G2 (Group of 2)

Prelims: *Current events of national and international importance | International relations*

Why in news?

*The Chinese President Xi Jinping and U.S. President Donald Trump was met in **Busan, South Korea**, on October 30, framed the talks as "a G2 summit".*

- **G2 –** Refers to partnership between the ***United States & China***, the world's two largest economies.
- **Aim –** To jointly address the global challenges – such as climate change, financial stability and international security.
- Modeled after multilateral groups like the G7 or G20, but focused on bilateral cooperation between the world's two dominant powers.
- **1st coined –** In 2005 by a famous economist, Fred Bergsten.
- The "G-2" concept 1st emerged during the ***Obama-Hu Jintao summit*** in 2009.
- **Idea gained power –** During the ***2008 financial crisis***, economists in the U.S. and Europe explored using China's surplus to offset U.S. deficits and help stabilize the global economy.
- **Still evolving concept –** The G2 remained a conceptual framework and was never implemented formally.
- **Revived –** During the Busan summit, 2025, Trump referred to the meeting as a "G2 summit," signaling a renewed interest in bilateral cooperation.
- **Key developments in Busan Summit, 2025**
  - **Trade de-escalation –** Both leaders agreed to ease tensions in the ongoing trade war.
  - The U.S. agreed to reduce tariffs on Chinese imports to 47%, establishing a one-year truce on trade tariffs and export restrictions on rare earth minerals.
  - As a result, India and Brazil now face the highest tariffs at 50%, creating competitive disadvantages in global trade.
  - **Diplomatic outreach –** U.S. and Chinese defense officials met in Malaysia, reinforcing the spirit of collaboration.
  - Trump described China as "the biggest partner of the United States," suggesting a shift toward strategic engagement.
  - **China's two controls –** The decision to cut soybean purchases& China produces 70% of the world's total rare earths.
  - The U.S. share is 11%. ***(India's 0.7%).***
- **Trade war highlights a global shift –** The U.S. leads in consumption, while China

dominates manufacturing and controls key technologies and resources.

References

1. The Hindu | The rise of the G2
2. The Hindu | Trump-Xi bonhomie