

After the year that reset global equations, time to repair, rebuild

Trade talks, neighbourhood polls, great-power ties: India's choices will shape its global standing and regional stability



LOOKING AT
2026
DIPLOMACY



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FOR 80 years, the geopolitical and geoeconomic compact forged after World War II largely held on, despite the odd tremors and pressures. The year 2025 was when it exploded in the world's face, with US President Donald Trump's second-term policies in full swing. Closer home, India and Pakistan saw a brief but lethal conflict, which drew some lines in the sand. Meanwhile, the shadow of the Russia-Ukraine war, now dragging into its fourth year, and the brutal Gaza war, hang large over the world.

For New Delhi, there were some positives too: Ties with Europe improved, and re-engagement with Canada and China began, even if the underlying causes of strain remain unresolved.

THE HIGHLIGHTS OF 2025

INDIA-U.S. UNDER TRUMP 2.0

A year ago, India was bullish about ties with US after Trump's re-election. Early, nimble engagement raised hopes and the two sides began trade talks. But relations deteriorated sharply after Trump claimed credit for stopping the war with Pakistan and imposed 50% tariffs on India — the highest on any country. India was forced to reduce oil imports from Russia. Trade talks still continue, but strategic trust has taken a hit.

FRAUGHT TIES WITH PAKISTAN UNDER FIELD MARSHAL MUNIR

After the April 22 terror attack on civilians in Pahalgam, Operation Sindoor was paused after four days, but Delhi drew a new redline: no nuclear blackmail, and any terror attack would be treated as an act of war. The escalation alarmed the global community. The year ended with another terror incident near Delhi's Red Fort, but India avoided escalating rhetoric or retaliation. Meanwhile, Pakistan Army chief Asim Munir anointed himself Field Marshal, gaining immunity from future prosecution and consolidating power in a manner seen only with General Zia-ul-Haq.

REGIME CHANGE IN NEPAL

Anger against corruption and nepotism spilled onto Nepal's streets, and Gen Z protesters ousted the ruling dispensation. An interim government led by former Chief Justice Sushila Karki was formed, with elections promised in early 2026. The upheaval strengthened the army and revived some support for the monarchy, though the political class continues to resist deeper change.

TURMOIL IN BANGLADESH

Bangladesh saw renewed unrest after the killing of youth leader Osman Hadi and a Hindu man's lynching, adding to a year of tension with India. Nearly 18 months after Sheikh Hasina's ouster, the student-backed interim government led by Muhammad Yunus continues to face legitimacy and security challenges as it heads to polls in February 2026.

TENSION IN WEST ASIA

The two-year war in Gaza was paused

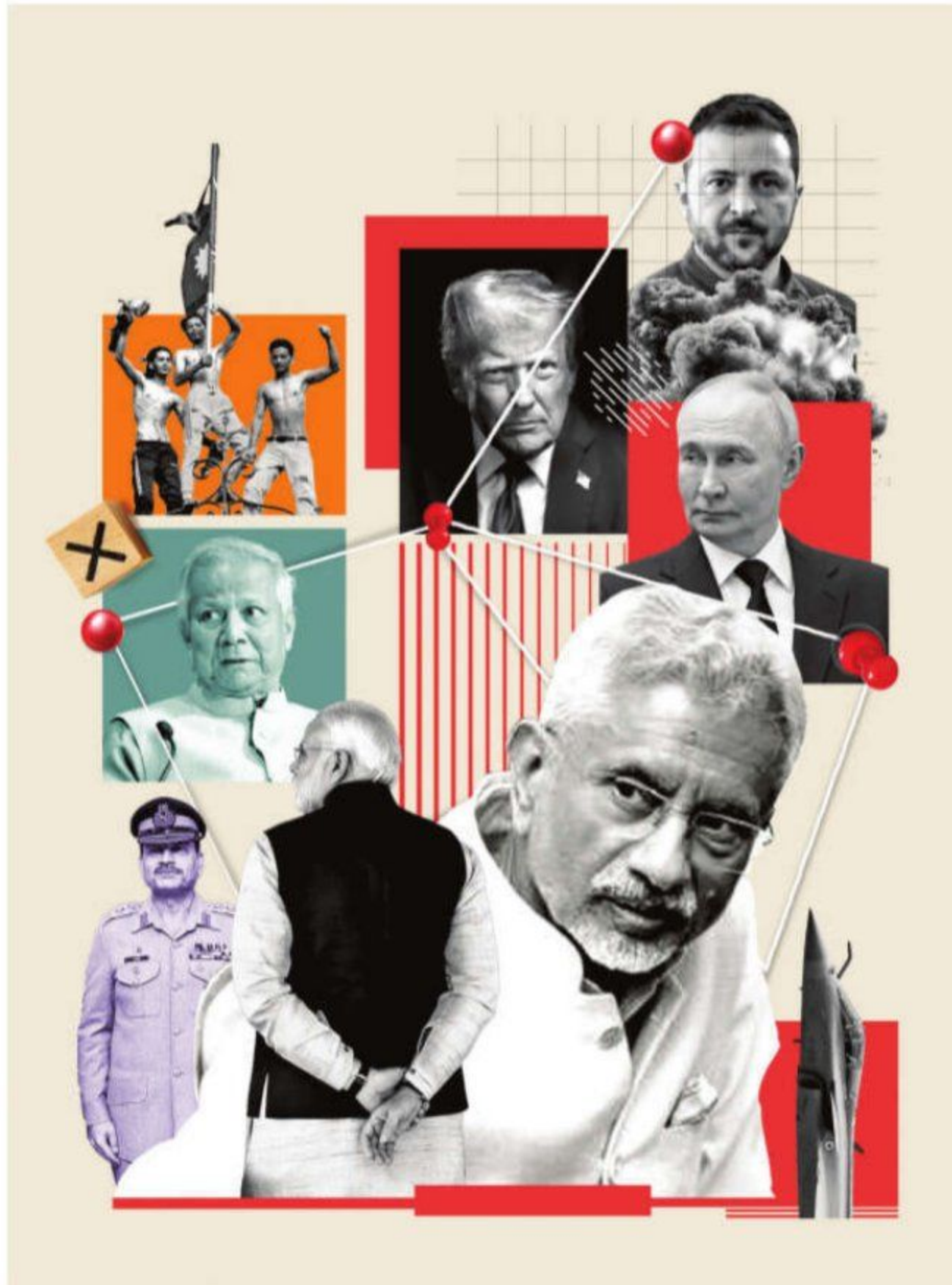


ILLUSTRATION: SURAJIT PATRO

after a Trump-brokered ceasefire, despite violations by Israel and Hamas. Israel and the US asserted unprecedented dominance over Iran following a 12-day conflict in which US bombers struck fortified Iranian nuclear sites. Israel also struck inside Qatar, prompting Trump to pressure Prime Minister Benjamin Netanyahu to apologise to Emir Tamim bin Hamad Al Thani.

WAR IN UKRAINE AND EFFORTS TO END IT

As the Russia-Ukraine war nears four years, Trump has pushed for a ceasefire, oscillating between publicly rebuking Ukraine's President Volodymyr Zelenskyy and castigating Russian President Vladimir Putin. While envoys are negotiating, key disagreements over territory and security guarantees remain.

INDIA'S OUTREACH TO CHINA AND RUSSIA

As ties with the US soured, India asserted strategic autonomy. Prime Minister Narendra Modi met Chinese President Xi Jinping and Russian President Vladimir Putin at the SCO summit in Tianjin, and later hosted Putin bilaterally. The outreach unsettled European partners.

RE-ENGAGEMENT WITH CHINA

Re-engagement continued with the removal of visa curbs and restoration of direct flights after the October 2024 Kazan summit. However, around 50,000 troops remain deployed on each side of the Line of Actual Control.

NEW IN THE NEW YEAR

Talks table

In 2026, key for India will be getting the trade deal with the US across the finishing line.

India is also invested in the Ukraine talks amid the 25% tariff over Russian crude, and a lasting West Asia peace, which will help revive IMEC.

RESET WITH CANADA

After two tense years following allegations by former PM Justin Trudeau over the killing of Khalistan separatist Hardeep Singh Nijjar, new Prime Minister Mark Carney sought a reset. Both sides are firewalling political and economic ties from the Nijjar investigation, restoring visas, staffing missions and reinstating envoys.

TURKEY AND AFGHANISTAN

Ties with Turkey deteriorated after Turkish drones were found in Pakistan's arsenal and President Recep Tayyip Erdogan openly backed Islamabad. In contrast, India strengthened engagement with Taliban-ruled Afghanistan, hosting ministers, allowing the Taliban to take over the Afghan embassy, and reframing Kabul as "the enemy's enemy" amid deteriorating Pakistan-Afghanistan ties.

WHAT 2026 HOLDS

INDIA-U.S.: THAW OR TURBULENCE

Much depends on whether a trade deal is concluded and how India navigates Trump's unpredictability, including his peace-making ambitions between India and Pakistan. Back channels are active, and the role of new US Ambassador Sergio Goro will be crucial.

EUROPE IN FOCUS

India is set to energise its ties with the European Union, as it is going to host the EU's leaders — Ursula von der Leyen and

Antonio Costa — for the Republic Day parade celebrations, for the first time. It will also host German Chancellor Friedrich Merz in early January, within a year of his assuming office.

New Delhi, which has already signed a trade deal with the UK, is now negotiating a trade deal with the European Union that promises to unlock its markets for Indian products, and vice-versa. In February, French President Emmanuel Macron is also expected to visit India, giving a solid start to European engagement.

PAKISTAN: UNEASY PAUSE

The pause in Operation Sindoor has kept the door for a confrontation with Pakistan ajar. Delhi is on guard, and will be tested through the year in case of another terror attack whose links are traced to Pakistan. This will require considerable military, political and diplomatic bandwidth from Delhi.

ELECTIONS IN NEPAL AND BANGLADESH

Both neighbours face high-stakes elections. In Nepal, the test will be whether old elites give way to younger leaders or monarchist-aligned groups gain ground. In Bangladesh, security concerns and the likely exclusion of the Awami League from the polls could undermine electoral credibility.

INDIA'S BRICS PRESIDENCY AND THE QUAD SUMMIT

India is set to host the BRICS summit this year, with Putin and Xi expected to participate. At the same time, Delhi would want to host the Quad leaders' summit — if Trump makes a trip to India. Both summits will be a test of India's strategic autonomy and convening power.

THE A.I. IMPACT SUMMIT

Like the G20 summit in 2023, India is preparing to host an Artificial Intelligence Impact summit in February, with world leaders and technology czars invited. This is the second edition after France hosted the first one in Paris this year, and will be Delhi's opportunity to showcase its prowess in technology and the new frontiers of hi-tech.

THE G20 UNDER U.S. PRESIDENCY

The US will host the G20 leaders' summit in 2026, a year after it did not participate in South Africa. How the Trump administration convenes the summit will be testimony to its priorities — and a test of its influence.

CHINA-U.S. DETENTE

Delhi will be watching the engagement between the US and China. Trump and Xi are locked in a battle for dominance over AI and chips, and much is at stake about the future of semiconductors, where India is a new entrant in the race.

INDIA'S ENGAGEMENT WITH AFRICA

After having won Africa's goodwill by including the African Union into the G20 grouping during the Delhi G20 summit in 2023, Delhi will be looking at holding the next edition of the India-Africa Forum summit.

UKRAINE-RUSSIA NEGOTIATIONS

With the US now imposing 25% tariffs over the purchase of Russian oil, India has become deeply invested in the Ukraine peace process. New Delhi is discussing hosting Zelenskyy, depending on the situation on the battlefield, on the negotiating table, and in Ukraine's internal politics.

PEACE IN WEST ASIA: IMEC REVIVAL

A lasting peace where the Arab world and Israel are able to bury their differences will be instrumental in reviving the India-Middle East-Europe Economic Corridor announced in September 2023.

In a fractured global order, Delhi enters 2026 balancing autonomy, alignment and ambition — with little room for missteps.

