

A stylized world map composed of a grid of dots. The dots are mostly light gray, but several are highlighted in red, representing specific countries or regions. The map is centered behind the title and authors' names.

## After Cancún

### India's New Role as an International Deal Maker

SHIKHA BHASIN, TOBIAS ENGELMEIER, FELIX SCHMIDT

April 2011

- India's foreign policy has in recent years undergone a fundamental shift away from the idealistic approaches of early independent India to a pragmatic, purpose-oriented global player.
- Although seemingly minimal, this new departure was signalled by leading Indian politicians at Cancún in 2010, which suggests that India may take up emissions commitments, in contrast to its stand at Copenhagen in 2009.
- India can embrace this new departure in climate negotiations fearlessly. However, India must specify its long-term supply strategy and its energy-based emissions scenario in a more active manner in order to buttress its negotiating position in other climate-related foreign policy negotiations.

## 1. Introduction

In recent years, a remarkable shift in India's foreign policy has become apparent. In 1955 India was instrumental at the Bandung Conference, which was a milestone in the history of the Non-Aligned Movement. Thereafter, India's foreign policy had an idealistic inflection to it. Gradually, and with more emphasis after its nuclear tests in 1998, this inflection has been replaced by a more pragmatic approach to foreign relations. Simultaneously, relations with the United States have improved significantly and reached new heights with the signing of the Nuclear Deal in 2008, which was endorsed by the Nuclear Suppliers Group.

In 2010 all heads of state of the permanent members in the UN Security Council visited India. In addition, Prime Minister Manmohan Singh met with German Chancellor Angela Merkel in Berlin after the EU-India Summit in Brussels in December. After having obtained a temporary seat in the UN Security Council, India is now actively striving to become a permanent member of this eminent group. All the visiting heads of state promised their support; most actively President Barack Obama, who publicly announced the strong backing of the United States in this endeavour.

This paper scrutinises the change in India's foreign policy from an ideological and moral position as a then so-called third world member to a more active global player with a sense of purpose. India's legitimate interests are combined with a global viewpoint for taking up responsibility towards global challenges. This shift was clearly seen at the UN Climate Change Summit in Cancún, Mexico, in December 2010. This article describes the changes of India's foreign policy as exemplified by its stand during that summit.

## 2. The Climate Summit in Cancún

At the global climate conference in Cancún, the Indian Minister for Environment and Forests and the leading politician of the ruling National Congress Party, Jairam Ramesh, surprised domestic and international audiences alike with a new flexible Indian approach towards the negotiations. For the first time, it was publicly suggested that India may take on emissions targets within an international framework when Ramesh said that »all

countries must take on binding commitments in an appropriate legal form«.

This somewhat ambiguous statement caused a huge backlash at home, where many commentators and politicians feared it signalled a shift in India's policy and could significantly weaken India's negotiating position and limit its development options.<sup>1</sup> Ironically, at the same time, Ramesh's comments were welcomed internationally. He was lauded for abandoning India's traditionally hard-line stance in favour of a constructive and flexible engagement with the global issue of climate change. His role was considered instrumental in creating consensus at the Cancún summit.<sup>2</sup>

Up until Cancún, India had kept a strict stance, rejecting emissions targets for developing countries as well as international monitoring, reporting, and verification of its voluntary actions. How much has changed with Ramesh's comments? Do they reflect a shift, or offer just a nuance of India's negotiating position? At first sight – and despite strong domestic and international responses – the change appears to be minimal. In essence, and as clarified since, the term »appropriate« in »appropriate legal form« underlines the continued need for differentiation between developed and developing countries. Developed countries' commitments would remain legally binding internationally and would still carry penalties; whereas in developing countries domestic commitments would be established voluntarily and enforced only by national governments themselves.

However, the statement has a wider significance that exceeds the specific legal interpretations. It reflects India's new confidence and sense of responsibility in international negotiations as a deal maker. As such, the country might be ready to further discuss emissions commitments of developing countries and abandon the relative security of a fixed stance in order to drive change. By doing so, India would be taking a risk, but it would also be creating new opportunities that would better safe-

1. See for example *The Indian Express*, 10th December 2010, »It's a Sell-out, Cry BJP, Left on India's Stand at Cancún«, <http://www.expressindia.com/latest-news/Its-a-sell-out-cry-BJP-Left-on-Indias-stand-at-Cancun/722994/>.

2. According to Varad Pande, Officer on Special Duty to Environment Minister Jairam Ramesh: »At the closing session, [Mexican host] Minister Espinosa made an emphatic and emotional acknowledgement of the role played by India in the negotiations, to a standing ovation by representatives of all countries; an unprecedented occurrence in the history of climate change negotiations«. See <http://casi.ssc.upenn.edu/iit/pande>.

guard its interests. Currently, there is, however, a real risk that India's changed stance will be revised back due to domestic pressures.

### 3. What Actually Happened at Cancún?

Cancún has been lauded as breaking the climate deadlock at Copenhagen. And in a way, it did. It created a minimum level of consensus among states on intentions and future initiatives. Governments agreed on a set of decisions that will form the basis of further talks. However, it did not provide any concrete outcomes in the way of commitments on the part of individual countries. These essential and highly elusive specifics were left for discussion at the next Conference of the Parties (COP) to be held at Durban later this year.

Thus, although Cancún furnished only tentative groundwork, it achieved a basic political consensus to propel climate negotiations forward. Also, some major sticking points were addressed<sup>3</sup>; these include:

- The establishment of a Global Green Climate Fund. This fund is to provide 100 billion US dollars annually by 2020 for climate mitigation and adaptation efforts. It has a strong governance structure with representation from developed and developing countries. Where the funds are to come from is not clear yet – developed countries are expected to make their submissions in May of this year.
- The establishment of a Technology Mechanism to accelerate technology transfer from developed to developing countries. It is to directly facilitate collaborations and create a network that would enable expert exchange and advice at the behest of a developing nation seeking to identify technology needs, create capacity trainings, and support existing technology implementations.

After the unsuccessful Conference of the Parties at Copenhagen in 2009,<sup>4</sup> Cancún has been widely com-

municated as an important turnaround by politicians. Most environmentalists, on the other hand, see it as a failure in which environmental substance was traded off for a meaningless political consensus. Jairam Ramesh recognised the peculiarity of the outcome – at the recent Delhi Sustainable Development Summit (February 2011), he concluded that, while Cancún was an environmental disappointment, it was a political success. Still, it is important to underline that, without a political consensus on the issue, any environmental progress would be impossible to reach. The success was in large part attributable to India's new stance. To understand its implications for India and the motivations behind it, it is important to understand where this shift came from.

### 4. The Case for a Tactical Rationale behind India's New Stance

A number of circumstantial factors may have contributed to a change in India's position. For one, the general mood at Cancún was very constructive. The failure of Copenhagen instigated a global blame game. As a consequence, most nations went to Mexico aiming for a positive outcome. The widely admired Mexican presidency of the summit, which was considered to be tactful, pragmatic, and unbiased, further strengthened a constructive atmosphere – as (ironically) did the fact that Cancún was burdened with lower expectations and attendance by heads of governments than in Copenhagen.

India was determined to play a constructive role at Cancún. Before the conference, both Ramesh and Prime Minister Singh had repeatedly signalled India's desire to be a »deal maker«, and not a »deal breaker«.<sup>5</sup> This political brief as well as the position and character of Ramesh were important preconditions to India's shift. As a Minister with »independent charge«, he was able to take decisions without the prior consent of the Cabinet Ministers. He was answerable directly to the Prime Minister. This gave him space to manoeuvre. These circumstantial factors were conducive to India's new stance and helped create specific negotiation dynamics, which eventually led to a constructive outcome.

3. See [http://unfccc.int/meetings/cop\\_16/items/5571.php](http://unfccc.int/meetings/cop_16/items/5571.php).

4. Despite immense global attention and the attendance of several Heads of States, the conference produced a weak Copenhagen Accord, which was merely »noted« by the States. There were no tangible outcomes or commitments from the Conference, and there was a deep crack in the trust and subsystems of the climate negotiations processes.

5. See for example, <http://www.newsweek.com/2009/11/05/india-cleans-up-its-act.html>; <http://www.thejakartaglobe.com/world/india-seeks-to-be-deal-maker-on-climate-change/333535>; [http://www.thaindian.com/newsportal/india-news/india-will-be-a-deal-maker-not-a-deal-breaker-at-copenhagen-saran\\_100283974.html](http://www.thaindian.com/newsportal/india-news/india-will-be-a-deal-maker-not-a-deal-breaker-at-copenhagen-saran_100283974.html); <http://www.thehindu.com/news/national/article61080.ece>.

The deadlock reached at Copenhagen made it evident that a meaningful continuation of the Kyoto agreement – with specified, binding reductions targets only on the developed countries, or even an expansion to include all developed countries (especially the United States) – was not realistic. Positions needed to change if there was to be any progress. In view of a stark absence of this preferred outcome, India applied itself to the second-best outcome. A more flexible and forthcoming stance in which all countries – including India – would discuss emissions targets could make a global agreement possible.

In light of this understanding, India was interested in taking charge of a changing situation and moulding it to its own greater benefit. Although India had been fairly impervious to the pressure exerted by developed countries to accept binding emissions targets, it risked being diplomatically isolated when – next to the Alliance of Small Island States (AOSIS) and the Least Developed Countries Expert Group – Brazil and South Africa of the BASIC grouping began to publicly contemplate binding emissions targets. By signalling a change in its own stance, India was not only in tune with almost all other countries, but it effectively managed to showcase itself as a proactive leader in dealing with the largest global commons issue of today.

One could question why it was India's position, and not, say, that of the United States, which had to change in order to make progress at the conference? One simple reason is that India has a much weaker negotiating position than the United States. While India's case is very strong in ethical terms,<sup>6</sup> that of the United States is strong in realpolitik terms. India wants to push for results and realises that a non-cooperative, inflexible strategy will not get it the outcomes it wants. The United States, on the other hand, is the world's largest emitter of greenhouse gases. Relative to other nations, it can only lose from a global agreement. It has an interest in maintaining the status quo. It can wait and let negotiations continue indefinitely, contrary and opposed to India's interests and needs.

6. India's historical responsibility for climate change is minimal. Its per capita emissions are among the lowest in the world and it maintains that it requires »carbon space« to make available a basic quality of life to its predominantly poor population. India's emissions are not lifestyle-related as those of the developed world, but development-related.

## 5. Making Strategic Sense

India benefits from a global agreement in two ways. Firstly, India is one of the countries most at risk from climate change. Its population is still predominantly poor, dependent on agriculture, and thus, intensely vulnerable to changes in water supplies and crop cycles. The population is also growing rapidly, and already-stretched resources are depleting. Climate change is a matter of national security – even more so than being a question of global equity. Since the issue can only be addressed globally, India needs the cooperation of other countries, including those that are less vulnerable and, yet, more responsible for climate change. It needs to find a way to make developed nations as well as other major emitters such as China reduce their emissions as much as possible. The more they reduce, the more carbon space India will have. It can presumably do so more easily within the framework of an international agreement than through bilateral agreements. Therefore, India should invest heavily into making an international agreement possible.

In addition, India had a net benefit from the global agreements of the past (for instance, through the Clean Development Mechanism). India will most likely also have benefits from future agreements through continued market mechanisms, financial support, or technological cooperation.

On the other hand, the costs for India of an international agreement based on emissions targets for all countries, including India, are likely to be relatively low.

- If India accepted binding emissions intensity cuts based on its current voluntary reduction targets, there would be no additional costs. India has committed to a 20-25 per cent reduction in the intensity per unit of GDP of its emissions by 2020 as compared to 2005 levels.<sup>7</sup> This reduction is likely to come through the anticipated replacement of older machinery and processes as well as through the predictable introduction of new technology. It reflects historical improvements in the emissions intensity of GDP.
- Reductions in the energy intensity of GDP over and above the stated voluntary targets by 2020 are highly

7. Ministry of Environment and Forests, *Annual Report 2009-2010*, p. 271, <http://moef.gov.in/report/report.html>.

advisable for India as there are very costly inefficiencies in the way electricity is generated, transmitted, and used both by industry and end-consumers.<sup>8</sup> In addition, there are great inefficiencies in the subsidy schemes for petroleum products and power that encourage excessive consumption at a very high expense to the state. Solving these inefficiencies is very much in the interest of India and would create large win-win situations with respect to economic growth and emissions to give India further space for taking on emissions-intensity-of-GDP-based emissions targets.

- Through its domestic climate policies, India is building substantial arguments based on domestic facts that it can leverage in international climate change negotiations. These are especially the National Action Plan on Climate Change,<sup>9</sup> including the National Solar Mission as well as active renewable energy policies in the fields of wind power, solar power, biomass-based power, and small hydropower, which led to an installed grid-connected capacity of 18,138.95 MW as of September 2010.<sup>10</sup>
- Irrespective of international emissions agreements, India will face hard resource constraints on the size of the fossil fuel economy it is able to build, as resources will become more scarce and costly on the international market. A recent study by Rajan Gupta, Harihar Shankar, and Sunjoy Joshi at the Observer Research Foundation in New Delhi that analyses India's projected energy demand and expected international prices for energy in 2032 has come to the conclusion that »India does not really sacrifice its ability to grow by agreeing to cap its total emissions at 5 billion tonnes per year«. <sup>11</sup> This would correspond to emissions of around 3 tonnes per capita per year in 2032 – less than the current global ave-

rage of 4.2 tonnes per capita per year and much less than the current per capita emissions of developed countries.

All these arguments suggest that India has significant leeway with respect to international climate negotiations. As long as emissions targets do not increase the cost per unit of energy (as would be the case, for example, with a carbon tax) and as long as emissions targets do not make demands of absolute emissions cuts on India, India could accept an international deal that requires bidding emissions targets. Such a deal would likely be highly advantageous to India and it would make sense for India to help bring it about through a flexible and engaging approach.

The danger from India's perspective is that now that the country has moved away from its very strict line of rejecting all possibilities of binding commitments, its position may be successively undermined if more demands are made of it. This is a risk, as India has agreed to the overall target of keeping the global temperature rise below two degrees Celsius. The fear of this happening explains, in part, the repeated statements following Cancún by Indian leaders, including Prime Minister Singh, who stated at a recent conference<sup>12</sup> that India would not accept binding commitments. The fear, however, is misplaced. The likely outcome at the moment is that there will be no international agreement of a legally binding nature at all. If demands on India were to become excessive, the country could always add to the many forces that stall progress towards an agreement.

On the other hand, if India plays its hand well and continues its active and engaging approach to the climate negotiations, accepting binding agreements within reasonable limits – which would have almost no real costs to India – could create significant advantages. It could reduce the dangers of climate change, it could make available international funds and technologies, and it could cultivate its image as a responsible member of the international community, which would have wider positive implications on India's foreign policy. In order to achieve the best outcome, however, India would have to develop a nuanced climate change negotiation strategy capable of working with different constellations and potential outcomes.

8. For detailed information, see the website of the Bureau of Energy Efficiency of the Ministry of Power (<http://www.bee-india.nic.in>) or the Energy Manager Training (<http://www.energymanagertraining.com>).

9. National Action Plan on Climate Change: <http://pmindia.nic.in/Pg01-52.pdf>.

10. This includes energy produced up to 30 September 2010 from Solar PV (17.82 MW), Wind (12,809 MW), Biomass (2,510.13 MW), and Small Hydro (2,802 MW). These figures were circulated by the Ministry of New and Renewable Energy at the Delhi Sustainable Development Seminar in February 2011. No web link is available for this particular publication.

11. Rajan Gupta, Harihar Shankar, and Sunjoy Joshi, »Development, Energy Security and Climate Security: India's Converging Goals«, in *Sustainable Development and Climate Change*, edited by Sunjoy Joshi and Marlies Linke, Academic Foundation, New Delhi, 2011.

12. TERI's Delhi Sustainable Development Summit, held in February 2011.

## 6. Conclusion: India's Transition towards a Global Player – At Climate Negotiations and as an Architect of Global Diplomacy

In order for India to harness its legitimate interests into a solid strategy at climate negotiations, it would have to firmly embed its climate position into a long-term energy strategy and into its overall foreign policy goals.

Without a long-term energy-supply strategy and energy-based emissions scenario, it will be difficult for India to clearly define its carbon needs and the exact costs, which would be associated with emissions reductions targets going beyond the win-win opportunities effected by efficiency gains. Such a strategy would be based on India's Integrated Energy Policy of 2006 (which covers the period until 2032),<sup>13</sup> but would be updated on a regular basis, more detailed, and cover a longer time period (at least around 40 years, until 2050), thereby allowing India to fully take into consideration long-term projections on population and economic development and global emissions, as well as the energy supply strategies of other countries – especially those large and fast-growing competing regional economies such as China and Indonesia.

An active stance in global climate negotiations would also fit well into India's overall foreign policy requirements. As India transitions from being a developing economy and regional power to a developed economy and global power, it needs to manage more complex risks in a more active manner (including those of climate change, energy security, water resources, and local pollution). It will also have more leverage in doing so. India's »green growth diplomacy« will require the engagement and responsibilities of a confident nation. In this sense, India's new stance displayed at Cancún would be part of a larger change in India's foreign policy – whereby the country sees itself more as an architect than as an object of global structures.

13. Planning Commission of India – Expert Committee on Integrated Energy Policy, *Integrated Energy Policy*, 2006, [http://www.planningcommission.gov.in/reports/genrep/rep\\_intengy.pdf](http://www.planningcommission.gov.in/reports/genrep/rep_intengy.pdf).



### About the Authors

**Ms Shikha Bhasin** is the climate advisor to BRIDGE TO INDIA Pvt. Ltd. She observes global climate change and emissions reduction policies and develops policy suggestions as well as risk and opportunity profiles for companies.

**Dr Tobias F. Engelmeier** is Managing Director at BRIDGE TO INDIA Pvt. Ltd. He consults international technology companies and investors in the fields of renewable energy, resource management, and urban planning in the Indian market. He is author of a book on Indian politics.

**Dr Felix Schmidt** is Resident Representative of FES India.

### Imprint

Friedrich-Ebert-Stiftung | Division for International Cooperation  
Department for Asia and the Pacific  
Hiroshimastr. 28 | 10785 Berlin | Germany

Responsible:  
Jürgen Stetten, Head, Department for Asia and the Pacific

Phone: ++49-30-269-35-7451 | Fax: ++49-30-269-35-9211  
<http://www.fes.de/asien>

To order publications:  
[Julia.Schultz@fes.de](mailto:Julia.Schultz@fes.de)

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or the organization for which the author works.

This publication is printed on paper from sustainable forestry.



ISBN 978-3-86872-703-6