Erosion of Multilateralism & India's Foreign Policy Reset

Mains: *GS-II – International relations | Effect of policies and politics of developed and developing countries on India's interests*

Why in News?

While speaking in the Rajya Sabha, the Prime Minister acknowledged the reality of a shifting world order, emphasising that the real task ahead is to formulate a new national identity and approach to international relations.

How has multilateralism eroded globally so far?

- **Foundation of Strategic Autonomy** – India's leadership of the Global South at the United Nations General Assembly was the foundation of its long-standing foreign policy of 'strategic autonomy'.
- **Global rules & colonial legacy** – The global rules established at the UN by former colonial powers, led by the U.S., served their interests in the post-colonial world.
- **India's diplomatic leadership** – India's Oxbridge-educated diplomats played a central role in drafting UN principles and rules, effectively shielding poorer nations from external pressures.
- **Climate negotiations** – By 1992, the Global South had entrusted climate negotiations to India almost entirely, reflecting its intellectual and diplomatic leadership.
- **China's rise & shift in global leadership** – Around 2010, China's rise, through the creation of alternative funding, economic and security institutions, impacted the intellectual leadership position of India and also changed the UN irreversibly.
- China heads four principal UN agencies, and its aid volumes exceed those of the West.
- **U.S. withdrawal from multilateral institutions** – The U.S., now unable to manage the UN process, has withdrawn from 31 UN institutions, reflecting a broader decline in its commitment to multilateralism.
- **Trade negotiations & WTO** – In 1986, the U.S. launched the Uruguay Round of trade negotiations, leading to the establishment of the WTO in 1995, where developing countries' interests became more differentiated, and India struggled to secure its interests.
- **Collapse of WTO Dispute Settlement** – In a more equal world, since 2019, the U.S. has rejected the dispute settlement mechanism of the WTO, making it dysfunctional and reverting to unilateral tariffs.
- **China's trade diversification** – China, in contrast, has diversified its exports away from the U.S. and is now the largest trading partner of 120 countries.
- **India's challenge beyond China's rise** – The problem India faces is not from the rise of China.

- **Recognition of multilateral collapse** – While the EU and Canada acknowledge the collapse of the multilateral structures, developing countries are wondering how to revive them.
- **India's position in a transactional world** – With the potential to become the world's third-largest economy, India is particularly impacted in the U.S.-dominated world of transactional relationships, even willing to discard NATO.

In what ways has the evolution of strategic autonomy transformed India's status?

- **India's diminished voice in multilateral institutions** – Leadership of the Global South gave India outsized influence, and now, where do you speak for developing countries when international institutions and law have withered away?
- The U.S. and China are competing for technological dominance, not votes in the UN.
- **Strategic Autonomy** – 'Strategic autonomy' applied to the Cold War when India led the Non-Aligned Movement.
- It lost relevance after the collapse of the Soviet Union in 1991 and gradually became a self-declared identity used to rationalise foreign policy choices.
- India joined the U.S.-led rejuvenated Quad in 2017 and then chose the Russian S-400 missile system over the U.S. Patriot system in 2018.
- **Russia as a trusted partner** – The reality is that India gravitated towards the Soviet Union after its 1951 veto prevented discussion of Kashmir in the UN Security Council.
- Russia remains India's only long-trusted partner, giving cutting-edge military technology, which the U.S. is chipping away at, testing India's resolve to remain a third pole in a multipolar world.
- **"Swing State" in U.S. Strategy** – With China's rise, U.S. analysts began describing India not as strategically autonomous but as a "swing state." The current U.S. military strategy rejects containment of China.

What are the global power politics that happened around India?

- **From Multilateralism to asymmetric relations** – The major scope of international relations, outside of alliances, was within multilateral institutions, which have now returned to asymmetric relations.
- **U.S. Tariff Policy & "America First"** – Reciprocity in tariffs is redefined as "America first", implying others are in a subordinate relationship.
- Under the India-U.S. Framework Agreement, India has agreed to double imports, largely industrial products, while the U.S. continues an 18% tariff, unilaterally deciding reductions clearly after further concessions.
- **EU's trade approach** – The EU trade agreement eliminated 70% tariff lines with phased reciprocal reductions.
- **India's strategic dilemma** – The real question for India is why it was targeted by the U.S. tariffs and how to grow in a world marked by flux.
- The U.S. is determined to prevent the rise of another China, and India alone has the potential to surpass the U.S. economically.
- **Lessons from China's rise** – China exploited multilateral rules to become a fiercely independent global manufacturing power, and that opportunity no longer exists.
- **U.S. Policy toward India, Russia, and China** – The long-term U.S. policy of keeping

India apart from Russia and China has now gained greater force and blunting it will test Indian diplomacy.

How should India reframe its foreign policy?

- **India's demographic advantage** – India's comparative strength lies in its youthful population; nearly half of Silicon Valley's workforce has Indian roots.
- By spreading AI across security, manufacturing, and services, India can secure its developmental space.
- **Replacing strategic autonomy** – To achieve this, India needs good economic and technological relations with the U.S., Russia, and China, Free Trade Agreements (FTA), and, importantly foreign policy replacing 'strategic autonomy' with 'Viksit Bharat 2047'.
- **Biding time and building endogenous capabilities** – India should follow the example of China and the U.S. in the early 1900s by keeping a low international profile.
- By focusing on building its own strengths, and adopting a diplomatic stance that supports the Asian Century, while staying less active in other regions.
- **Trade diplomacy & Export diversification** – India should focus on trade diplomacy by reducing dependence on U.S. markets and diversifying exports.
- With openness to industrial imports, India should push for FTAs with Asia—soon to hold two-thirds of global wealth—and Africa, the fastest-growing continent.
- **Technological & Strategic partnerships** – India should create new technological, cyber and space relations with Russia, its steadfast and tested partner, now more an Asian than European power.
- It should also enable China to invest in infrastructure and partner manufacturing, with safeguards, to take advantage of trade opportunities and accelerate growth.
- **Reframing relations with Pakistan** – India should treat relations with Pakistan as a foreign policy issue rather than a security challenge.
- A new water-sharing arrangement incorporating the needs of the Kashmir Valley, revival of the Iran-Pakistan-India Peace Pipeline with Pakistan benefiting from transit fees, and even a trade agreement could create economic incentives.
- **Repositioning BRICS** – As the BRICS chair, India can reshape its foreign policy by building consensus to reposition BRICS as an economic cooperation forum rather than a political body.
- Linking official digital currencies to make cross-border trade, repatriation and tourism payments smoother will be a good first step.

Reference

[The Hindu | As multilateralism erodes, India must reframe its foreign policy]

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