritime claims and assert navigational and overflight freedoms in sea and air

²⁷ S. Teo, "The rise and endurance of minilaterals in the Indo-Pacific", *The Interpreter*, 1 May 2024.

commons. They can also increase interoperability, which can be helpful in times of contingencies.²⁸ Security consultations improve coordination in responding to attempts to remodel the status quo through non-peaceful means. High-level official meetings help craft similar diplomatic language to relay shared concerns and mutual resolve.

Minilaterals bear on the security order in the Indo-Pacific. Competing security minilaterals include the SCO, in which Cambodia and Myanmar are dialogue partners and, on the other side of the equation, AUKUS and QUAD. The Philippines is warming up to such formations, entering a trilateral with the US and Japan and joining the so-called SQUAD (US, Japan, Australia, Philippines).²⁹ ASEAN-X + Y can help the organisation overcome fraught issues like the South China Sea. External partners can help ASEAN coastal states when mainland states remain paralysed. Such able partners can improve littoral countries' positions in choppy waters through capacity building. They can provide diplomatic support for international law and call out coercion, intimidation, or violence in flashpoints. They can likewise enhance defence posture to deter attempts to create a new *fait accompli* that can adversely impact regional peace and stability.

The role and contribution of members are important for the success of a minilateral. Members have different capacities and therefore bring different offerings to the table. These can include strategic access, arms, exercises, information sharing, training and defence consultations. Major powers may leverage their influence to set the agenda, while middle and small powers raise

²⁸ P. Martin and B. Westcott, "The U.S. Is Assembling a 'Squad' of Allies to Counter China in the Indo-Pacific", *Time*, 3 May 2024.

²⁹ M. Siow, "New 'Squad' bloc could allow Philippines to 'borrow strength' of Australia, Japan, US to counter China", *South China Morning Post*, 9 May 2024; E. Murphy and G. Poling, "A 'New Trilateral Chapter' for the United States, Japan, and the Philippines", Center for Strategic and International Studies; J. Neuweiler and P. Triglavcanin, "Why the Philippines and Indonesia have warmed to AUKUS", *9DashLine*, 1 November 2023.

their priorities and assess their comfort level. Burden-sharing and risk-taking will be the subject of intense negotiation and bargaining. Unlike treaty alliances or institutional security arrangements, ad-hoc minilateral formations have lower barriers for entry and exit. Hence, obtaining the buy-in of all participants is critical to make them work.

The rise of minilaterals has become a key feature in the region's prevailing security order. Whether they can renew multilateralism or keep it stagnant remains to be seen. There is debate about whether such minilaterals can constitute building blocks for a larger collective security organisation – an Asian NATO.³⁰ NATO itself is already strengthening its cooperation with Japan, South Korea, Australia and New Zealand.³¹ However, this enthusiasm from US allies in the region is not shared by other Asian countries.

The war in Ukraine has had a major impact on how NATO is perceived in Asia. Asian countries have a more nuanced appreciation of the issue.³² Parallels have been made between NATO's eastward enlargement after the collapse of the Soviet Union in the 1990s and the revitalisation of the US alliance system in the Indo-Pacific as China's economy underwent reform and opening up. Both Russia and China resented these developments, and Moscow has cited them as a pretext to draw a line on Ukraine.³³ Amid increasing diplomatic isolation, Russia's ties with China, as well as India, remain strong as

³⁰ R. Jaybhay, "[Asian NATO: Is it a palliative for the Asian imbalance of power?](#)", *Hindustan Times*, 6 October 2024; M. Siow, "[As Japan's 'Asian Nato' push to counter China hits a brick wall, will a rebrand revive it?](#)", *South China Morning Post*, 6 October 2024; Y. Zhang, "[Two Security Concepts: NATO vs. SCO](#)", *China-US Focus*, 25 July 2024; J. Wang, "[Minilaterals Destabilize the Asia-Pacific Region](#)", *TI Observer*, Taihe Institute, vol. 44, pp. 1-7, May 2024.

³¹ K. Duyeon, "[NATO Can Help Create a Global Security Architecture](#)", *Foreign Policy*, 17 July 2023.

³² J. Reeves, "[Southeast Asian States Have Their Own Views on the Ukraine War](#)", *Asia Policy*, vol. 18, no. 2, pp. 55-63.

³³ J. Masters, "[Why NATO Has Become a Flash Point With Russia in Ukraine](#)", Council on Foreign Relations, 20 January 2022.

Moscow's full-scale assault on Ukraine enters its third year. Other countries remain ambivalent. While there is support for Ukrainian sovereignty and territorial integrity and recognition of NATO's support for Ukraine, it is noted that neither NATO nor reputational cost deterred Moscow from taking action against Ukraine. Any prolonged conflict will also cost Kyiv more than Moscow, and negotiation remains the only way out of the carnage. The devastation that Ukraine has already suffered and the prospect that it will not recover lost territories raises questions as to whether its NATO bid is actually worthwhile.

The matter of indivisible security has also been raised.³⁴ Did Europe fail to factor in legitimate Russian security concerns in welcoming Ukraine into NATO? Ukraine is a sovereign country and can make its own choices, but did it also overlook Moscow's security dilemma in its aspiration? Of course, worries about appeasement, sending the wrong signals in response to aggression, and distilling the wrong lessons from Ukraine's calamity also abound. Ukraine's tragedy requires Southeast Asian countries living beside a bigger and more powerful neighbour like China to be more calculating. China is both a challenge and an opportunity. Countries like Malaysia remain confident they can deal with Beijing on hot-button issues like the South China Sea.³⁵ Vietnam's bamboo diplomacy is also seen as a useful and effective strategy.³⁶

As Russia reacts to the expansion of NATO military infrastructure on its borders, China also expresses serious concerns about US arms deployment on its periphery. The deployment of the US Terminal High-Altitude Area Defence

³⁴ S. Yang "China encourages Europe to build 'indivisible security' mechanism with Russia", *Global Times*, 15 March 2022; P. Wintour, "Why does Russia focus on 'indivisible security' in Ukraine standoff?", *The Guardian*, 3 February 2022.

³⁵ Q. Sallehuddin, "Malaysia set to lead South China Sea dialogue next year", *New Straits Times*, 7 September 2024.

³⁶ J. Heine, "In 'bamboo diplomacy,' late Vietnam leader Nguyen Phu Trong left a path for smaller nations to navigate great-power rivalries", *The Conversation*, 5 August 2024; P. Parameswaran, Prashanth, "Vietnam's 'bamboo diplomacy' faces shifting global currents", 28 May 2024.

(THAAD) in South Korea and Typhon mid-range capability launcher in the Philippines, both US allies, has riled Beijing and fuelled fears of dangerous missile crises.³⁷ China's role and influence in Asia is more profound than Russia's in Europe. Hence, minilaterals that are seen as overly securitised and targeting China may not gain much currency. This said, countries are also taking steps to diversify their economic and security partners – not putting all their eggs in one basket – to avoid entanglements that may be used against them when relations with a specific partner sour.

The ability of minilaterals to offer more public goods, even beyond security, will be crucial in growing their ranks and diminishing opposition to them. The SCO has moved beyond counter-terrorism to discuss food security, transport connectivity, the creation of a development bank, sports, tourism, and people-to-people links.³⁸ Initial misgivings about the Quad are also changing as this formation extends beyond maritime security and HADR and ventures into health security, quality infrastructure, critical and emerging technologies, people-to-people exchanges, climate and clean energy, cyber and space.³⁹ Minilaterals need to go beyond optics and posturing and develop more substance. There is much space for small groups to play a role in forging consensus in technology, defence, and other fields.⁴⁰ Minilaterals can help maintain a balance of power that benefits more players. However, they must avoid the impression of being selfishly formed to

³⁷ M. Swaine, "Chinese Views on South Korea's Deployment of Terminal High Altitude Area Defense (THAAD)", *China Leadership Monitor*, 2 February 2017; G. Honrada, "Pacific Missile Crisis: US points Typhon at China from Philippines", *Asia Times*, 26 September 2024.

³⁸ G. Xiaoli, "The global evolution of the Shanghai Cooperation Organisation", *The Interpreter*, Lowy Institute, 12 July 2024; E. Seiwert, "SCO Expansion: A Double-Edged Sword", *The Diplomat*, 1 July 2024.

³⁹ L. Pitlo III, "ASEAN should be open but wary about Quad", Institute of Strategic and International Studies Malaysia, ISIS Focus, 11 June 2024.

⁴⁰ T. Filer, "The Era of Tech Minilaterals is Here. Will they prove effective?", *Global Policy*, 8 January 2024.

contain or suppress a rival. They should also complement and not erode ASEAN centrality and cohesion. Anxiety over such groupings betrays suspicions about their motives and unease about their long-term effect on the organisation. This requires further consultations. Care should be exercised in packaging and messaging.

Asian countries have to play with the cards that have been dealt to them. Great power competition will be one of the defining features of international relations in the years to come. Whether it slows down or escalates, countries in the region have to learn to ride the wave. ASEAN will try to channel competition into more productive areas and warn parties of the dangers of unbridled rivalry, but its members are under no illusion that they can control the dynamic. Hotspots have long been there, but changes in material capacity and willingness to bear more risks are causing ripples. The region's nations will certainly warm to security configurations that can help them improve their defence and deterrent capacity but should remain cautious not to overly antagonise other parties. Signalling and reassurance are important. Trust and confidence-building take time, but they are necessary investments to avoid misunderstanding. Defence dialogues and communication channels between militaries and coastguards are critical in preventing accidents and miscalculation. Diplomacy, high-level and backchannel, should remain paramount. Common challenges like climate change, disaster response, and clean energy transition remain more pressing and provide bases for cooperation. No result is preordained, and all countries, large or small, can contribute to shaping the outcome.

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