



# RISING POWERS & INTERDEPENDENT FUTURES

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## AN OVERVIEW OF THE FULL RESEARCH PROGRAMME



## HOW DO RISING POWERS DRIVE GLOBAL CHANGE?

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### KEY FINDINGS

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- The emergence of countries such as China, India, Brazil, Russia, and South Africa, as major players in the global economy is a key phenomenon driving change in today's world. These countries have now become established as global players and will remain important despite the current slowdown in their growth rates.
- Effective engagement with these 'Rising Powers' is critical to meet global challenges such as combating climate change, ensuring peace and security, promoting research and innovation, and reducing poverty and inequality.
- The Rising Powers increasingly influence global governance on all of these issues, but they do so in very different ways, at times challenging and at times reinforcing Western norms and rules. There is no automatic race to the bottom on environmental and social governance.
- To effectively assess challenges and opportunities for engagement with these countries, public debate around the Rising Powers urgently needs a more differentiated understanding of their different development models and approaches to international engagement.

# RISING POWERS AND REGIONAL STABILITY

The emergence of the so-called **Rising Powers** - including but not limited to **China, India, Brazil, Russia, and South Africa** - represents one of the key drivers of global economic and social change. Europe and North America no longer dominate the global economy - instead massive shifts of gross domestic product (GDP) and trade volumes have taken place in favour of emerging economies. As a consequence, these Rising Powers are taking on a greater role in global governance.

They are demanding a greater say in existing international organisations and they are setting up new institutions. As many of the Rising Powers have different development models within their own countries compared to the West, will they fundamentally challenge our current world order? And, how will

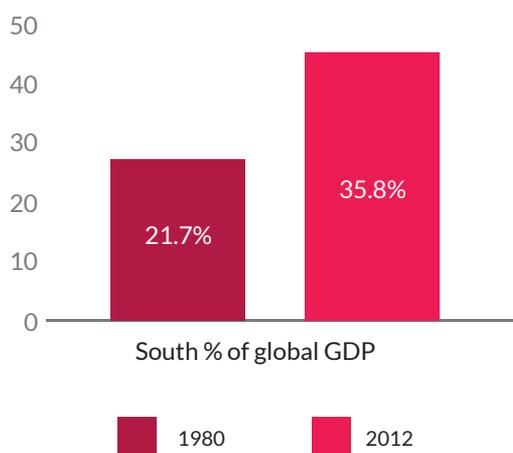
recent contractions of economic growth, heightened sustainability concerns, and evolving political contexts lead to changes in Rising Powers' development strategies?

To look at how the Rising Powers drive global change across a range of issue areas, the Economic and Social Research Council (ESRC) commissioned 12 research projects at ten leading UK universities. The key message that emerges from this endeavour is that the Rising Powers will have a lasting impact beyond their borders, but debates around this impact and the consequences for the UK need to take place in a more differentiated manner. For instance, contrary to fears about a race to the bottom on social and environmental standards, some of the Rising Powers invest heavily into renewable energies or into social assistance programmes.

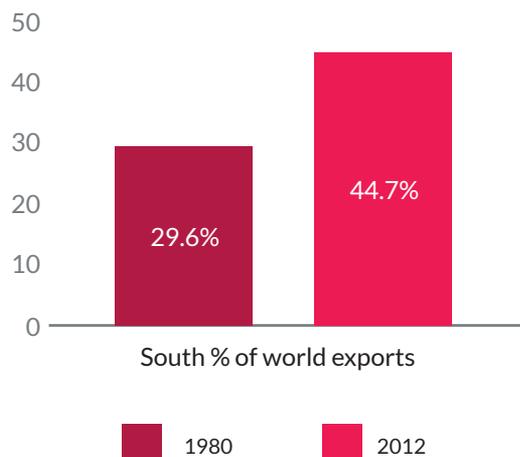
The ways in which these new players engage in global governance differ widely, as do their strategies to address domestic policy challenges. Hence, in some areas we are seeing Rising Powers challenge Western norms and rules, whereas new synergies are emerging in others. Well-informed policy-making based on detailed research will help to engage with the Rising Powers effectively, including areas such as conflict management and security, poverty reduction and inequality, climate change, innovation, and social and environmental standards.

This briefing aims to give an overview of our key findings and policy recommendations on these diverse issues. It also points to more detailed resources available from each of the 12 research projects.

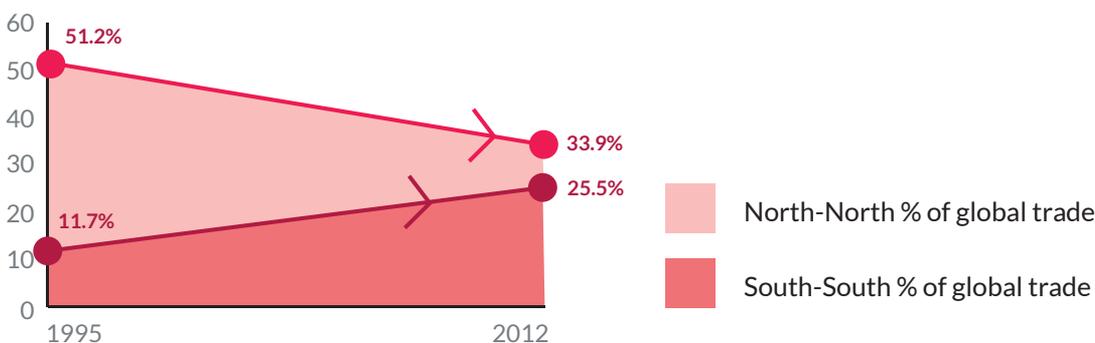
**South % of global GDP**



**South % of world exports**



**Percentage of global trade**



# SHIFTING DEVELOPMENT DYNAMICS BETWEEN CHINA AND RUSSIA

**China has not only experienced faster economic growth than Russia, but is also taking on stronger geopolitical roles.**

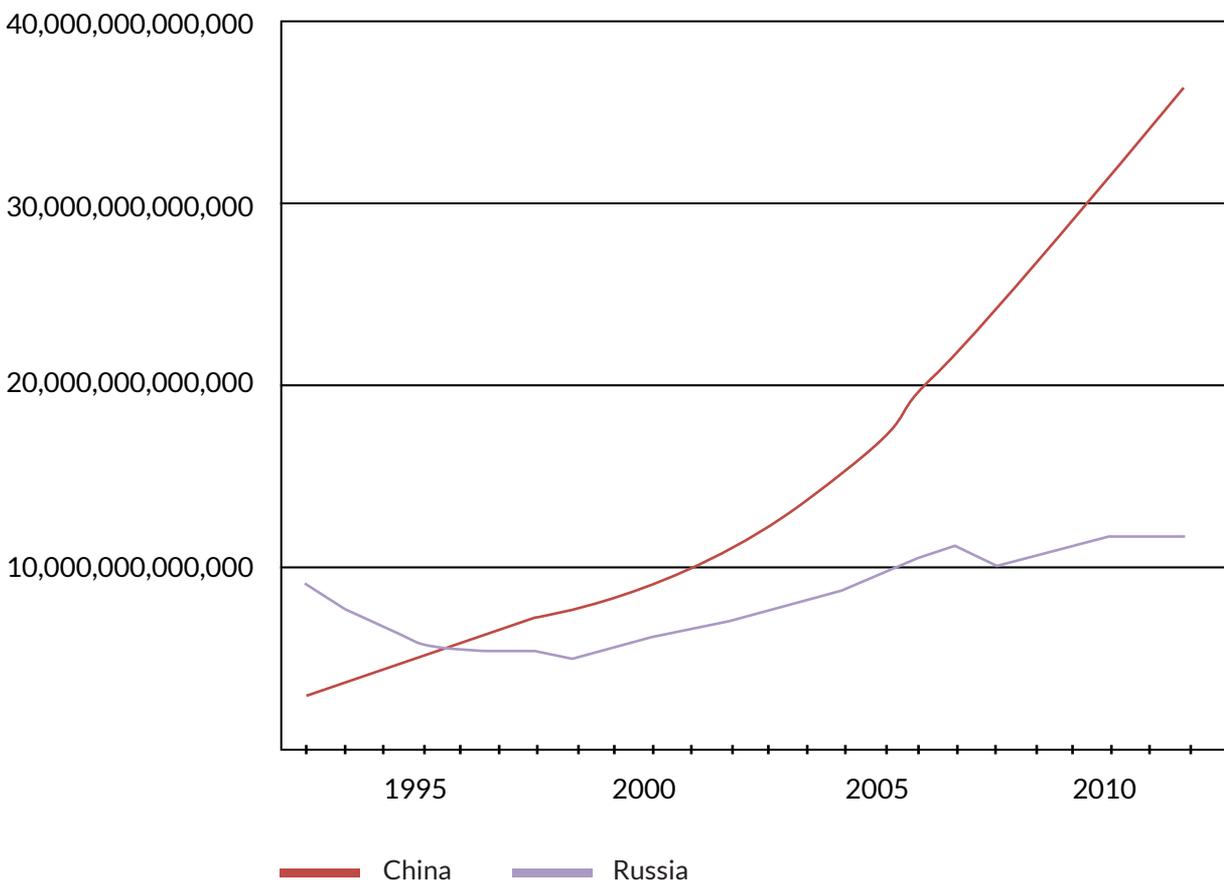
While Russia used to be seen as the more 'modern' and economically advanced country, strong economic growth in China over the past decades has led to shifting power dynamics between China and Russia. One place where this is visible is at their joint border in the northeast of both countries, where cities on both sides of the border have seen very different development. Looking at experiences of people from various ethnicities

living at the Chinese–Russian border also illustrates the need to be aware of differences across ethnic groups and regions within both countries, and to look at people's experiences beyond national level policies.

A different pace of modernisation between the two countries can also be seen in the development of their legal systems. In both countries there is an active debate about the rule of law and concerns that corruption is hindering economic growth. China is experiencing a move away from reliance on informal contracting and its legal system is

co-evolving dynamically with an increasingly marketised economy. In Russia there is evidence of pent-up demand for the rule of law in everyday social and commercial affairs, which the courts are only partially meeting. Nevertheless, Russia today is far from being the 'Wild East' of the 1990s.

*GDP in constant LCU in China and Russia since 1991 (from World Development Indicators)*



# RISING POWERS AND REGIONAL STABILITY

- Russia remains the dominant military power in Central Asia, while China's increasing economic engagement in the region offers new opportunities for cooperation.

- Regional integration among Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan in the Eurasian Economic Union (EEU) is largely driven by Russian efforts to reshape the world order, including counterbalancing EU influence in the post-Soviet space.

Apart from internal developments in China and Russia, changing power dynamics between the two countries are also visible in their respective regional cooperation activities with neighbouring countries. Russia, as the established power in Central Asia, continues its political and security engagement in the region while

maintaining leverage over these states due to its status as the destination for millions of Central Asian labour migrants. In contrast, China has been expanding its economic engagement in Central Asia through investment, in order to access new markets and resources, and with a view to preventing terrorism. Looking forward, China and Russia are expected to be the two main players on security in Central Asia.

In Russia's Eastern neighbourhood, relations with the European Union have recently come under tension during the Ukraine crisis, which illustrates the geopolitical interpretations of EU's export of rules to the post-Soviet space. Driven by Russian efforts to counterbalance EU influence in the region, the EEU has emerged as a fast moving regional

integration project among Belarus, Kazakhstan, Armenia, Kyrgyzstan, and Russia. However, rhetoric disguises a complex reality; de jure, the EEU is an economic union, de facto it is a partial free trade area. Policy discussions on whether the EU should engage more closely with the EEU should realistically consider the actual nature of Eurasian integration as well as dominant position of Russia in shaping the external agenda of the EEU. Accordingly, direct political engagement with Russia may be preferable over seeking closer integration between the EU and the EEU, as a technocratic trade policy approach may not be the most appropriate tool to address geopolitical issues in EU-Russia relations.

## Chinese strategic investment in the 21st century



Russia and the EU in the Common Neighbourhood,  
University of Birmingham

[www.risingpowers.net/publications/russiaeu/](http://www.risingpowers.net/publications/russiaeu/)

Conflict Management in Central Asia,  
University of Exeter

[www.risingpowers.net/publications/conflictmanagement/](http://www.risingpowers.net/publications/conflictmanagement/)

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# RISING POWERS AND SOCIAL ASPECTS OF DEVELOPMENT

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Labour Standards and Global Production Networks, University of Manchester

[www.risingpowers.net/publications/labourstandards/](http://www.risingpowers.net/publications/labourstandards/)

Poverty and Inequality in Brazil, India, China and South Africa, University of London

[www.risingpowers.net/publications/poverty/](http://www.risingpowers.net/publications/poverty/)

Rising Powers: Unequal Powers, Authoritarian Powers, Unstable Powers?, University of Glasgow

[www.risingpowers.net/publications/unequal/](http://www.risingpowers.net/publications/unequal/)

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**China, India, Brazil, and South Africa are all paying increasing attention to social aspects of development, including labour standards and programmes on inequality, but approaches differ significantly across countries.**

In contrast to reductions in welfare spending in many Western countries after the 2008/2009 financial crisis, several Rising Powers have invested more into social development over the past years. China, India, Brazil and South Africa have all adopted different policies and programmes on reducing poverty and inequality. Different approaches have been used in all four countries to reduce poverty, but inequality has only declined in Brazil. Rising investment in social programmes in the Rising Powers

is also in line with findings that public opinion in China and Russia increasingly demands greater social protection, undercutting arguments for a race to the bottom. However, in China social programmes have expanded not only due to bottom-up demands but also because policy actors seem to have absorbed ideas, expectations, interpretations of international crises, and elements of social policies from beyond their country's borders. Internationally-networked researchers in China as well as international organisations and researchers have been key contributors to economic and social policy debates that have shaped social programmes.

Another way in which Rising Powers have paid increasing attention to social

aspects of development is around public and private regulation of labour issues and working conditions. Firms, state and civil society in India, China and Brazil increasingly engage with labour standards, but again they do so in very different ways. For instance, Brazil has been most proactive in engaging in shaping international social standards such as ISO26000, based on cooperation between business, government and civil society. China and India were initially more hesitant towards engaging with international labour standards, seeing them as a trade barrier. However, perceptions are changing in both of these countries, resulting in new social standards initiatives driven by actors in these Rising Powers.

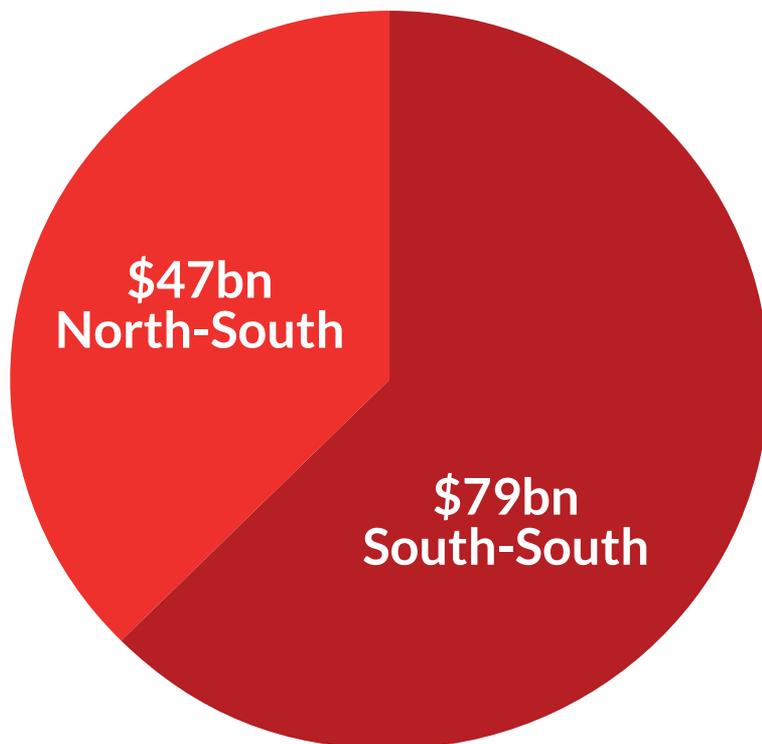
# RISING POWERS FOREIGN INVESTMENT THROUGH SOUTH-SOUTH COOPERATION

- The size and influence of Rising Powers' investment in African countries tends to be exaggerated in public discussions.
- Debates around Rising Powers' investment in Africa need to recognise the multitude of public and private actors involved. Given this complexity, the impact of investment projects needs to be assessed on a case-by-case basis.

Brazilian, Chinese and Indian foreign direct investment in African countries takes a variety of forms and involves a multitude of public and private stakeholders in each of the Rising Powers and in the host countries in Africa. Contrary to a common perception in the public debate, there is no single state-led model of South-South cooperation for any of the Rising Powers. Also public discussions tend to exaggerate the size and influence of Rising Powers' investment in African countries. For instance, Chinese investment in African agriculture is not at the scale

sometimes assumed and investors from the Rising Powers are just some among many players in African countries' renewable energy sectors.

Given this complexity, the economic, social and environmental impact of Rising Powers' foreign direct investment (FDI) in Africa needs to be considered on a case-by-case basis. For instance, increasing investment from China, India and Brazil in renewable energy in developing countries offers opportunities both for economic development and for addressing climate change. However, the social and environmental impact of renewable energy projects on local communities needs to be assessed carefully in each case. UK development cooperation might want to consider acting as a knowledge broker between Rising Powers and host countries, and to advise host countries on developing more strategic renewable energy policies as a framework for FDI.



## Global investment in renewable power generation in 2014

**South-South investment: \$79bn** of \$126bn

**North-South investment: \$47bn** of \$126bn

Based on data from 55 countries studied by Climascope,  
[www.global-climatescope.org/en/results/](http://www.global-climatescope.org/en/results/)

Rising Powers in African Agriculture, Institute of Development Studies

[www.risingpowers.net/publications/africanagriculture/](http://www.risingpowers.net/publications/africanagriculture/)

China Goes Global, School of Oriental and African Studies

[www.risingpowers.net/publications/chinaglobal/](http://www.risingpowers.net/publications/chinaglobal/)

Low Carbon Transition in Sub-Saharan Africa, University of Durham

[www.risingpowers.net/publications/lowcarbon/](http://www.risingpowers.net/publications/lowcarbon/)

# INNOVATION SYSTEMS IN RISING POWERS

**Understanding the differential growth of capabilities in the innovation systems of China, India and Russia and also variations in policy and ethical perspectives is essential for effective UK national and international policy and business strategies in emerging and advanced technologies.**

Both China and Russia have seen significant policy attention and government investment in leading-edge technologies including nanotechnology, with business, research institutions and governments coming together to undertake research and promote innovation. China's massive R&D investments are paralleled by state-led efforts to accelerate large-scale commercialisation and accompanied by remarkable growth in venture funding, innovation networks, and entrepreneurial capabilities in key metropolitan regions. For the UK, innovation developments in

China, as well as in other Rising Powers countries, can present new collaboration opportunities although they also heighten competition for leadership and global market success in emerging and advanced technologies.

Similarly, in the area of biomedical innovation, Western and non-Western models of innovation in China, India, Russia and Japan differ significantly. Policies on genomics, data science, biobanks, intellectual property and science funding also differ in their degree of orientation to internationally dominant standards. 'Stem cell tourism' of patients not eligible for treatment in the West is one response to diverging regulatory frameworks, and product developers' cross-national collaboration and marketing strategies is another. Much cell therapy work takes place in applied innovation centres, including in the Rising Powers, and some public

debate in the West highlights the ethics of scientific research. Alongside this, a major public focus in both the Rising Powers and the West is on the search for better therapies and on promoting investment and innovation, including engagement with private companies. Policymakers may want to pay more attention to: improving national and transnational regulation of patient care, safety and informed choice of patients around cell therapy; different emerging national and international organisational forms and governance approaches for innovation; and data and incentives issues in projects of genomics and health improvement.



State Strategies of Governance in Global  
Biomedical Innovation, King's College London

[www.risingpowers.net/publications/statestrategies/](http://www.risingpowers.net/publications/statestrategies/)

Innovation Systems Development in China and  
Russia, University of Manchester

[www.risingpowers.net/publications/innovationsystems/](http://www.risingpowers.net/publications/innovationsystems/)

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## CONCLUSION

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Taken together, these 12 research projects show that we need a greater recognition of the influence that China, India, Brazil, Russia, and South Africa have on global governance. We are currently living in a multipolar world, where the interests of these new players are closely enmeshed with those of the OECD countries. This interdependence can be seen on issues ranging from geopolitical stability over social inequality, climate change and environmental challenges, as well as innovation and economic growth.

Regardless of predictions about their future economic growth trajectories, the Rising Powers have already evolved into established and often responsible partners on global issues. While a multipolar world involves significant differences in development models that need to be recognised to allow effective cooperation, our research does not support fears about an automatic race to the bottom on social or environmental governance. Rather, an informed and differentiated engagement with Rising Powers in policy-making and business is needed to find effective solutions to our current global challenges.

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## ABOUT THIS BRIEFING

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This briefing comes out of the 'Rising Powers & Interdependent Futures' network, comprised of 12 research projects that address the emergence of the Rising Powers from a variety of disciplinary approaches across the social sciences. Financed under the Economic and Social Research Council's (ESRC) Rising Powers Research Programme, our projects explore ongoing changes within the Rising Powers as well as their impact on other countries, including the UK. In addition, we are looking at the implications of Rising Powers on processes of global governance to address current economic, social and environmental challenges.



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