3. US China Meeting – International Relations

The summit between the U.S. and China in Busan, South Korea ended with several outcomes for bilateral ties between the two countries

Major Outcomes of the U.S.–China Summit

Reduction in U.S. Tariffs on China - The U.S. has reduced its average tariffs on Chinese imports to 47%, signaling a tentative thaw in their trade tensions. This marks a shift from the trade war era, where tariffs had peaked as both sides imposed heavy duties on each other's goods.

India's Tariffs Now the Highest Among Peers - Following this revision, India (along with Brazil) now faces the highest average tariff rate of 50% on its exports to the U.S., reducing its trade competitiveness vis-à-vis China.

Rare Earth Mineral Supply Commitment - China has agreed to continue exporting rare earth minerals — critical for industries like electronics, green technologies, and defense — under a one-year global supply assurance. This temporarily averts a potential global supply chain disruption.

Significance of the Summit

Emergence of a "G-2" Narrative - The U.S. President publicly referred to the meeting as the "G-2", drawing a parallel with groupings like G-20 and G-7, implying a bilateral leadership model where Washington and Beijing act as primary global decision-makers.

Symbolic Recognition of China's Power - This terminology reflects a symbolic acknowledgement of China's co-equal power status by the U.S. — a major diplomatic win for Beijing, which has long sought such recognition.

A Rare U.S. Gesture - No U.S. President in recent history has openly referred to China in such partnership terms, making this a notable departure from traditional containment-oriented rhetoric.

Background of the G-2 Concept

Origins (2009) - The G-2 concept was initially floated during the 2009 Obama–Hu Jintao Summit, when cooperation on climate change, trade, and nuclear non-proliferation was seen as vital for global governance.

Decline of the Concept - As U.S.–China tensions escalated — particularly over South China Sea militarization, technology theft, and trade imbalances — the idea was abandoned by 2011.

Current Revival Context - The reappearance of the "G-2" terminology in 2025 signals a temporary pragmatic engagement, rather than a return to true strategic partnership, as both sides face economic pressures and global instability.

Stance of the U.S. President

Accommodative Posture - The President's softened tone and willingness to engage reflect realpolitik pragmatism — recognizing that complete decoupling from China is neither feasible nor beneficial.

Strategic Limitation - It also reveals the limitations of U.S. unilateral power, given China's dominant role in global manufacturing, rare earth supply, and its influence across the developing world through the

Belt and Road Initiative (BRI).

Delay on Rare Earth Restrictions

Temporary Relief - The U.S. successfully negotiated a delay in China's restrictions on rare earth exports, which had been a significant threat to Western industries.

Strategic Leverage of China - China controls about 60–70% of global rare earth mining and nearly 90% of refining capacity, giving it a near-monopoly on materials vital for semiconductors, electric vehicles, and military hardware.

Implications for Global Industry - Any restriction would have crippled manufacturing chains across sectors — from defense to consumer electronics — hence the strategic significance of this temporary concession.

Rare Earth Metals - Strategic Importance

Definition and Composition - Rare earths are a group of 17 metallic elements (including neodymium, dysprosium, and terbium), crucial for producing high-performance magnets, batteries, and optical

devices.
Dual-Use Nature - They are indispensable in both civilian technologies (smartphones, wind turbines, EVs) and defense applications (jet engines, missile guidance systems).
China's Leverage - China's dominance in rare earths provides it with a strategic economic and geopolitical tool, similar to how oil was used as leverage by OPEC nations in the past.

Implications for India

1. Economic and Trade Dimensions
Loss of Relative Competitiveness - With China's tariffs lowered, Indian exporters now face a disadvantage in U.S. markets, particularly in textiles, pharmaceuticals, and engineering goods.
Pressure on Trade Negotiations - This development could accelerate India's efforts to finalize a bilateral trade agreement or narrow preferential trade pact with the U.S.
2. Strategic and Diplomatic Concerns
Erosion of Quad's Centrality - A U.S.–China rapprochement weakens the Quad's strategic purpose, as Washington may prefer direct bilateral coordination with Beijing on Indo-Pacific and global issues.
Challenge to India's Multipolar Vision - India advocates for a multipolar world order; a G-2 framework represents a return to bipolarity, marginalizing middle powers like India.
Risk of Spheres of Influence - A G-2 understanding could divide global governance into U.S. and Chinese spheres, diminishing India's independent agency in Asia and beyond.

Way Ahead for India

1. Reaffirm Strategic Autonomy - India must reassert its doctrine of strategic autonomy, ensuring it remains non-aligned but deeply networked in partnerships serving its interests.
2. Deepen Engagement with the U.S. - Focus on defense cooperation, critical technologies, supply chain resilience, and maritime domain awareness under the Indo-Pacific framework. Strengthen investment and market access channels to balance tariff disadvantages.
3. Pragmatic Engagement with China - Maintain dialogue with China in multilateral economic forums (like BRICS, SCO, and RCEP frameworks). Explore cooperation in climate action, infrastructure development, and trade facilitation where interests overlap.
4. Broaden Strategic Partnerships - Enhance cooperation with Japan, Australia, South Korea, ASEAN, the EU, and France. Build coalitions on digital economy, resilient supply chains, and climate finance to diversify India's external partnerships.
5. Strengthen Domestic Competitiveness - Prioritize reforms to enhance manufacturing productivity, ease of doing business, and innovation ecosystems. Invest in rare earth mineral exploration, semiconductor fabrication, and green technology to reduce dependency on imports.

Conclusion

The revival of the "G-2" rhetoric underscores an evolving U.S.–China understanding driven by mutual pragmatism amid global uncertainty. For India, this development serves as both a strategic warning and an opportunity — to reinforce its economic self-reliance, deepen multi-aligned diplomacy, and emerge as a credible third pole in a shifting global order.
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