

## 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.
- 1<sup>st</sup> coined In 2005 by a famous economist, Fred Bergsten.
- The "G-2" concept 1<sup>st</sup> 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.
  - $\circ$  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

