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## 2023 G20 SUMMIT AND ITS OUTCOMES IMPLICATIONS FOR PAKISTAN

### Issue

The 2023 G20 Leaders' Summit took place in New Delhi from September 9-10. Under the chairmanship of India, members of the G20 issued the "2023 New Delhi Leaders' Declaration." Leaders and senior representatives from Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Republic of Korea, Russia, Saudi Arabia, South Africa, Türkiye, the United Kingdom, the United States and the European Union attended the gathering. This brief will analyze the summit's key outcomes and highlight its implications for Pakistan.

### Analysis

#### 2023 Delhi Leaders' Declaration – Outcomes

##### *A watered-down resolution on the Russia-Ukraine war*

G20 leaders walked a tightrope on the Ukraine-Russia issue, and avoided any direct criticism of Moscow or the United States. The declaration states that the countries commit to their "national positions and resolutions adopted at the UN Security Council and the UN General Assembly (A/RES/ES-11/1 and A/RES/ES-11/6)," underscoring that all states "must act in a manner consistent with the Purposes and Principles of the UN Charter in its entirety."<sup>1</sup> The position is significant as there were significant disagreements within the group over the language pertaining to the Ukraine war. The Western countries expressed reservations about Russia and wanted a more critical language in the final communique.<sup>2</sup>

However, the final declaration did not endorse Western criticism of Moscow. Instead, language on the Ukraine war emphasized regard for each country's distinct national positions on the issue, representing a win for Moscow. Part of the India-issued declaration also entailed rhetorical focus on "the human suffering and negative impacts of the war in Ukraine."<sup>3</sup> The Summit struggled to specify concrete options to pressurize the West into ending its substantive arms supplies and military escalations in the conflict. The declaration was also largely silent on attempts to advance peace talks or

break new diplomatic ground between Moscow and Kyiv for a peaceful settlement.

##### *India-Middle East-Europe Economic Corridor (IMEC)*

The G20 Summit also yielded plans to set up the India-Middle East-Europe Economic Corridor (IMEC). It is a proposed network of railways and ports that comprises two corridors: the East Corridor, connecting India to the Middle East, and the Northern Corridor, which connects Europe to the Arabian Gulf.<sup>4</sup> The Memorandum of Understanding (MoU) was struck between the governments of the Kingdom of Saudi Arabia, the European Union, the Republic of India, the United Arab Emirates (UAE), the French Republic, the Federal Republic of Germany, the Italian Republic, and the United States.

Initial estimates suggest that the development of IMEC routes could cost between \$3 billion to \$8 billion, and New Delhi has publicly admitted that it will not be involved in the financing or construction of the railroads. Despite being presented as a regional 'game-changer', IMEC does not extend railroad connectivity to all of South Asia. Saudi Arabia regarded the corridor as a guarantor of "greater energy connectivity, green materials and processed and finished goods that will rebalance the global trade."<sup>5</sup>

##### *Complementing the Belt and Road*

IMEC has the promise to connect with China's Belt and Road Initiative (BRI) through railway connectivity from India to the Middle East, and from Europe to the Arabian Gulf. It offers a new range of cross-border 'ship-to-rail transit networks' that can supplement China's cross-regional port and railway infrastructure spreading across more than 140 countries. BRI's strong presence in regions such as Africa and the Association of Southeast Asian Nations (ASEAN) further reinforces greater geographical value for IMEC, which confines its railroad connectivity to only India, Europe and the Arabian Gulf. A cluster of ports under the BRI can also limit loading and shipment time for IMEC countries, supporting the corridor's goal of achieving a drastic reduction in trading time.<sup>6</sup>

### Author(s):

Hannan Riffat  
Hussain

#### Disclaimer

The views expressed in this Policy Brief are of the author(s) alone and do not necessarily reflect policy of the IPRI.

### ***Ambiguity on Costs and Financing***

Despite IMEC's announcement as a "Game Changer," there is considerable ambiguity in its costs and expected returns. That is a marked contrast to the Belt and Road Initiative, whose project values exceed \$4 trillion. Saudi Arabia, India and the United States are yet to develop an "action plan" with their IMEC partners to define a clear financial mechanism for the corridor. According to IMEC's in-principle agreement at the G20, participants intend to "meet within the next sixty days" to develop that action plan with relative timetables.

### ***Formal inclusion of the 55-member African Union(AU) to the G20***

AU's inclusion was a major outcome at the Summit, and is largely seen as a breakthrough moment to advance the visibility and representation of the Global South within the G20.<sup>7</sup> Countries such as China view AU's participation as chief to demonstrating stronger focus on the financial, economic and security needs of the developing world. AU's inclusion has been touted as a major achievement by New Delhi, but the outcome was not guaranteed by India's chairmanship of the G20 itself. It is the result of substantial support from China to get the 55-member bloc integrated into the G20, effectively to counterbalance G20's outsized focus on Western interests and economic priorities.<sup>8</sup>

### ***Implications for Pakistan***

The relatively ambiguous position of the G20 on resolving the Ukraine crisis suggests the group's lack of agreement and initiative to settle the Russia-Ukraine war in the near future. Sharp disagreements between the West and Russia suggest continuity of conflict spillovers for nations such as Pakistan, and sustained disruptions in economic, energy and food supply chains. The adverse effect of the war on rising oil prices is thus likely to sustain, effectively dampening Pakistan's hopes of extending urgent fuel price relief to the masses.

Moscow's success in denying any direct Western criticism of its perceived role in the war also suggests greater space for Pakistan to maintain its principled neutrality over the issue. Nations have committed to their distinct "national positions" on the matter, and align with Pakistan's expectations that a meaningful political settlement of the Russia-Ukraine war to be informed by the principles of the UN Charter.<sup>9</sup>

The India-proposed IMEC could facilitate India's efforts to pursue a campaign of regional isolation against Pakistan. For instance, the plan shows no signs of extending IMEC's ambitious connectivity benefits to all of South Asia. Instead, India considers its own rail and ports linkages as a guarantor of South Asian economic integration.

IMEC leaves Pakistan out of the trade and connectivity loop. New Delhi's approach to sidestep China and Pakistan on regional connectivity fits a broader pattern of opposition to the Belt and Road, and its embrace of exclusionary groupings, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

As such, IMEC is likely to step up geo-economic competition with China's Belt and Road Initiative (BRI), as the United States looks to enlist India's support under IMEC to counter BRI's widespread reception in the developing world. This makes it imperative for Pakistan to study the underlying politics behind IMEC's launch, and maintain principled distance from the initiative's underlying politics and anti-China overtones.<sup>10</sup> At the same time, IMEC's launch provides due cause to Islamabad to push for stronger geo-economic connectivity and all-inclusive multilateralism through the planned expansion of the China Pakistan Economic Corridor (CPEC).

### ***Recommendations***

The theme that Pakistan forms a natural link between the BRI and IMEC through its geostrategic location, and can extend connectivity benefits beyond South Asia to Central Asian countries, should be advocated and disseminated aggressively.

Pakistan should pursue an open policy of engagement with all, and should pursue geo-economic connectivity with all economic corridors.

Pakistan should strengthen its diplomatic and economic dialogue with key regions of the developing world, i.e. the African Union (AU). As the newest member in the G20, AU can help promote Pakistan's interests on an all-inclusive economic connectivity within the G20.

### ***Notes***

<sup>1</sup> "G20 New Delhi Leaders' Declaration," G20 India, 2023. [https://www.g20.org/content/dam/gt20/gt20\\_new/document/G20-New-Delhi-Leaders-Declaration.pdf](https://www.g20.org/content/dam/gt20/gt20_new/document/G20-New-Delhi-Leaders-Declaration.pdf). p2

<sup>2</sup> "G20: How Russia and West agreed on Ukraine language," BBC News, September 10, 2023. <https://www.bbc.com/news/world-asia-india-66768145>.

<sup>3</sup> Adam Schreck and David Rising, "G20 agreement reflects sharp differences over Ukraine and the rising clout of the Global South," Associated Press, September 9, 2023. <https://apnews.com/article/g20-modi-india-biden-ukraine-summit-delhi-fo054ecae54f53d4ceb0c64a4457620>

<sup>4</sup> See "Memorandum of Understanding on the Principles of an India-Middle East-Europe Economic Corridor (IMEC)," White House, 2023. <https://www.whitehouse.gov/wp-content/uploads/2023/09/Project-Gateway-Multilateral-MOU.pdf>.

<sup>5</sup> "New Mideast corridor would include trains to India, Delhi says," Reuters, September 11, 2023. <https://www.reuters.com/world/india-saudi-discuss-ports-rail-project-local-currency-trade-2023-09-11/>

<sup>6</sup> Murali Krishnan, "India-Middle East-Europe economic corridor to counter China?," DW, September 13, 2023. <https://www.dw.com/en/can-new-india-europe-middle-east-corridor-counter-china/a-66799232>

<sup>7</sup> Shivangi Acharya and Sarita Chaganti Singh, "G20 admits African Union as permanent member," Reuters, September 9, 2023. <https://www.reuters.com/world/g20-admit-african-union-permanent-member-new-delhi-summit-draft-declaration-2023-09-09/>

<sup>8</sup> "AU ambassador appreciates China's support for G20 membership, as African voice should not be sidelined," Global Times, November 18, 2022. <https://www.globaltimes.cn/page/202211/1279907.shtml>

<sup>9</sup> "Pakistan presents three-point formula to solve Ukraine crisis," The News, March 3, 2022. <https://www.thenews.com.pk/latest/938258-pakistan-presents-a-three-point-formula-to-address-ukraine-crisis>

<sup>10</sup> David Sacks, "Will the U.S. Plan to Counter China's Belt and Road Initiative Work?," Council on Foreign Relations, September 14, 2023. <https://www.cfr.org/blog/will-us-plan-counter-chinas-belt-and-road-initiative-work>