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EDITORIAL ANALYSIS

Beyond Trade Deals to Building a New Architecture

THE HINDU

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 The Hindu

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INTERVIEW ANGLE

"As the WTO weakens and bilateral FTAs proliferate, can India lead a "sectoral plurilateralism" among middle powers to build resilient trade architecture? What is India's comparative advantage in this new framework?"

THE CORE ARGUMENT

The global trading system is fragmenting along geopolitical lines — tariff wars, supply chain decoupling, and the weaponisation of economic interdependence are replacing the WTO's rules-based multilateral framework. India's current response — negotiating bilateral Free Trade Agreements (FTAs) — is necessary but insufficient. The editorial advocates for **"sectoral plurilateralism"**: structured frameworks among middle powers (India, ASEAN, EU, Japan, Australia, Gulf states) covering specific sectors — digital trade, green energy standards, critical minerals, financial services — rather than sweeping comprehensive FTAs. India's digital infrastructure (UPI, Aadhaar, ONDC), AI capabilities, and engineering talent give it distinctive leverage to lead this new architecture.

THE COLLAPSE OF THE MULTILATERAL TRADING ORDER

WTO Crisis

The **World Trade Organisation (WTO)**, established in 1995 as the successor to GATT, was the cornerstone of multilateral trade governance:

WTO CRISIS	DETAIL
Appellate Body paralysis	US blocked appointments since 2017; Appellate Body non-functional since 2019
Doha Round collapse	2001 Doha Development Round — never concluded after 24 years
Geopolitical fragmentation	US-China trade war; EU's Carbon Border Adjustment Mechanism
Exception creep	National security exceptions (GATT Article XXI) increasingly invoked

Trade Weaponisation — The New Reality

INSTRUMENT	WHO USES IT	TARGET
Export controls (semiconductors, rare earths)	USA, China	Each other
Tariff escalation	USA (steel, aluminium, EVs)	Multiple
Carbon Border Adjustment Mechanism (CBAM)	EU	Carbon-intensive exporters including India
Sanctions (secondary)	USA	Russia, Iran, Venezuela
Critical mineral export bans	China (gallium, germanium)	Semiconductor supply chains

India's exposure: India faces CBAM on steel and aluminium exports to EU; semiconductor dependency on US/Taiwan; rare earth dependency on China.

INDIA'S CURRENT TRADE STRATEGY

Bilateral FTA Track

FTA STATUS	PARTNER	COVERAGE
Operational	UAE (CEPA 2022)	Goods, services, investment
Operational	Australia (ECTA 2022)	Interim; full FTA under negotiation
Operational	EFTA (2024)	Switzerland, Norway, Iceland, Liechtenstein
Pending	UK	Under negotiation since 2022
Pending	EU	Under negotiation; CBAM complication
Paused	Canada	Negotiation stalled
Pending	GCC	Gulf Cooperation Council; advanced

Limitations of bilateral FTAs:

- Rules of origin complexities create trade diversion without trade creation
- Each FTA creates separate regulatory burden
- Cannot address systemic issues (digital trade, data flows, green standards)
- India's trade deficit worsens in many FTAs (ASEAN FTA case)

THE SECTORAL PLURILATERALISM PROPOSAL

What Is Sectoral Plurilateralism?

Instead of comprehensive FTAs covering all goods and services, **sectoral plurilateralism** focuses on:

- **Critical minerals** – India + Australia + Japan + EU supply chain agreement
- **Digital trade** – India (UPI/ONDC) + ASEAN + Africa digital payment standards
- **Green energy** – Solar, wind, hydrogen standards and carbon credit recognition
- **Financial services** – India + Gulf + Southeast Asia payment interoperability
- **Semiconductor supply chain** – India + Japan + US + EU (Chip-4 adjacent)

India's Comparative Advantages in This Framework

CAPABILITY	GLOBAL RELEVANCE
UPI	World's largest real-time payments system; ~\$2 trillion annual volume; expanding to UAE, Singapore, France, Mauritius
ONDC	Open Network for Digital Commerce — open protocol for e-commerce; replicable model
Aadhaar/DigiLocker	Digital identity infrastructure; potential model for Global South
Engineering talent	1.5 million+ engineering graduates/year; AI and software capability
GIFT City	Offshore financial centre; could anchor India-led financial plurilateral
Renewable energy	220 GW solar + wind; green hydrogen ambition
Critical minerals	Agreements with Australia, Argentina; potential anchor for critical mineral club

INDIA-SOUTH KOREA — THE MODEL MIDDLE-POWER BILATERAL

The editorial notes India-South Korea ties as an example of middle-power cooperation that goes beyond trade:

AREA	INDIA-SOUTH KOREA COOPERATION
Semiconductor	Samsung, SK Hynix exploring India manufacturing
Defence	South Korea: K9 Vajra howitzers; joint manufacturing
Clean tech	South Korea hydrogen and battery technology + Indian market
Digital	UPI-based payment integration with Korean platforms
CEPA	India-South Korea CEPA (2009) — but underutilised

Why middle powers matter: Neither India nor South Korea can individually set global trade rules, but together — with Japan, Australia, Germany, Brazil, Indonesia — they constitute a bloc that can negotiate standard-setting rather than merely accepting US-China rules.

UPSC ANGLE

PAPER	ANGLE
GS2 — IR	WTO, bilateral FTAs, trade multilateralism, India's trade policy
GS3 — Economy	FTA economics, trade deficit, critical minerals, digital trade
GS2 — IR	ASEAN, India-EU, India-UK, CBAM, supply chain diversification

Mains Keywords: WTO, Appellate Body, Doha Round, FTA, CEPA, CBAM, sectoral plurilateralism, ONDC, UPI, critical minerals, trade weaponisation, supply chain decoupling, GIFT City

Probable Question: “The era of WTO-led multilateral trade governance is over. What new architecture should India advocate for?” (GS2 Mains)



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