

Para-diplomacy

By Sahil Jindal

Introduction

According to the constitutions of federal nations, the central government is responsible for implementing foreign policy. The constituent parts of federations, such as states, provinces, regions, cantons, and federal states, have been granted increasing powers during the past few years. India is also observing this trend.

Intensifying Indian states to actively participate globally has been one of India's primary goals in its present foreign policy. It is also proving to be a fantastic example of cooperative federalism, emphasising the role of the states as equal participants in the nation's growth.

This article attempts to forward the meaning of the relatively new term "Paradiplomacy". What is motivating the rising involvement of sub-national governments in international affairs? How vital is Paradiplomacy in the burgeoning globalisation era? What are the difficulties in giving states more authority to make foreign policy, and what steps should be taken in this direction? This article critically analyses these aspects.

How did the idea of Paradiplomacy evolve?

The idea of paradiplomacy was initially put up in 1990 by American professor John Kincaid, who described a role for local and regional governments in foreign affairs within a democratic federal structure.

Stefan Wolff defines it as the "foreign policy ability of sub-state entities, including their participation, independent of their central state, in the international area in pursuit of their international interests".

"Para-diplomacy is also called 'state diplomacy', 'continent diplomacy', 'regional diplomacy', and 'subnational diplomacy'."

Are federal democracies the only ones that exhibit paradiplomacy?

It depends on the type of application of paradiplomacy. In states like the United States, quasi-federal states like India, non-federal states like Japan, and even non-democratic states like China, economic paradiplomacy (involves states signing pacts and trade deals with states of other countries without actually involving the centre. Recent example is Assam and Bangladesh)

is related to trade and investment, in particular, has become a standardised practice around the world.

But what purpose does paradiplomacy serve, and why have modern governments greatly emphasised its use?

What purpose does it serve to involve subnational governments in foreign policy directly?

- **Strengthens the federal structure:** Extending the diplomatic reach to the regional level strengthens the nationwide foundation by emphasising the role of the states as equal participants in national development.
- **Enhancing their advantage for competition:** States are frequently equipped and more prepared to begin diplomatic actions in trade, business, cultural and educational exchanges, and foreign direct investment, which helps them maintain their competitive advantage (FDI).
 - *For instance*, border states are frequently in a better position to improve diplomatic ties with neighbouring governments due to geographical, cultural, historical, and economic factors.
- **The globalisation of localism:** By bringing local issues to the international arena, paradiplomacy helps create a block for a decentralised area in international debates and the "internationalisation of domestic issues." As a result, it supports local communities in making sense of global issues like climate change and looks for local issues to which global solutions can be beneficial.
- **Improving public leadership:** To localise the Sustainable Development Goals, paradiplomacy works in conjunction with the emergence of new territorial leaders, the building of located social capacities, and the mobilisation of resources (SDGs).
- **Sharing best practices:** Through consolidating collaboration platforms across various networks and input exchanges, paradiplomacy enables the discussion and exchange of best practices, focusing on vital public services.
- **Economic reasoning:** A proactive Chief Minister cannot be complacent and solely rely on support from the Centre under a federal system where the Union's resources are constrained and where the outcome of regular elections determines which parties rule. With federal governments, paradiplomacy makes it easier to split the costs and combine forces and resources to make foreign policy.
- **The increasing importance of cities globally:** The twenty-first century is known as the Age of Cities. Cities are the Centre of social and economic development, a place for immigration and cross-cultural interaction, wealthy contributors to climate change, and a critical factor in the fourth industrial revolution.
- **Enhancing the country's reputation:** Paradiplomacy increases options as it strengthens relationships with international partners, expands the home nation's reach and has other positive effects.

Case Studies: Paradiplomacy across the world

- **São-Paulo, Brazil**
 - Brazil's city model of diplomacy arose after adopting a new constitution that permitted federation-wide decentralisation. There is now a separate administrative service inside the Ministry of External Relations that facilitates communication with local governments and states.
 - The So Paulo state administration adopted its strategy for conducting international relations in 2012 to lure global investment.
 - The State of So Paulo signed direct bilateral agreements with the United States and the United Kingdom in 2013 to become the first sub-national government in the Southern Hemisphere. All 26 of Sao Paulo's government ministries have partnerships or projects abroad, particularly in the infrastructure industry.
- **China**
 - China has successfully boosted its excellent FDI performance through innovative paradiplomacy and adopting a hybrid model combining central coordination and regional diplomacy. The "Open Coastal Cities" programme debuted in the early 1980s was one of the critical measures to draw FDI.
 - The continuation of practical measures, such as lower customs fees and authorisations for foreigners to run banking and tertiary firms, was permitted in 14 coastal cities. Later, this strategy was made applicable to all provincial capitals, and the following innovation stage saw the opening of municipal foreign affairs offices in critical commercial centres.
 - Beginning in 1992, FDI in China exploded, and by the next decade, China was responsible for one-third of all FDI worldwide.
 - China has now developed a "one country, two systems" framework that gives Beijing power while granting Macau independence. As a result, Macau currently participates in organisations like the WTO and IMF and conducts cross-border connections.

How is paradiplomacy working out for India?

According to the Indian constitution, international relations are only a "union" subject list. It implies greater role of centre in foreign affairs, diplomatic, consular, and trade representation, participation in international conferences, signing of treaties and agreements with other

countries, implementation of treaties, contracts, and conventions with other countries, foreign jurisdiction, and trade and commerce with other countries, including import and export, are all mandated by Item 9-20 of the Union List. For example, the Department of Industrial Policy and Promotion (DIPP), the Foreign Investment Promotion Board (FIPB), and the Ministry of Commerce make decisions regarding all FDI-related policies regarding sectors, ownership quotas, and other issues. There are state investment promotion boards, although they mainly function as single-window bid evaluation and approval mechanisms.

- States' ability to influence the nation's foreign policy is, at best, sporadic and dependent on variables like the location of a particular state.

However, during the past few years, India's paradiplomatic operations have rapidly increased as state governments actively communicate with the federal government about foreign policy matters that affect their interests. For instance:

- Several states, Goa and Gujarat, have created vibrant investment summits that have proven to be effective venues for showcasing their investible projects on a larger scale.
- Border states have advocated for more significant cross-border trade. For example, Tripura established border haats or markets along the India-Bangladesh border, while Punjab supported more commercial channels at the Wagah border.
- Rising international partnerships: Regionally-ruled states like Andhra Pradesh, Telangana, and Tamil Nadu have worked with foreign firms to manage parts of their municipal services.
- Kerala coordinates diplomatic relations with the Middle Eastern nations as a cosmopolitan state thanks to its diaspora and most significant foreign remittances in India.
- Powerful ministerial delegations, like the one the Indian Prime Minister led to Vladivostok in August 2019 to examine the possibility of outbound investments and forge partnerships with Far Eastern provinces, featured four Chief Ministers.

Factors that fueled the expansion of paradiplomacy efforts in India

India has seen a growing use of paradiplomatic exercises across states (particularly border states). What are those factors that have led us in this direction? These are :

- **Historical Factors:** The geopolitical setting of the nation (in terms of disputed borders and shared cultures) favours governmental involvement in foreign policy.
- **Regional political parties and the emergence of coalitions after 1967** put a great deal of strain on India's federal system, and the institution of the governor's office and the debate over state autonomy sprang to the fore. These states were obliged to explore

alternate development models for their conditions due to the partisan behaviour of the central governments toward these states.

- **Economic liberalisation:** As a result of the LPG reforms of 1991, key areas of economic liberalisation—such as the construction of industrial infrastructure, electricity, irrigation and agriculture, health care, and education—all fell within the purview of the states. Following the economic reforms of the 1990s, Indian states have significantly influenced India's foreign policy choices.
 - For instance, India opened its power sector operations to private foreign investors for the first time in 1992 when the Maharashtra government agreed to partner with Texas energy giant Enron and General Electric to finance its Dabhol Project.
- **Globalisation:** Since globalisation has destroyed conventional borders, subnational participation in international affairs might help the Central government handle the difficulties offered by new political, economic, and social forces.
- Promoting para-diplomacy through **foreign investments** has also benefited from government efforts like Digital India, Make-in-India, the Smart Cities Mission, which includes the ASEAN Smart Cities Network, and good governance initiatives.
- **Regulatory Changes**
 - According to his concept of a "Team India" where states can compete with one another through "competitive federalism," the Ministry of External Affairs (MEA) recently established the States Division.
 - Sister-city pacts: Numerous sister-city agreements have been made since 2014, including those between Mumbai and Shanghai, Ahmedabad and Kobe, and Varanasi and Tokyo, to foster cultural and economic ties and share best practices. This will open the door for improved economic linkages between the two thriving cities and the two nations.

Therefore, states are taking on the role of entrepreneurs and launching ground-breaking projects while exercising fiscal restraint to reach new heights. This fosters trust and creates a welcoming investment environment, encouraging them to participate. However, Indian states still do not have an independent role in foreign policy because it is under the direct control of the Centre (comes in union list). Thus, we can assert that they have relative autonomy in carrying out these tasks.

Issues related to paradiplomacy

Acknowledging that paradiplomacy as a tool has been and is proving to be very effective in times of today, yet there are such issues that arise while putting it to action.

- **Lack of policy coherence:** The main worry is that states might speak from the Centre in several voices, making cooperation difficult. It is challenging to provide a consistent

national foreign policy that affects the bilateral relationship at the main level due to the variety of voices (known as "segmentation") coming from the same country to the international arena.

- For instance, when the US government opted to leave the Paris Climate Change Agreement, twelve state governors (Democrats and Republicans) vowed to uphold the ideals of the agreement. They founded the United States Climate Alliance, which 30 governors now back.
- States may be more motivated to pursue their narrow interests than what is commonly thought to be in the best interests of the nation as a whole, which could have an increasing impact on the country's foreign policy.
- Subnational governments may make concessions on tax collection, environmental regulation, and other compliance issues to the disadvantage of their citizens to attract foreign direct investment (FDI).
- **Me-too paradiplomatic behaviour:** Some non-central governments started making paradiplomatic relations solely to imitate the success that others had attained using related strategies.
 - However, imitation alone can result in significant paradiplomatic failures, as was the case with the representative offices, mainly when it happens without deliberation or a firm appraisal of its advantages and disadvantages.
 - For instance, several non-central governments rushed to establish representative offices abroad in the 1980s to emulate the Canadian province of Quebec's success in France. However, the expenses of creating and running offices without a clear purpose far outweighed their advantages, which is why there was a period when representations were closed.
- **Limited financial space of states:** Non-central governments cannot sustain successful paradiplomacy-related operations like opening consular offices and hosting foreign dignitaries' visits. It is more pertinent when states financially depend on the federal government, as with most of India's northeastern states.
- **Lack of information or theory:** At this time, there is no well-founded theory explaining how or why non-central governments choose to engage in international affairs or how the State could more effectively represent their interests.

What are the current and potential difficulties India is now experiencing with paradiplomacy?

- States have a vast cultural, religious, economic, and geographic diversity.
- Various and frequently at odds interests exist between several states and the federal government.

- In border states with powerful regional parties, this is more obvious. For instance, the West Bengal government's opposition prevented the signing of the Teesta Water Sharing Agreement.
- Excessive decentralisation in terms of foreign involvement may weaken the nation's cohesion and integrity.
- Indian foreign policy decisions could be indirectly influenced by state governments, which could impact India's standing in international law and its bilateral relations.
 - For instance, India's opinion regarding its understanding of human rights breaches is influenced by the Tamil Nadu government's pressure to abstain from voting in a United Nations General Assembly Resolution denouncing alleged human rights violations in Sri Lanka.
- Due to active extremism, insurgency, and growing political polarisation in the region, Bhutan has been wary of interacting more with Indian states than the federal government due to security concerns, notably in the North Eastern States.
- The political, administrative, and academic officials in India (working in an advising positions) have a limited understanding of and experience with the potential for encouraging governments to take action on the world stage.

Has paradiplomacy been helped or hampered by the COVID pandemic?

The global pandemic and its repercussions required action from the central and subnational governments, which had both favourable and unfavourable effects on advancements in the paradiplomacy sector.

Non-central government internationalisation, mainly through decentralised cooperation, also produced immediate benefits for the sub-state entities; for instance, Frankfurt in Germany gave its Italian twin city of Milan 10,000 euros to aid in the pandemic's fight. Additionally, the rise of paradiplomacy was aided by creating online forums for sharing experiences inside organisations like United Cities and Local Governments (UCLG), UN-Habitat, and others.

Increased involvement of central governments in international affairs: Because of the crisis's urgency and scope, central governments were forced to take unilateral action by enacting limits on accessible travel and more border controls.

With this, we observed how tools like paradiplomacy could be handy during crises, such as Covid' 19; however, integrating it into foreign policy remains a grey area for policymakers.

What steps should India take to integrate paradiplomacy into its foreign policy effectively?

- Roles can be balanced when the central government works with the state unit, coordinates or oversees the State's international projects, and can align its policies with the numerous

trans-sovereign operations. The Center's primary responsibility would be to keep an eye on state-led programmes that might adversely affect the country.

- Finding effective methods and supplying local authorities with more robust technical justifications will help them improve their political-strategic discourses about the need to upgrade paradiplomacy.
 - Solutions to global problems can be demonstrated using best practices at the local level.
- Creating consulates or consular offices in individual states or establishing federal foreign affairs offices under the MEA's supervision are effective institutional methods.
 - Officers assigned to these regional offices can receive training to handle security situations more effectively and be groomed to work for the Center's goals rather than against the country's interests.
- **Legislation:** The Center may later introduce legislation recognising the value of paradiplomacy and its use in various states to advance India's position on significant global problems.
- By strengthening current coordinating systems like the National Development Council and Inter-State Council, this practical governance tool can be reaped to its full potential.
- **Investigating border states' contributions to the safety of international borders:** When resolving border conflicts, the Union administration occasionally ignores local situations in favour of larger international ones. State governments have the power to take the initiative and negotiate such agreements before the Union government.
- Using **technology** to promote involvement among the states
 - For instance, the availability of virtual meeting platforms during the COVID era has improved States' engagement.

Conclusion

With this, we can conclude that paradiplomacy is still in its infancy in India. The current administration, however, is eager to support state governments in forging paradiplomatic ties.

Indian states are also increasingly using their abilities to encourage commerce and investment to overcome their comparatively inactive foreign policy posture.

Therefore, if India aims to strengthen its paradiplomatic relations, its leadership must boost its political presence by creating space for a more inclusive federal structure, given that India's future global requirement is firmly rooted in a reformed and more liberal economy. Every one of India's 29 states offers unique strategic advantages and prospects. In the following years, India's GDP will grow to five trillion dollars, and the role of states in advancing their economic edge would be vital.