



# INSTITUTE OF ECONOMIC GROWTH

## KEC POLICY BRIEF

## SHAPING FOREIGN POLICY IN TURBULENT TIMES\*

Moderator: NK Singh

Concluding Address: S Jaishankar

Panelists: Jean Claude Trichet, Richard McGregor

Plenary  
Session

11

Date: 05<sup>th</sup> October 2025 | Time: 16:00 – 17:00 hr

### Executive Summary

“Every generation believes it is living through turbulent times,” observed speaker, “but for this generation, it is true.” Global politics and economics are being reshaped by strategic rivalries, technological disruptions, and a growing weaponisation of interdependence. The post–Cold War era of liberal globalization has led to an age of strategic globalization where economic efficiency competes with national security, and resilience outweighs openness.

Today's turbulence is marked by energy transitions, technological competition, and contested supply chains. It presents both risks and opportunities. For India, the challenge is to move from a reactive to a shaping power, building inward strength while engaging globally with balance, confidence, and agility. As speaker remarked, “For India, the answer to a difficult world lies not outside, but inside.”

### *I. Understanding the New Geopolitical Flux*

Across domains—production, finance, energy, and technology—the world is in transition. The United States, once anxious about energy dependence, is now a net exporter, integrating energy exports into its strategic calculus. China,

conversely, leads the world in renewables, controlling the majority of solar, battery, and rare-earth supply chains. “Whichever path you take-fossil or renewable-all roads eventually lead there,”.

Simultaneously, the nature of power projection has evolved. Conflicts from Azerbaijan-Armenia to Ukraine-Russia and Israel-Iran exemplify the rise of contactless warfare - where standoff precision and cyber capabilities redefine deterrence. Sanctions, crypto-finance, and the scramble for critical minerals have turned into tools of coercion, creating an era where everything is weaponised -from energy and finance to data and semiconductors.

### *II. The Changing Logic of Power and Alliances*

Global alignments are being re-written. Major powers, with greater margins of strength, are less constrained by collective frameworks. “They believe less in balance of power, more in the exercise of power”. The weakening of international regimes-seen in selective application of sanctions and trade rules-reflects a broader trend of de-risking politics and economics.

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At the same time, minilateral platforms like the Quad have emerged as stabilizing frameworks. Emphasizing the need for balance—“to neither deny problems nor assume catastrophe.” India's participation in such coalitions signals a calibrated multi-alignment—engaging the West, maintaining ties with Russia, and nurturing Asian partnerships—without being trapped in any single camp.

### ***III. The U.S.–China Contest and the Shape of Multipolarity***

The defining rivalry of our time remains between the U.S. and China. Their interaction will steer the future of global politics, economics, and technology. For ASEAN and the Indo-Pacific, this is both a strategic opportunity and a predicament—caught between the gravitational pull of two major powers.

Presenter argued that multipolarity “is partly happening, but it must also be built.” It will not be a neat, symmetrical order, but a messy, negotiated multipolarity, shaped by regional actors asserting influence. Russia's current trajectory adds complexity to this mix.

The presenter emphasized that technology is the new theatre of geopolitics. Artificial Intelligence, data governance, and semiconductor ecosystems are the modern equivalents of nuclear and oil races. India's upcoming AI Impact Summit underscores this shift.

### ***IV. India's Strategic and Economic Response***

India's foreign policy strength must stem from domestic transformation. Expanding manufacturing capacity, developing human

resources, investing in infrastructure, and promoting ease of business are not only economic imperatives—they are instruments of national power.

As speaker stated, “The challenge for India is to go beyond defending what we have—to build manufacturing we once lost decades on.” India must pursue both advanced (AI, drones, semiconductors) and traditional manufacturing to achieve an optimal industrial mix.

India's trade and investment focus is shifting toward reliable and sustainable partners. Initial FTAs with East Asian economies often exposed India to indirect Chinese penetration through supply chain interlinkages. Today, India's engagement with the UK, EU, and potentially the U.S. reflects a turn toward predictable and like-minded economies.

Meanwhile, India continues to manage frictions with Washington pragmatically. “These are real issues, but they do not define the entire relationship.” This ability to compartmentalize disagreements while deepening cooperation is a hallmark of India's diplomacy.

India's strategic geography positions it as a bridge between continents. Initiatives such as the India–Middle East–Europe Corridor and Chabahar Port signal a focus on resilient connectivity that enhances trade diversification and energy security.



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### V. Policy Implications for India

Policy Domain	Strategic Priority	Intended Outcome
Economic Diplomacy	Integrate MEA -Commerce - Finance coordination	Coherent trade & investment strategy
Institutional Reform	Lead Global South advocacy at UN, WTO	Modernize global governance structures
Technological Security	Build semiconductors , AI, drone ecosystems	Enhance strategic autonomy
Energy Transition	Diversify between fossil resilience & renewables	Reduce supply chain vulnerability
Connectivity Diplomacy	Accelerate IMEC, Chabahar, ASEAN corridors	Secure trade & energy routes
Strategic Communication	Project India as stabilizing force	Shape narrative of responsible power

### Conclusion: Turning Turbulence into Opportunity

In a world of flux, where the rules of globalization are rewritten and the hierarchy of power unsettled, India's foreign policy must blend realism with ambition. The essence of the message lies in composure and self-confidence: India's rise will not be a reaction to others but a function of its own depth, discipline, and dynamism.

Turbulence, in this view, is not a crisis but a crucible—a test of national adaptability. By building inner strength, investing in technology and manufacturing, and maintaining a wide network of partnerships, India can convert uncertainty into strategic space. As speaker concluded, “Our challenge is not merely to defend what we have, but to rise in these turbulent times.”





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