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**The Heiligendamm process and emerging powers: More of
the same or genuine global governance innovation?**

Author:	Garth le Pere (Institute for Global Dialogue, South Africa)
Co-Author:	Julia Leininger (German Development Institute) Mario Riestra (Advisor to Vice-Minister of Foreign Affairs, Mexican Ministry of Foreign Affairs) Thomas Fues (German Development Institute)
Address:	German Development Institute, Tulpenfeld 6, 53113 Bonn, Germany
E-mail:	thomas.fues@die-gdi.de

Abstract

The G8 summit in Heiligendamm (June 2007, Germany) has witnessed the introduction of new modalities for interaction with a group of five emerging powers. While Brazil, China, India, Mexico and South Africa (Outreach/O5 or Group of 5/G5) had been invited to summit meetings before, they were, for the first time, offered an institutionalized framework for "structured" dialogue with the leading industrial nations. Heads of state and government of the participating countries (G8+5) took the decision to establish four joint working groups under the overall guidance of their respective sherpas. The topics to be covered in these fora are innovation/intellectual property rights; investment/corporate social responsibility; energy efficiency/climate change; development/Africa. The so called Heiligendamm process will stretch out over a period of two years; preliminary results to be reported to the 2008 summit in Japan, final results at the 2009 meeting in Italy.

This institutional innovation is full of risks and opportunities for all participants. The emerging powers aim for leadership in reshaping global governance and promoting development on the global scale. Since the G5 is a highly heterogeneous group, defining a common agenda is a daunting task. They will be closely watched by other developing countries and, therefore, need to demonstrate tangible progress in North-South relations. If things work out well, the global status of emerging powers would be consolidated. If they fail to advance the development agenda, their legitimacy and standing within the G77 and other developing country blocks like the Non-Aligned Movement and the G20+ (trade) could be seriously undermined.

The industrialized countries, on their side, are motivated by the quest for more legitimacy. They strive for inclusive global governance structures without relinquishing effective control. However, they would risk to antagonize emerging and other developing countries if they are perceived to play tricks without a genuine preparedness for power sharing and meaningful changes in their economic and aid policies. Since choices of these governments are restricted by influential domestic interest groups, the two years scheduled for the Heiligendamm process are very short considering the scope of required policy shifts.

The paper will look at motives and interests of the G8 as well as of emerging powers in launching the Heiligendamm process. It will analyze the position of both country groupings with regard to key global governance challenges and identify converging as well as conflicting development objectives. Power relations, particularly within the G5, will also be examined in this context to get an understanding of the respective capacities in setting the agenda and defining possible solutions. Based on this analysis the paper will try to assess the potential of the Heiligendamm process in generating genuine progress for developing countries in global governance. It will conclude with policy recommendations addressed to G8 and emerging powers on how they could jointly work for development outcomes. The paper will also include conceptual block-building about middle/emerging powers and the use soft power as a new vector of multipolarity and how these are subtly altering traditional norms of balancing.

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Garth le Pere (Institute for Global Dialogue, South Africa), *Julia Leininger* (German Development Institute), *Mario Riestra* (Advisor to Vice-Minister of Foreign Affairs, Mexican Ministry of Foreign Affairs), *Thomas Fues* (German Development Institute)

In recent years, the exclusive club of leading industrialized countries, the Group of 8 (G-8), has suffered from a growing legitimacy crisis, due to its lack of representativeness and effectiveness (Cooper/Kelly 2007; Lesage 2007). Propelled by the economic and political rise of new powers from the global South, such as the „Asian drivers of global change“ (Kaplinsky/Messner 2008), the controversy over the summit architecture has gained new momentum. Present and past leaders of the West such as Britain's Tony Blair and Gordon Brown, French President Nicolas Sarkozy and Canada's former Prime Minister, Paul Martin, have called for formal enlargement of the G-8. Trying to strike a balance between those in favour of inclusion and those defending the status quo, German Chancellor Angela Merkel as host of the 2007 summit decided to launch an innovative outreach effort towards five emerging powers. The so-called Heiligendamm process (HDP) will engage Brazil, China, India, Mexico and South Africa in an institutionalized dialogue on four critical issue areas for a duration of two years.

This paper deals with the implications of the Heiligendamm process for the global governance system. Will the „structured dialogue“ lead to a more inclusive summit set-up and strengthen the position of emerging countries in the international order? Will the G-5 be able to coordinate their positions and wring concessions from industrialized countries which not only benefit themselves but also the developing world in general? Or will the HDP, on the contrary, at the end exacerbate North-South antagonism since it cannot deliver tangible outcomes ?

The paper proceeds as follows: We will first outline background and structure of the Heiligendamm process. The second part will pay special attention to the role of emerging/middle powers in the global system while the third section will look at underlying interest structures of G-8 and G-5 countries and analyze the potential for consensus-building. We will close with some conclusions on the possible contributions of the HDP to a cooperative world order which better caters to the interests of the developing world.

To sum up our conclusions: We see the Heiligendamm process as a legitimate attempt to broaden the institutional basis for informal policy dialogue among old and emerging powers in a situation of global flux. However, the process carries certain risks for all parties involved. The intentions of the G-8 seem, at this stage, highly heterogeneous, contradictory and vague. We do not know yet, if industrialized countries are genuinely interested in an inclusive summit architecture or if they rather see the HDP as an exercise of window-dressing in a covert attempt of preserving global predominance. The G-5 appears similarly undecided what to make of the process, particularly if it fails to deliver tangible progress for the developing world. Continued G-5 interaction with the G-8 will only make sense if this leads to substantive policy shifts by industrialized countries in key global issue areas.

1. Key features of the Heiligendamm process¹

Before we turn to the Heiligendamm process, a few words about the G-8 and its historical background need to be elaborated. The G-6 (precursor to the G-8) was formed in 1975, following a French initiative, with the purpose of coordinating the reactions of major economies to the global recession touched off by the oil crisis and the breakdown of the Bretton Woods system. Canada joined the group one year later. A point of special interest is the inclusion of the then European Economic Community, now the European Union, represented by the president of the European Commission, since 1977. Finally, Russia became a formal member in 1998 after several years of close collaboration. The presidency of the group which rotates annually among member countries sets the annual agenda and hosts the midyear summit attended by heads of state and government.

Each presidency is free to invite guests for brief encounters on the sidelines. Beginning in the year 2000, outreach efforts were addressed mostly to African nations. The involvement of five emerging powers, Brazil, China, India, Mexico and South Africa, began in Gleneagles 2005 where the British presidency initiated the “Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development”. International organizations have also been invited to summits. This process began in 1996 with the presence of the executive heads of the United Nations (UN), the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organization (WTO) a post-summit with the then G-7. Institutions like the African Union, the International Energy Agency (IEA), the World Health Organization (WHO) and the Organization for Economic Co-operation and Development (OECD), amongst others, have also participated on some occasions.

Following a proposal of the German presidency in 2007, G-8 and G-5 leaders agreed to launch the Heiligendamm process, a „structured dialogue“ for a period of two years.² The circumstances of the meeting as well as the genesis of a joint statement are objects of considerable controversy. The G-8 communiqué announcing the HDP was made public one day before the five leaders from the South had joined their counterparts.³ A former leading U.S. development official voices scathing criticism of this approach: „At the 2007 G8 summit in Heiligendamm, Germany repeated the gestures of recent summits of by inviting heads of state of China, India, Brazil, South Africa and Mexico (“the outreach five”) to a session on energy and climate change after the G8 had completed its own discussion, decisions and communiqué on the issue. This is an outrageous practice.“ (Bradford 2008, p. 4) Similarly, the Indian Prime Minister, Manmohan Singh, complained to journalists after the summit that G-5 leaders were not treated as equals. He insisted that consultations and agenda-setting for future meetings would need to be more inclusive to be acceptable to the G-5 (Williamson 2007).

¹This section is partly based on Fues/Leininger (2008)

² See „Joint Statement by the German G8 Presidency and the Heads of State and/or Government of Brazil, China, India, Mexico and South Africa on the occasion of the G8 Summit in Heiligendamm, Germany, 8 June 2007“ <<http://www.indianembassy.de/news/pmvisit3.htm>>

³The summit declaration „Growth and responsibility in the world economy“ was issued on 7 June 2008. The meeting with G-5 leaders took place on 8 June 2007: „At the Heiligendamm Summit we discussed with the leaders of Brazil, China, India, Mexico and South Africa the major challenges that have arisen in the world economy... Building on our discussions, we decided to launch a new form of specific cooperation with major emerging economies in order to discuss substantive topics in a comprehensive follow-up process with the aim of reaching tangible results in two years.“ (summit declaration, p. 36; [http://www.g-8.de/Content/EN/Artikel/_g8-summit/anlagen/2007-06-07-gipfeldokument-wirtschaft-eng](http://www.g-8.de/Content/EN/Artikel/_g8-summit/anlagen/2007-06-07-gipfeldokument-wirtschaft-eng.templateId=raw,property=publicationFile.pdf/2007-06-07-gipfeldokument-wirtschaft-eng))

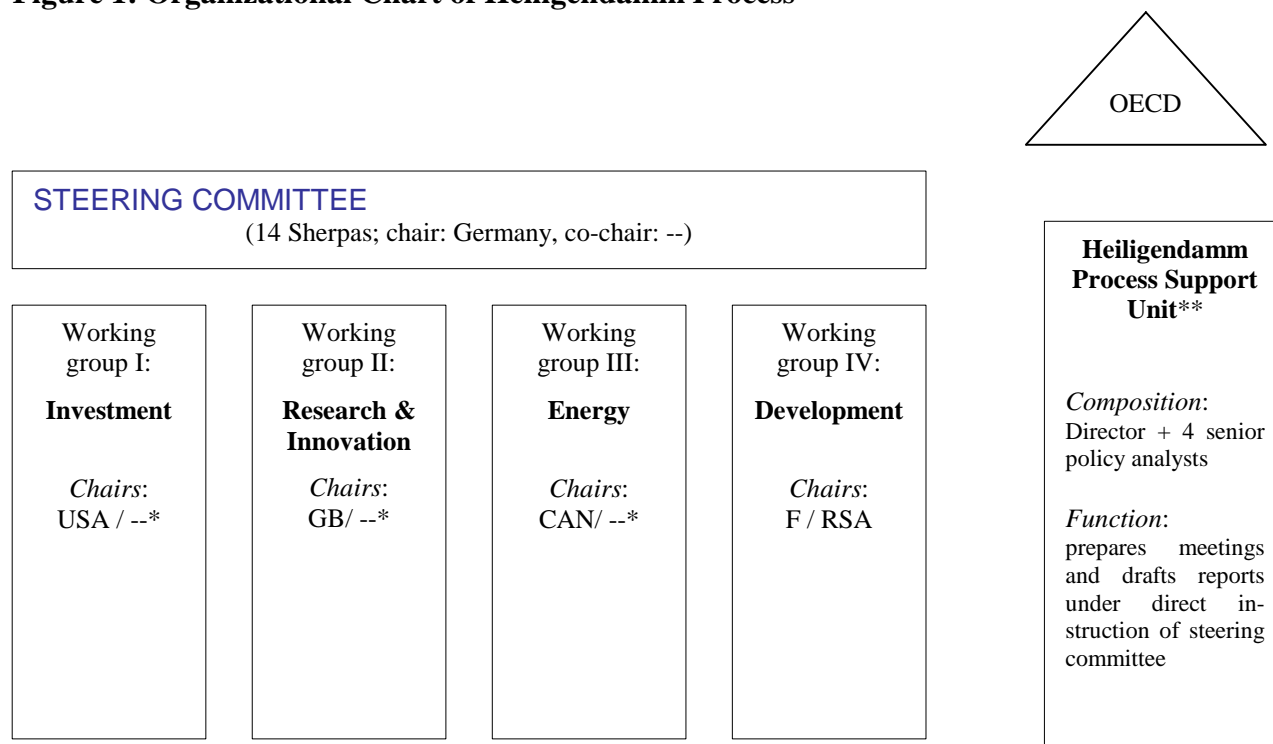
After some negotiations at Heiligendamm, it was decided that HDP would concentrate, in parallel working groups (“pillars”), on four issues of critical importance to participants:

- promoting cross-border investment;
- research and innovation;
- sharing knowledge for energy efficiency;
- development, particularly in Africa.

Overall responsibility for the process rests with the HDP steering committee which is composed of all 14 sherpas (G-8 + G-5 + European Commission). All HDP bodies (except the support office) will have two co-chairs, one from each of the country groupings, to foster joint ownership. Germany will hold the chair of the steering committee beyond its G-8 presidency until the end of June 2008. Then, the Japanese side will take over for the rest of the year to be followed by Italy in 2009. This formula seeks to ensure the commitment to a process which is generally seen as a German concept. The manner in which Japan and Italy will assume responsibility will significantly influence its outcomes. Formally, the HDP is not directly linked to the next summit in Hokkaido, but G-5 countries will, most likely, insist on a leaders' dialogue which, in format and content, reflects their status as equals. If the Japanese presidency fails to provide the appropriate setting for this and does not consult the G-5 in determining the agenda, serious repercussions for the HDP would result. In substantive terms, the G-5 might demand the inclusion of topics ranking high on their priority list, like the development trade round, aid, debt, migration and reform of international institutions.

HDP participants decided to have two high-level meetings (sherpas) per year and at least two meetings of each of the four working groups at director general level. On 21 February 2008, the first meeting of the development group took place. All delegations (with the exception of Brazil) came from capitals and consisted of high-ranking officials. France and South Africa were appointed as co-chairs of the group. The following G-8 members will be in charge of chairing the other groups; United States – investment, United Kingdom – innovation and Canada – energy. The G-5 has not yet taken a final decision regarding co-chairs (see figure 1).

Figure 1: Organizational Chart of Heiligendamm Process



* Co-chairs of G-5 not assigned yet.

** Independent unit at office of OECD Secretary-General

Germany has provided the bulk of financial resources for a small support unit which is attached to the Secretary-General's office at the Organization for Economic Cooperation and Development (OECD); Italy and France have only made symbolic contributions.⁴ The office is not part of regular OECD structures and not linked to its outreach efforts towards emerging powers.⁵ It is headed by a director, the former director of the German sherpa office, and consists of four senior policy analysts plus technical staff. Its function is limited to logistical and organizational support under the guidance of the steering committee. This is the first time, remarkably, that the G-8 has established a joint administrative entity, since secretarial functions are routinely administered by the respective presidency.

At the first session of the steering committee on 17 October 2007 in Berlin, participants agreed on key issues regarding structure, procedures and time-frame for the process. Sherpas also began discussions on a "concept paper" which was meant to define the agenda of the working groups. By the end of 2007, no consensus had been reached on this document. While Germany and Mexico as representatives of their respective county grouping were able to arrive at a comprehensive agreement, some members of the G-5 apparently objected to certain phrasing, reportedly on corporate social responsibility and the Paris Declaration on aid effectiveness. Nevertheless, nearly all sections of the draft are accepted by all parties and, for

⁴Normally, the positions created within the OECD are reserved for nationals of the thirty members but in the case of the support unit, the recruitment is open for professionals from all G-5 countries.

⁵Mexico is the only country within the G-5 that is a member of the OECD. The current Secretary-General of the organization, José Ángel Gurría, is a Mexican national and former Minister of Foreign Affairs and Finances of that country.

now, serve as pragmatic starting point for the working groups. If the dialogue advances in a constructive manner, the concept paper might lose practical importance altogether.

There appears to be a general consensus among participating countries, that the HDP is an informal, open-ended political dialogue, not a negotiating forum which would generate binding decisions. Since there is no pre-defined substantive outcome, trust-building and mutual understanding can be characterized as main objectives, at least from the perspective of industrialized countries. G-5 countries may be more interested in tangible results to justify their involvement towards the developing world. The HDP is understood by all participants as an approach complementary to existing multilateral and regional fora.

There are opportunities and risks associated with the HDP. It may act as a stimulus to break the stalemate in global negotiations. e.g. on trade and environmental issues. The constructive role of emerging powers played in the Bali climate negotiations (December 2007) could be interpreted as an early fruit of deepened interaction with the G-8. The G-8 could benefit from increased legitimacy and effectiveness while the G-5 may enjoy the enhanced international status. The weaknesses of the process, however, are also evident. The extension of informal club governance may undermine the universal structures of the United Nations and amplify the trend towards a new constellation of great powers (Drezner 2007). If the HDP fails to produce tangible results not just for themselves but for developing countries in general, emerging powers may withdraw and North-South polarization could deepen.

2. The role of emerging/middle powers in global politics

The emergence of the G-5 and their interface with the G-8 invites a reflection on their role as middle or emerging powers in international relations.⁶ Middle powers have become significant role players since new systemic and power realities bind countries together, as never before, as overlapping ‘communities of fate’ in a world paradoxically characterised by persistent conflict as well as centrifugal effects associated with inequality, endemic poverty and growing insecurity. The dialectic between globalisation and interdependence has created cross-border and global problems that require greater cooperation and joint problem-solving on the basis of new forms of global governance that are beyond the capacities of a single nation state. In a normative sense, crises and turbulence in a mercurial global system now demand a common vision based on values of solidarity, social justice, and responsibility such that an appropriate milieu is established in which states can cooperate more intensively. The G-5 thus represents a species of countries which have contributed to the passing of the ‘Westphalian moment’ where the transcendent interests of global order and stability, and the welfare and fate of mankind pose new imperatives for ethical conduct by states and new challenges for their sovereignty (Brown 2001).

Thus middle powers and their emergence test some of the realist core assumptions about the nature of world politics, namely, that international relations are necessarily conflictual and that norms, rules and principles are meaningless (Melakopides 1990). By promoting internationalism, middle powers such as the G-5 show that the realist logic that underpins the contemporary state system might be dominant but it is not immutable. As has been argued, middle powers function “...within a relational dynamic that is essentially derived from a materialist account of states and power set within the framework of the international system

⁶ There are some differences in terminology but they all converge around the same meaning. Thus countries such as the G-5 are often referred to as ‘regional powers’; others have used the categories of ‘intermediate states’, ‘emerging economies’, and ‘would-be great powers’ (Flemes 2007).

as a whole. From this perspective middle powers are understood to be committed multilateralists as a means of overcoming their material deficiencies in terms of structural power.” (Alden/Vieira 2005, p. 1078).

The conduct and behaviour of middle powers derive their *raison d’etre* from the ethical underpinnings of interdependence and by virtue of this, they are subtly changing the basic patterns of world politics, but most importantly the practice of statecraft that has defined relations between developed and developing countries over the last five decades or so. The G-5 represent a newly emerging constellation of power that is shaped by, among others, their rise in the global economy, the rapid and sustained growth of their economies and populations and the dominant roles they have come to play in their respective geographic neighbourhoods. (China and India could be distinguished as ‘middle powers-plus’ because of their nuclear and military capability with a regional and, potentially, global reach.) What they do have in common is that middle powers have come to be seen as drivers of global change in the sense that they have become ‘catalysts’ for promoting global concerns, ‘facilitators’ in building coalitions, ‘managers’ within their regions for adhering to norms and rules, ‘good international citizens’ for upholding the legitimacy of multilateral institutions and improving cooperation, and ‘niche diplomats’ in advancing certain global and regional causes. While it is argued that “[m]iddle powers by themselves are unlikely to have overwhelming influence on the international stage,” (Flemes 2005, p. 11) it is these attributes that add to their collective weight in international settings and which contribute to a shared belief “...in their entitlement to a more influential role in world affairs.” (Hurrell 2006, p. 2).

Together they evince hope for a de facto multipolarity and a renewed systemic order, mindful of course that the US will remain a dominant player in the institutional and multilateral matrices constructed since the end of the Second World War (Ikenberry 2004). The cause for hope and renewal is based on the tectonic shifts in the global governance complex and the dramatic changes that have taken place in the nature and character of world politics. To name but a few, new international institutions and regimes have emerged; the scope, range and substance of international rules and norms have been broadened considerably; new approaches to global governance invite wider participation and pluralism; and almost a decade of UN summitry has introduced compacts, conventions and agreements that involve a greater number of countries in shaping the future of the global commons. All these developments have been consequential in contributing to a denser network of actors, institutions, transnational relations, exchanges and communication, and formal and informal regimes which all intersect in one way or another in addressing major threats to world order, which are essentially humanitarian, environmental and economic. This systemic logic has exerted a powerful gravitational pull which does not even exempt rich and powerful countries; if anything, they have become more enmeshed in the interdependent fabric of international relations (Rosenau 2000). In other words, “a new *raison de systeme* is developing that will alter and ultimately displace old-fashioned notions of *raison d’etat*.” (Hurrell 2006, P. 6). This conjures a Kantian image where there is a progressive diffusion of liberal values as interests converge, rules are observed, and countries become more integrated in a common global agenda as is the case with climate change, trade liberalisation and nuclear proliferation (Held 1999). This is the conceptual context then that will determine the success or otherwise of the G-5’s engagement with the G-8 but importantly, we must be mindful that the central claims of realism will continue to hold powerful sway, especially as far as the continuities of conflict and tension as well as power-political competition are concerned.

Middle powers and soft power

These considerations now bring us the questions of power. In doing so, we have to start with the question of ontology and contest the realist notion that relies on an anarchic system consisting of territorial states in which they must be self-reliant in generating and maintaining the conditions for their survival and well-being. The uncertainties and insecurities that result from this Hobbesian framing is that world politics is a natural setting for conflict and that competition is a characteristic mode of interaction (Bull 1977). The touchstone of realist thinking is that power is “the final arbiter of things political” (Gilpin 1984, p. 290) and this helps to explain the perpetual quest for power by states in a zero-sum contest. In realist thinking, the preoccupation with wealth and power is above all a rational response to the cold realities of international relations.

By contrast, the shifting nature of contemporary global politics suggests a different ontology that is based on defining new political spaces in which states and societies are locked into interdependent processes of integration and fragmentation but are also subject to localisation and fission with respect to political forms, identities, economics, war, technology, the environment, climate change, poverty, collective norms and so on (Ferguson/Mansbach 2002). There is also greater mutual vulnerability that stems from intractable inequalities in global wealth. In GDP terms, some 54 countries were poorer in 2003 than in 1990 (and 20 of these were in sub-Saharan Africa). Other illuminating figures include: between 1988 and 2000, the world’s poorest 5 per cent lost almost a quarter of their real income and, for the same period, the top 5 per cent gained 12 per cent of theirs; for every US\$100 in world exports, \$97 goes to high- and middle-income countries and only \$3 to low income countries; if Africa, East Asia and Latin America were to increase their exports by just 1 per cent, it could lift 130 million people out of poverty; and a 1 per cent increase of Africa’s share of world trade would generate US\$70 billion or five times what the continent has received in aid and debt relief over the last five years (World Bank 2004, pp. 15-17).

Financial crises have also highlighted the extent to which volatility associated with global capital markets can compound the problem of inequality among developing countries. For example, high inflows of capital generate inflationary pressures and damage labour-intensive agriculture and manufactured exports, especially but not only under fixed exchange rates. In Asia and Latin America and large parts of sub-Saharan Africa, Gini coefficients of inequality increased during the good years of high capital inflows in the 1990s. In these regions, the poor gained less and were often the first-line victims when things went badly with cyclical downturns. In Asia especially, this is when capital fled, and high interest rates were imposed as countries sought to protect their currencies, thereby hurting small businesses and reducing employment in general (Soederberg 2002).

The new security doctrines of the US after September 11 and the rush to war in Iraq in 2003 gave priority to a narrow security agenda, defined by unilateralism and pre-emptive war. This agenda contradicts and in many ways is hostile to the core tenets, norms, and institutions that have been developed in international relations since 1945. It casts aside respect for open political negotiations and heralds an intensification rather than an amelioration of adversarial conflicts and tensions (Cox 2007). As a consequence the systemic machinery of the multilateral order has become weaker, with serious deficits. In particular, the value of the UN system has been called into question and there has been a clamour for reform of the Security Council. The future of the EU is also highly uncertain and, in the midst of its expansion in membership, there is a deep sense of unease in Brussels about what will happen over the next decade, especially in view of an ageing population, changing demography and indeed,

whether the European social model can survive in its present form. The WTO faces its own existential crisis because of the de facto collapse of the Doha Development Round, while the G-8 seems less capable of delivering on its pledges with regard to trade, aid, and debt relief to African countries. And in trying to craft a new financial architecture, the roles of the World Bank and IMF are increasingly coming under scrutiny, amid pressures for their reform and restructuring. There are calls, mostly from developing countries in the Bretton Woods Institutions, for more participatory and prudential management of global imbalances, capital flows, development finance, and poverty reduction (Kaplinsky 2005).

It is at this juncture of globalization that the G-5 countries are having a marked effect on global markets and traditional balances of power. The United States remains the preponderant and unrivalled superpower, with a military reach and resource base that is unprecedented in history (Brooks/Wohlforth 2002). As a consequence, there is no country or alignment of countries which has the capability to provide an axis of 'hard balancing' to check the power of the US; but what has emerged is a countervailing power dynamic in the form of 'soft balancing' (Paul 2004). Soft balancing in turn depends on the ability of countries to deploy 'soft power' whose logic is based on their ability to attract others to their particular points of view, which are perceived as being legitimate and credible. The power of attraction and values are important characteristics of the soft power spectrum and arises from the attractiveness of a country or group of countries' culture, political ideals and policies. Essential hallmarks of soft power and soft balancing are agenda setting, compromise and consensus, especially as far as codifying international norms and institutions of governance is concerned (Nye 2004). To be effective soft power and soft balancing must recognise that the strategic environment is influenced by globalization and as such a multidimensional approach is needed in the distribution and application of power. Such an approach becomes very relevant in the pursuit of common interests, especially as these relate to economic matters, domestic incentives, security, prosperity, and global governance. Since developing countries singly or collectively lack the hard power resources, resort to soft balancing on the basis of building multipolar alliances and 'like-minded' coalitions becomes an important strategic intervention in subtly changing power dynamics (Pape 2005).

All countries in the G-5 maintain strong linkages with the United States and depend on its public goods. None have the wherewithal to challenge US power with military means; indeed, "soft balancing does not directly challenge US military preponderance." (Flemes 2007, p. 14) Yet with 42 per cent of the world's population and 11 per cent of global GDP, and with China adding greater buoyancy, the group is well placed to significantly expand its capacity to influence the contours of world politics through soft balancing. This will enable the G-5 as middle and emerging powers, to challenge the current international hierarchy, to provide global public goods in their own right, to become power poles in an evolving multipolar system, to improve the modalities and outcomes of global governance as well as to significantly expand their own foreign policy options.

3. Interests and objectives of participating countries

3.1 Convergence and divergence within the G-5

At the invitation of Mexico, G-5 countries had met the evening before the Heiligendamm summit in Berlin to formulate a joint position paper vis-à-vis the G-8.⁷ In this, they laid out

⁷ „Joint Position Paper of Brazil, China, India, Mexico and South Africa participating in the G8 Heiligendamm Summit, 7 June 2007“ <<http://www.indianembassy.de/news/pmvisit4.htm>>

their agenda for desired changes in global governance structures (like strengthening voice and participation of developing countries in the international financial institutions) and specific policy areas such as trade, technology transfer, development cooperation and migration. While the G-5 paper demonstrates some convergence with G-8 positions, e.g. on the commitment to joint global problem-solving, the overall orientation of emerging powers strongly diverges from the policy framework of industrialized countries.

G-5 countries have expressed the need for new modalities of policy coordination in order to be better prepared for the dialogue with the G-8. They have managed to present a common front even though they do not always share the same interests. Mexico has been charged to act as a coordinator and spokesman of the group vis-à-vis the G-8. The G-5 wants to leave the reactive position and become a pro-active player in the international arena (Varadarajan 2007). While there are some indications of this, like the meeting of foreign ministers on the sidelines of the opening of the UN General Assembly in September 2007, the proposal of Brazil to constitute the G-5 as a formal body has not yet materialized (Bidwai 2007; Myatt et al. 2007, p. 9). The Indian Prime Minister, among other G-5 leaders, seems to be highly sceptical since the country does not want to appear disloyal to its traditional Southern alliances such as the G20 in the WTO context (Bagchi 2007). However, formalized G-5 interaction is progressing, like the sherpa meeting in April 2008 in China.

The G-5 can be said to be pursuing the advancement of stronger norms of cooperation on the basis of good international citizenship and through the impulses provided by the use of 'soft' negotiating power and authority. There are several parameters that help to define good international citizenship: firstly, the expanding agenda of global problems is such that no country can provide solutions on its own, be it in the areas of terrorism, disease, organised crime, climate change, environmental degradation or nuclear proliferation; secondly, the magnitude of these challenges demand international cooperation, legitimised through multilateral organisations and international regimes; thirdly, rules are important for enhancing cooperation and encouraging moderation where unmitigated struggles for power might otherwise be the order of the day; fourthly, good international citizenship is not about doing good per se but is "an exercise in enlightened self-interest; an expression of idealistic pragmatism," (Wheeler/Dunne 1998, p. 854) which ultimately serves the national interest; fifthly, promoting the general welfare of mankind and stability in global order are seen as inherent virtues of being a good global citizen and where there is also a national interest symbiosis. Thus, "good international citizens should endeavour to uphold universal standards of acceptable behaviour," (Geldenhuis 2006, p. 96) in a manner that they become 'entrepreneurs' in upholding, advocating, and formulating certain norms. In essence, good international citizenship entails openly confronting the vagaries of international relations and its Darwinian character and often staking out a high moral ground that could be tantamount to advancing agendas and charters that are counter hegemonic.

The G-5 and the HDP emerge at a time when power fluidities and the waning verities of a realist order in the international system make possible a wider political and strategic space to act as international citizens. This provides a useful context to examine the anatomy of the G-5 in terms of the countries that constitute it. Most importantly, India, Brazil and South Africa make up the IBSA group, which in itself makes for an interesting dynamic in how the G-5 will harmonise its positions vis-à-vis the G-8. The IBSA Dialogue Forum (also referred to as the Trilateral Forum) was launched on 6 June 2003 at a meeting of the Foreign Ministers of the three countries in Brasilia, the capital of Brazil. The primary motivation of the meeting was to put in place an institutional mechanism and diplomatic vehicle for triangular cooperation that would not only improve relations among the partners across a range of

dimensions but also serve as a platform for advancing South-South cooperation and solidarity (Alden/Vieira 2005). A Joint Trilateral Commission was set up to drive an ambitious agenda based on carefully defined principles of cooperation that covered technical, social and economic elements, including a focus on poverty alleviation, sustainable human development, service delivery and employment creation. But there would also be a strong focus on strategic areas of international relations, where the countries acting in concert, could become fulcrum points for a targeted reform agenda. Key themes include promoting the letter and spirit of international law, advancing trade equity in the WTO and reform of the UN Security Council and Bretton Woods Institutions.

In addition to the annual forums of foreign ministers, several trilateral sectoral ministerial meetings have taken place involving ministers concerned with defence and security, science and technology, health, energy, and transport. This has led to the establishment of trilateral working groups with an expanded sectoral focus on agriculture, culture, defence, education, energy, health, information society, trade and investment, social issues, science and technology, tourism and transportation. One of the most significant developments in the life of IBSA was the first summit of heads of state in Brasilia in September 2006 attended by Presidents Lula and Mbeki and Prime Minister Manmohan Singh. This was followed by another high-level summit of heads of state in Pretoria in October 2007.

Together the three countries have a total population of 1,2 billion people and a combined GDP of about US\$1,1 trillion. Moreover, they are democracies, middle powers and emerging markets. India is regarded as an established democracy and Brazil and South Africa as consolidating democracies. However, they suffer from high levels of inequality and poverty. Although poverty is much more endemic in India, South Africa and Brazil have some of the highest levels of inequality, with Gini coefficients of close to 60, compared to 33 for India. They are subject to great social pressures such as rapid urbanisation, the HIV/Aids pandemic, informal settlements, and high levels of crime and violence (Dupas 2006). IBSA's current and limited membership represents the economic and political dominance of the three countries in their respective regions. This leadership position gives the three countries an anchoring and pivotal role in providing a new centre of gravity for a different type of South-South engagement devoted to a more progressive global agenda, deepened trilateral relations, and improved inter-regional cooperation. The aim is to multiply three way trade from its current US\$4,6 billion to US\$15 billion by 2010.

In the case of South Africa, since 1994, there has been an avowed commitment to locating the country's interests and foreign policy thrust squarely in Africa and the global South. The promotion of North-South dialogue is also an important goal. In the broad spectrum of issues that animate South-South relations, South Africa has recognised the Asian region for its growing geo-strategic and economic importance, and has sought to develop and strengthen political and economic relations with Latin America and the Caribbean. In terms of its own pragmatic-idealist outlook, South Africa has been mindful of the need to advance an activist agenda that would address growing asymmetries and changing post-Cold War dynamics in international relations but there was also the challenge to address the conceptual limitations of an ineffective and desultory South axis. Indeed, when he was still deputy president, Thabo Mbeki already articulated the idea of a 'G-8 of the South' that would craft a more coordinated approach to the imperatives of globalization but that would critically extract abiding commitments from the G-8 on key issues of concern to developing countries, including trade reform, debt relief, and improved aid and development support (Alden/le Pere 2003).

The formation of IBSA flows from strong bilateral relations that South Africa established with India and Brazil since its own democratic transition in 1994. The formal Bi-National Commissions (BNCs) are the anvils on which the establishment of IBSA have been forged and in the triangular relationship, South Africa has emerged as playing a pivotal role. The South Africa-Brazil BNC was established in 2000 and the South Africa-India BNC in 1995. In turn, India and Brazil have reached a strategic bi-national agreement in mid-2006. Not surprisingly, the agendas of IBSA have been influenced by the thematic issues of the BNCs and agreements but have been broadened to address a matrix of international concerns. IBSA has thus expressed itself on 'new threats to security' and this includes terrorism, transnational organized crime, the HIV/Aids pandemic, natural disasters, nuclear proliferation, the transit of toxic chemicals and radioactive waste. There is a commitment to vigorously combat poverty and disease in the three countries by promoting sustainable development. The countries are seeking to promote scientific and technological research, and development in biotechnology, information technology and renewable energy. They encourage adherence to the Kyoto Protocol as an instrument for dealing with atmospheric warming and greenhouse emissions; and they are committed to cooperation in trade diplomacy, especially as this affects the goals of the Doha programme.

IBSA is thus indicative of a new post-Cold War order that is trying to come to terms with a changing and more complex global environment and where multi-polarity holds out new promise for a restructured world order. While still open and contingent as far as changing real balances of power are concerned, we must also factor in China's rise which has been accompanied by that of India and Russia, together with a host of other consequential developing countries that are anchored in regional and sub-regional economic communities. These countries also pursue an active multilateralism through inter-regional and transnational South-based frameworks such as the G77+China, the G-20 in the WTO and the Non-aligned Movement whose declaratory diplomacy has elevated the voice of heretofore marginalised countries in global forums. There is also the expanding China-Russia led Shanghai Cooperation Organization which now includes India, Iran, Mongolia and Pakistan.

India, Brazil and South Africa realise the challenge of ensuring that there are concrete results that flow from their cooperative endeavour. This rationale is again based on a less than encouraging track record of South-South initiatives. The impetus behind IBSA is to work towards demonstrable results. This is grounded by the significant political affinities, strong commitment to the process and mutual confidence that have been developed and which exists among the countries' leadership (Alden/Vieira 2005). Delivery, structure and strategic direction become important organizational principles. The mode of operation is defined by close coordination, sharing of experiences and expertise, joint piloting and evaluation of projects, and developing a dedicated cadre of professionals to administer the process.⁸

The current dynamics in IBSA are relevant insofar as how these might refract and impact on the G-5. The IBSA relationship draws from a large reservoir of political will to make it succeed but there are challenges which relate to the respective roles and interests of the countries. India brings the most multilateral experience and has placed great emphasis on IBSA's functional coherence and ability to deliver tangible results. Indeed, it was India which suggested the involvement of business which has resulted in the formation of an IBSA Business Forum (Alden/Vieira 2005). Brazil emphasizes the potential for IBSA to become an incubator for a rejuvenated South and its President Lula has travelled extensively among developing countries to make the case for a new approach to South-South cooperation (De

⁸ Tswane IBSA Summit Declaration, 17 October 2007.

Lima/Hirst 2006). South Africa, the smallest of the three, provides the political linkages among strategic countries of the South and North. Its role as anchor will be critical to the future of the IBSA alliance, especially in acting as a bridge between current and future members and facilitating dialogue with external partners (Dupas 2006). For example, both Russia and China have expressed an interest in joining IBSA. This poses a problem because of the different bilateral chemistry that exists between IBSA and these countries. While China might be keen, India might be less inclined because of its growing competitive rivalry with China, several unresolved bilateral issues and historical boundary tensions, compounded by the fact that China is not a democracy and has a questionable human rights record. Brazil and South Africa both enjoy close ties with China, and South Africa is the only country in the whole of Africa that has a BNC with China. Both Presidents Lula and Mbeki have made state visits to China in May 2004 and November 2006, respectively. For them China would add strategic weight, would be a tactical asset and would raise the profile and amplify the impact of the alliance, especially as far as IBSA's global agenda and emphasis on South-South cooperation is concerned. While India would welcome the inclusion of Russia based on its close historical ties and the strategic partnership signed in 2000, South Africa and Brazil might not share this enthusiasm since their relations with Russia are at an embryonic stage and there might be legitimate concerns about Russia's pedigree and credentials as a partner of the South.⁹

In the G-5 and at first blush, it would seem that the presence of Mexico could be a dilemma in terms of a broader strategic calculus. Mexico has historically been locked into the American sphere of influence and as such, has had a somewhat schizoid and ambivalent relationship with its neighbours and generally, with developing countries depending, of course, on the regime in power. Under President Vicente Fox, however, it would appear that Mexico's foreign policy leanings have become distinctly more internationalist, witness his participation at the Gleneagles meeting of the G-8 in July 2005, where Mexico joined Brazil, China, India, and South Africa as part of a developing country axis. Mexico has also come to play an important role in trade matters both in its near abroad as well as in the WTO. It has helped to strengthen Latin American forums for political consultation and cooperation, such as the Rio group and has provided momentum in sub-regional initiatives such as the Tuxtla Mechanism and the Puebla-Panama Plan which, with Mexico, incorporates countries of Central America and the Caribbean. Its international credentials and credibility have been further enhanced by a Partnership Treaty with the EU, its participation in APEC, and a growing trade engagement with the economic powers of the Asia-Pacific. Of all countries in Africa, Mexico has close relations with South Africa. In 2001, the countries put into operation the Mechanism for Consultations on Issues of Mutual Interest as a means of promoting greater collaboration in social development, education, science and technology, air and maritime transportation, agriculture and tourism. In addition Mexico is also a member of the OECD club of industrialized countries, while South Africa enjoys 'enhanced engagement' as a precursor to full membership.

There is more that binds the G-5 in this common HDP enterprise than divides them. Fundamentally, they share the normative constructs that constitute the bedrock of multilateralism and global governance. This embedded DNA makes for a genetic code of shared values, ideas, and principles. The institutionalized IBSA platform certainly provides useful synergies but the two year experience as members of the G-5 should positively assist

⁹ The following are relevant and appear in the same issue of *International Affairs*, 82:1, January 2006: S Neil Macfarlane, "The 'R' in BRICS: is Russia and emerging power?" 41-57; Amrita Narlikar, "Peculiar chauvinism or strategic calculation? Explaining the negotiating strategy of a rising India" 59-76; and Rosemary Foot, "Chinese strategies in a US-hegemonic global order: accommodating and hedging," 77-94.

mutual learning and the building of trust and confidence that will be salutary for cooperation at other levels and global forums. The big challenge though is to ensure that the societies of the G-5 become part of the discourse and that tangible results flow in the four areas that define the G-5 and G-8 interface. Societal acceptance and building norms of social citizenship across these countries with very diverse political cultures will be a test. Mechanisms must be created for developing what Habermas (1998) called 'elective affinity' which encourage the emergence of groups outside the circles of government and elites so far involved in the HDP. Thus professional bodies, social policy experts, voices from civil society and so on must become an alternate epistemic community in order to enrich the dialogue but also to act as a critical sounding board. The legitimacy of the HDP could be significantly enhanced by making it more participatory, inclusive, accessible and open.

3.2 Interests and objectives of the G-8

While all members have agreed to the HDP, the G-8 is divided on the medium-term prospects for the summit architecture. Leaders from Britain and France advocate formal enlargement to a G-13. Although Russia has not taken a clear position in the current debate, it has promoted formal G8 enlargement before. President Putin has called for India's formal inclusion into the summit architecture and also supported official membership status of China and Brazil after the Russian summit of 2006. The U.S. and Japan clearly favor the status quo. Accordingly, attitudes towards the HDP among G-8 countries vary. The reformist camp hopes to translate progress through institutionalized dialogue into formal membership whereas the status quo group wants to prevent exactly this dynamic. The division within the G-8 could create serious problems for the HDP. This may already show at the 2008 summit in Japan. To balance the exclusive focus on the five Heiligendamm countries, Japan has decided to also invite Australia, Indonesia and South Korea. This may be interpreted as an unfriendly act by the G-5 and negatively affect their commitment to the HDP. No matter how they stand on formal enlargement, G-8 leaders seem not prepared, at this point in time, to entertain the idea of a genuine overhaul of the global governance architecture. Instead, they apparently wish to integrate emerging powers into the existing framework of multilateral institutions which reflects Western dominance.

3.3 Outlook

It is obvious that the HDP is a highly ambivalent exercise for all participants. While there are areas of converging interests, contradictions between the G-8 and G-5 seem to dominate. By comparing the G-5 position paper with the joint declaration of the German G-8 presidency and the G-5, Riestra (2007) has provided an in-depth analysis of the compromise reached by the two country groupings. The G-5 paper emphasizes technology transfer and pays less attention to the protection of innovation and intellectual property rights while development ranks high in both documents. The investment and energy issues are strongly emphasized in the G-8/G-5 declaration but assume a rather modest role in the G-5 paper. Three major issues of importance to the G-5 are excluded altogether from the HDP agenda: reform of global governance institutions, international trade and migration.

The biggest mistake the G-8 could make is taking G-5 interest in continued interaction for granted without reflecting on their specific perspectives and expectations. The Heiligendamm Process can only bring about progress if it operates as a dialogue of equals where both sides are ready to search for new modalities and new substantive ground in cooperative

multilateralism. It is not clear yet if G-8 diplomacy has fully understood the challenges this represents.

The HDP comes at a critical juncture of global politics. Emerging powers are challenging the traditional positions of Western countries in the international order. Deepening political interaction with industrialized countries is only one of several options which they can pursue. South-South cooperation, as in IBSA, and regional integration, e.g. through the East Asia Summit or Mercosur, are gaining increasing attention. There may be only a small window of opportunity for reform of the summit architecture before middle/emerging powers from the South seize alternative strategic opportunities. The Heiligendamm Process must deliver tangible benefits for the developing world if the G-8 is to remain an attractive counterpart of dialogue and policy coordination in the eyes of the G-5. What are the prospects for success until the summit of 2009? A fundamental divergence between G-8 and G-5 exists in different notions of legitimacy each side associates with the HDP. While industrialized countries stress input legitimacy in keeping the process fluid and open-ended, the G-5 are mainly interested in output legitimacy, i.e. concrete results which would require significant policy shifts of the G-8 in areas such as trade, financing for development, international labour mobility or voting rights in international financial institutions. While this may seem highly unlikely in the immediate future, it is still too early to predict the final outcome of the HDP.

The HDP has high potential for fostering political dialogue between the G8 and G5 through trust-building in an atmosphere of informality. This is especially important since the international debate is more and more shaped by stereotypes which incite popular anxieties and aggravate rivalry between old and emerging powers. Hence, one of HDP's major merit could be to reduce destructive tensions in the global system and open up avenues of cooperative multilateralism with a clear focus on pressing global problems. The issue of summit reform will, however, need a new concerted effort after the HDP comes to an end in 2009. Any modification of the summit architecture must recognize the paramount importance of the United Nations as universal cornerstone of fair and effective multilateralism. Europe is faced with a special challenge in the quest for equitable global governance. It must relinquish out-dated positions of power in the international system and accept a relative decline of formal representation. If member states of the European Union could agree on reduced voting rights and collective representation of interests, e.g. in the executive boards of the International Monetary Fund and the World Bank, their influence might still be maintained. A move towards the G-5 of particular symbolic value would concern the top positions at IMF and World Bank. The G-8 could symbolically demonstrate their readiness for new forms of power sharing by accepting suitable candidates from the global South for IMF and World Bank.

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