India’s Diplomatic Headwinds in 2026

Mains: GS II – Bilateral and International Relations

Why in News?

The defining spirit of Indian foreign policy in 2025 was one of shock and surprise and as India steps into 2026, policymakers face a complex international landscape marked by economic uncertainty, geopolitical realignments, regional instability, and shifting alliances.

What are the biggest global developments affecting India in 2025?

- **The United States and the Trump Factor –** The re-election of Donald Trump emerged as the single most consequential global event for India in 2025.
- Indian policymakers initially expected a pro-India Trump presidency based on past engagement.
- This assumption proved incorrect due to punitive trade measures and hostile immigration policies.
- Crackdowns on H-1B visas, student visas, and deportations of undocumented Indians triggered domestic criticism of the Ministry of External Affairs.
- President Trump’s repeated claims of mediating the ceasefire of *Operation Sindoor* undermined India’s narrative on cross-border terrorism.
- The hosting of Pakistani leadership at the White House and approval of F-16 supplies weakened India’s diplomatic position.
- India also faced strained relations with Türkiye, Azerbaijan, and Malaysia for their perceived support to Pakistan.
- President Trump’s announcement of “Liberation Day” tariffs severely destabilised the multilateral economic system.
- His protectionist trade policies disrupted global supply chains and undermined institutions such as the World Trade Organization.
- India was directly affected by the imposition of a *25% tariff and an additional 25% surcharge* on Indian exports, primarily due to India’s continued purchase of Russian oil.
- **U.S. Policy Shifts on Russia and China –** President Trump’s altered stance towards Russia and China overturned earlier U.S. strategic frameworks.
- Russia and China, earlier labelled as America’s principal threats, were selectively engaged, unsettling traditional U.S. allies in Europe and the Indo-Pacific.
- This unpredictability weakened alliance cohesion and complicated India’s balancing strategy between great powers.
- **Decline in Diplomatic Norms and Global Leadership –** President Trump’s confrontational and high-handed treatment of world leaders marked a sharp decline in

diplomatic decorum.
- His overt quest for international recognition, including claims of resolving "eight wars" to justify a Nobel Peace Prize bid, eroded the credibility of U.S. leadership.
- India found it increasingly difficult to rely on established diplomatic norms in dealing with Washington.
- **Rise of the Global Ultra-Right –** Elections across Europe, Japan, and Chile witnessed the rise of ultra-right and xenophobic political forces.
- These trends threatened liberal democratic values and complicated India's diaspora diplomacy.
- Increasing nationalism reduced support for multilateralism and migration-friendly policies, affecting Indian professionals abroad.
- **Global Economic Slowdown and Energy Concerns –** Global growth was projected to decline steadily from *3.3% in 2024 to 3.1% in 2026.*
- A glut in oil production by OPEC countries led to falling oil prices.
- While beneficial for India's import bill, lower oil prices weakened incentives for renewable energy transitions and climate action.
- **Russia-Ukraine War and Its Economic Fallout –** The Russia-Ukraine war entered its fourth year without resolution.
  For the first time, India faced direct economic consequences for its energy imports from Russia.
- The European Union and the United Kingdom imposed sanctions on Nayara Energy, an Indian-Russian joint venture.
  The United States sanctioned major Russian oil companies, indirectly affecting India's energy security.
- **Israel-Gaza Conflict –** Israeli military operations in Gaza continued through 2025, resulting in over 70,000 deaths, including 20,000 children.
- India maintained a cautious diplomatic position, avoiding direct criticism of Israel.
- An American-backed ceasefire towards the end of the year offered limited optimism.
- **Iran, SCO, and BRICS Complications –** India's refusal to criticise Israeli strikes on Iran in June led to diplomatic discomfort within the *Shanghai Cooperation Organisation (SCO)* and *BRICS,* where Iran is a member.
- India's balancing act between Israel, Iran, and Arab states became increasingly complex.
- **India-Middle East Economic Corridor (IMEC) –** The ambitious India-Middle East Economic Corridor remained stalled due to regional instability.
- This delayed India's connectivity and trade ambitions linking Asia with Europe.
- **Neighbourhood Turmoil –** India faced renewed tensions with Pakistan following a military conflict.
- Nepal witnessed Gen-Z-led protests that toppled the government, raising concerns over political stability.
- In Bangladesh, mob violence turned anti-India after the killing of a right-wing leader.
- These events cast doubts on the effectiveness of India's *"Neighbourhood First" policy.*

What are the diplomatic successes of India in 2025?

- **Reset in India-Canada Relations –** Relations with Canada improved after years of tension over Khalistani extremism.

    - Prime Minister Modi attended the G-7 outreach in Canada.
    - Both leaders agreed to de-escalate disputes and rebuild trust.
- **Engagement with the Taliban –** India initiated direct engagement with the Taliban regime in Afghanistan.
    - A meeting between the Indian Foreign Secretary and Taliban Foreign Minister led to improved ties
    - External Affairs Minister S. Jaishankar accorded full honours to Amir Khan Muttaqi during his visit to Delhi.
    - While controversial, this engagement countered Pakistan's influence and created a strategic opening.
- **Managing Relations with China –** India continued rapprochement with China after the 2024 Modi-Xi meeting.
    - Measures included reopening Kailash-Mansarovar Yatra, restoring visas and flights, and resuming water data sharing.
    - Despite China's support to Pakistan during Operation Sindoor, India maintained engagement through SCO mechanisms.
- **Strengthening Select Neighbourhood Ties –** India strengthened relations with Bhutan, Sri Lanka, and the Maldives.
    - India's humanitarian assistance to Sri Lanka after Cyclone Ditwah, including *$450 million in aid*, was widely appreciated.

What lies ahead in 2026?

- **Trade and Economic Diplomacy –** Bilateral trade agreements with the U.K., Oman, and New Zealand were concluded.
- Major trade agreements with the U.S., EU, ASEAN, GCC, and others remain pending.
- The India-EU Free Trade Agreement is expected to be finalised during the Republic Day visit of EU leaders.
- **Key Diplomatic Events –** India will closely monitor elections in Myanmar, Bangladesh, and Nepal due to their regional implications.
- India will host the *Artificial Intelligence Summit* in February 2026 with participation from global leaders.
- Canadian Prime Minister Mark Carney is expected to visit India to discuss trade, critical minerals, and nuclear cooperation.
- **Multilateral Engagements –** Uncertainty remains over President Trump's participation in the Quad Summit hosted by India.
- Leaders of BRICS, including Vladimir Putin and Xi Jinping, are expected to attend the BRICS Summit in India.
- Prime Minister Modi will attend the G-20 Summit in Miami, hosted on a Trump property, following U.S. mid-term elections.

Reference

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