



Delhi Policy Group

Advancing India's Rise as a Leading Power



ECONOMIC SECURITY AND RESILIENCE REVIEW

OCTOBER 2025

Author

V.S. Seshadri

Volume III, Issue 10



Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

www.delhipolicygroup.org



Delhi Policy Group

Advancing India's Rise as a Leading Power

Economic Security and Resilience Review

Vol. III, Issue 10

October 2025

ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

Author

Dr. V.S. Seshadri, I.F.S (Retd.), Senior Fellow for Economic Security, Delhi Policy Group

The views expressed in this publication are those of the author and should not be attributed to the Delhi Policy Group as an Institution.

Cover Images:

Leaders of the 21-member Asia-Pacific Economic Cooperation (APEC) pose for a group photo at the Gyeongju Hwabaek International Convention Center after adjourning the Economic Leaders' Meeting, wearing scarves inspired by traditional Korean hanbok, on November 1, 2025. Source: [Prime Minister's Office of Japan](#)

US President Donald Trump, and Chinese President Xi Jinping met in Busan, South Korea, on October 30, 2025. Source: [X/@StateDept](#)

Indian Prime Minister, Narendra Modi meets with the Prime Minister of the United Kingdom, Keir Starmer in Mumbai, Maharashtra on October 09, 2025. Source: [PM India](#)

© 2025 by the Delhi Policy Group

Delhi Policy Group

Core 5A, 1st Floor,

India Habitat Centre,

Lodhi Road, New Delhi- 110003.

www.delhipolicygroup.org

Economic Security and Resilience Review

Vol. III, Issue 10

October 2025

Contents

Introduction	1
Trump-Xi summit results in a year long truce on their trade war	2
US under Trump takes a different approach to securing critical minerals and their supply chain resilience	5
US formalises trade agreements with four ASEAN countries	7
APEC summit declaration glosses over trade tensions	8
PM Modi addresses India - ASEAN summit virtually and EAM Jaishankar represents him at EAS summit	9
US announces sanctions on two Russian oil majors	10
UK and EU also heap more sanctions on Russia	10
EU proposal to slash steel quota and impose 50% tariff on reset	11
China files complaints against India at the WTO	12
India and EU conclude 14th round of FTA negotiations.....	12
China Communist Party Plenum prepares for the country's 15th 5-year plan	13
China and ASEAN sign their upgraded 3.0 China-ASEAN FTA	13
Two high level visits to India enhance prospects for critical minerals and mining	14
US grants six months extension for Chabahar port.....	14
Some Indian companies have received licenses for importing rare earth magnets from China.....	14

Economic Security and Resilience Review

by
V. S. Seshadri

Introduction

This issue of ESRR reviews in some detail the outcome of the summit meeting between President Donald Trump and President Xi Jinping held on October 30 at Busan in the Republic of Korea which has resulted in a temporary truce for one year in the ongoing US-China trade war. Agreed upon are mainly withdrawal of some recent restrictive and retaliatory measures exchanged by the two sides. It also scales down the tariffs applicable on China's imports into the US by 10% to 47% with China in turn agreeing to resume purchases of US soya, corn and other agricultural products. It does not however fundamentally address underlying structural issues or differences.

Some relief for the world at large comes from the otherwise shock impact that could have resulted from Beijing's sweeping export control measures on rare earths that were applicable worldwide and which were to go into effect from December 1, 2025.

This issue also brings out other trade and investment related agreements signed during President Trump's visit to Malaysia, Japan and South Korea as also the critical minerals agreements signed by him with the leaders of Australia, Malaysia, Thailand and Japan. These bilateral agreements on enhancing supply chain resilience relating to critical minerals mark a very different approach compared to the Biden administration's regional initiative towards establishing Indo Pacific Economic Forum(IPEF).

The deliberations held at the APEC summit held in Gyeongju in Republic of Korea from October 31 to November 1 again underscored the growing polarisation on trade, investment and economic security issues facing the region. While President Trump himself skipped the event, the speeches made at the summit brought out the contrasting approaches. But the declaration released refrained from any prescriptive approaches beyond calling for strengthened cooperation and actions that benefit all.

The Fourth Plenum of the Communist Party of China issued a communique on October 23, 2025 upon its conclusion. The Plenum inter alia adopted recommendations for formulating the country's 15th five year plan. In the context of the ongoing tariff and technology war between China and the US what has

attracted wide attention is its call for steering the development of new quality productive forces and further enhancing the overall performance of China's innovation system.

Meanwhile the month also saw the US and the UK announcing sanctions on Russia's two largest oil companies Rosneft and Lukoil. The European Union too announced its nineteenth package of sanctions against Russia that expands sanctions on Russian tankers. These measures are expected to adversely impact Indian procurement of Russian oil products.

The EU has reset its steel import measures halving the tariff free quota and increasing the out of quota duty from the present 25% to 50%. There is a concern among Indian steel makers that coupled with CBAM that will become effective January 2026, this would be a double whammy for Indian exporters.

China has also formally lodged a complaint at the WTO against India's production linked Incentives (PLI) schemes for electric vehicles, advanced chemistry cells and auto components. This is ironic considering the huge amounts of subsidies that China has poured into developing these sectors indigenously which is what has helped it acquire dominance. Meanwhile China and the ASEAN countries have signed the 3.0 upgrade of the China-ASEAN FTA.

This ESRR also carries updates on other developments that have a bearing on India's economic security.

Trump-Xi summit results in a year long truce on their trade war

After a sharp escalation in exchange of restrictive and retaliatory trade measures in recent weeks between the United States and China, on top of an already heavy action/retaliation spiral, President Donald Trump and President Xi Jinping decided to agree on a temporary truce for one year on trade and economic fronts at Busan, South Korea, on October 30 when they met on the sidelines of the APEC summit. High level preparatory meetings between the two sides, led by US Treasury Secretary Scott Bessent and Chinese Vice President He Lifeng were also held in Kuala Lumpur some days earlier.

The broad consensus appeared to comprise the following as seen from the press readouts¹:

¹ <https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-strikes-deal-on-economic-and-trade-relations-with-china/>

- US will reduce tariffs on imports from China by 10% (from 20%) in recognition of the action taken by China against fentanyl trafficking, while maintaining the current 10% reciprocal tariff in effect reducing the overall import tariff applicable to China from 57% to 47%.
- China will resume import of agricultural products such as soyabean, corn etc., from the US. China will purchase at least 12 million metric tons (MMT) of U.S. soybeans during the last two months of 2025 and also purchase at least 25 MMT of U.S. soybeans in each of 2026, 2027, and 2028. Additionally, China will resume purchases of U.S. sorghum and hardwood logs.
- US will pause port fees charged to Chinese vessels docking at US ports for one year (increased charges on Chinese vessels as per a US measure announced on April 17, as a Section 301 action, came into force from October 14, 2025); and China will suspend its countermeasures announced on October 10 that were also to come into force from October 14.
- China will suspend for one year the new and sweeping export control measures on rare earths it announced on October 9, 2025 and US will suspend its new export control measures announced on September 29 that expanded entities subject to export control restrictions to also affiliates and subsidiaries owned 50% or more, directly or indirectly, by listed parties.
- China will issue general licenses valid for exports of rare earths, gallium, germanium, antimony, and graphite for the benefit of U.S. end users and their suppliers around the world. As per the US readout, the general license means the de facto removal of controls China imposed in April 2025 and October 2022.
- The Chinese government also agreed to reverse recent moves by Chinese-owned semiconductor company Wingtech Technology to block exports of key components to Nexperia, its Dutch subsidiary
- China agrees with the Tik Tok package and transfer of ownership decided by the US administration on Tik Tok.

China had in fact announced a sharp escalation of its export control measures on rare earth elements and related products, widely seen as its response to some further steps that the US took on September 29, that required foreign companies located anywhere to obtain a license from China to export 'Parts, components and assemblies' containing rare-earth materials sourced from China or produced using Chinese rare earth technologies. These were to be applicable from December 1, 2025 even for internationally made products but which contained more than 0.1% of Chinese sourced materials by value. These were additional export controls to what China had introduced on April 4, 2025 on seven heavy rare earth elements and related compounds and magnets. Furthermore, five additional rare earth

elements - holmium, erbium, thulium, europium and ytterbium - were now added to the covered list bringing the total number of controlled rare earths to twelve.

China's export control announcement on October 9 also introduced major export controls on lithium ion battery supply chains which will be effective from November 8, 2025. They include battery cells and packs for high-performance applications, cathode precursors, an expanded scope of anode materials, a broader coverage of lithium iron phosphate (LFP) cathode materials, and battery and material production equipment and technologies. It is not clear if the Trump-Xi truce extends to these items as well.

As per International Energy Agency (IEA) China accounts for around 60% of the global mining of rare earths, 91% of global refining and processing and 94% of magnet production. The inclusion of "parts, components and assemblies", beyond the previous isolated controls on select rare earth magnets and materials, could have had a dramatic impact on global supply chains, as many strategic sectors rely on products and components containing the controlled Chinese rare earth elements. These sectors include energy, automotive, defence, semiconductors, aerospace, industrial motors and AI data centres.

Indian businesses would also have been greatly affected considering that our businesses are finding it difficult even dealing with the April 4 dated initial export control measure by China, which incidentally do not appear covered by the truce announced.

The question arises whether the truce deal will be fully and faithfully implemented. The prospects look better this time considering that they have been agreed upon at the highest levels. Recent action/retaliation strikes have also made it abundantly clear that non-implementation by any one side could lead to a rapid retaliation by the other.

There is also the other issue of whether the two sides could build upon this truce and work on resolving the other more structural issues underpinning their differences and contestation at play. In fact the summit outcome has little to say about addressing the subsidies and overcapacities that remain an unaddressed problem. Nor has it dwelt upon the 'reciprocal tariffs' or the tariffs imposed by the US administration on 'national security' grounds.

On this however analysts are deeply divided with more inclined to looking upon the truce as limited to each side buying time to consolidate its own strengths and reducing areas of vulnerability. This is already evident in the case of the US making

every effort to secure access to critical minerals and seeking tie-ups and investments with its allies and partners on the critical minerals and their processing (US Treasury Secretary Scott Bessent has claimed in a recent interview² that the Chinese leverage over the US in rare earths would last no more than 12 to 24 months). China in turn is turning attention to further enhance its technology strengths and expanding 'new productive forces' that is a key area of focus in its fifteenth five year plan adopted recently by its Plenum. Each side may therefore be willing to make any further concession only if there is a clearly demonstrable gain for it in turn.

From an Indian standpoint what was also noteworthy was the absence of any reference to China's continued purchase of Russian energy products that is reflective of the prevailing double standards on this issue. Moreover, with applicable tariffs on China reduced to 47% the import tariff imposed by the US on Indian products at 50% (as also on Brazilian ones) remain the highest.

US under Trump takes a different approach to securing critical minerals and their supply chain resilience

President Trump signed MOU/Framework Agreements relating to securing of critical minerals and their supply chains during the month with four countries - Australia, Malaysia, Thailand and Japan - which signalled a rapid response to the Chinese move to introduce export controls on rare earths. At least two of these countries, Australia and Malaysia, have significant rare earth and critical minerals deposits but currently have the mined deposits substantially processed in China for lack of adequate domestic capacities and skills.

The framework agreement³ with Australia, signed by President Trump and PM Albanese on October 20 will see an investment of more than USD 3 bn in the next six months. The EXIM Bank of US is issuing seven letters of interest for more than USD 2.2 bn in financing to advance critical minerals and supply chain security projects between the two countries. The US Department of War is also to invest in the construction of a 100 metric ton per year capacity refinery for producing advanced gallium in Western Australia.

² <https://www.ft.com/content/399ad440-ecd3-4fb0-b97d-a0d8e0a8a22c>

³ <https://www.whitehouse.gov/briefings-statements/2025/10/united-states-australia-framework-for-securing-of-supply-in-the-mining-and-processing-of-critical-minerals-and-rare-earth/>

While the MOU⁴ with Malaysia, signed by President Trump and PM Anwar Ibrahim on October 26 did not carry any specific impending investments, it commits the two countries from banning, or imposing quotas on exports to the US of critical minerals or rare earth elements. No restriction will also be placed on sale of rare earth magnets. Malaysia has also pledged to expedite the development of its critical minerals and rare earth sectors in partnership with US firms, including granting extended operating licenses to create business certainty for increased production capacity. It also prioritises investment from the US in critical minerals assets that may be sold in Malaysia or by a company headquartered or incorporated in Malaysia.

The MOU⁵ between US and Thailand signed by President Trump and PM Anutin Charnvirakul is again framed in a manner intended to pre-empt the use of exploitative practices in this sector. It talks of encouraging investment that supports domestic value addition rather than solely exporting raw materials. The agreement also expects the US to have the first opportunity to invest in critical minerals assets that may be sold in Thailand or a Thai incorporated company. However, as a positive for Thailand, the MOU also states that Investment projects will include provisions for technology transfer, capacity building, and training of domestic personnel. Cooperation should prioritise development of domestic processing industries and value chains, it specifically states.

The framework agreement⁶ with Japan signed by both President Trump and PM Takaichi Sanae talked of the two countries using economic policy tools and coordinated investment to speed "development of diversified, liquid, and fair markets for critical minerals and rare earths". Both countries aim to provide financial support to selected projects within the next six months. Further they are also to consider a mutually complementary stockpiling arrangement and cooperate with international partners to ensure supply chain security.

⁴ <https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-malaysia-concerning-cooperation-to-diversify-global-critical-minerals-supply-chains-and-promote/>

⁵ <https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-the-kingdom-of-thailand-concerning-cooperation-to-diversify-global-critical-minerals-supply-chain/>

⁶ <https://www.whitehouse.gov/briefings-statements/2025/10/united-states-japan-framework-for-securing-the-supply-of-critical-minerals-and-rare-earths-through-mining-and-processing/>

All the four agreements also carry commitments to protect their respective domestic critical minerals and rare earth markets from non-market policies and unfair trade practices. Mention here has been made of adoption of standards based systems in which those who adopt the standards can trade freely and within a pricing framework including price floors or similar measures. Other elements for cooperation included in these agreements relate to closer review and scrutiny of asset sales of critical minerals and rare earths, recycling of scrap and working with third parties and globally for ensuring supply chain security.

It is interesting that while the Biden administration too showed leadership in mobilising regional cooperation to tackle supply chain resilience by putting together the 14-nation Indo Pacific Economic Forum (IPEF), the bilateral approach being taken forward by President Trump, with even deeper commitments by signatory countries, stands in marked contrast.

US formalises trade agreements with four ASEAN countries

President Trump's visit to Kuala Lumpur on October 26 saw greater formalisation of 'reciprocal trade' related understandings, earlier carried in the form of announcements, with Malaysia, Thailand, Vietnam and Cambodia. All of them conformed to what has now become a standardised Trump-era 'reciprocal trade' deal of locking in a certain level of 'reciprocal tariff' for accessing the US market, in return for virtually tariff free access for US products into these countries' markets along with acceptance of US standards and certifications. On digital trade, they also carry similar commitments as earlier found in the agreement between US and Indonesia. Moreover most of them also involve significant purchase and investment commitments.

Thus in the case of Malaysia which took the form of an 'Agreement on Reciprocal Trade'⁷ it locks in Malaysia's 19% reduced reciprocal tariff in the US market. Malaysia has also received zero duty access for certain goods not produced in the US including cocoa, palm oil etc.,. In return Malaysia has provided significant preferential market access for U.S. industrial goods exports, including chemicals, machinery and electrical equipment, metals, and passenger vehicles, and for U.S. agricultural exports including dairy, horticultural products, poultry, processed products, beverages, pork, rice, and fuel ethanol.

Malaysia has also agreed to undertake a) procurement of 30 aircraft plus a purchase option for 30 additional aircrafts; b) purchase semiconductors, aerospace

⁷ <https://www.whitehouse.gov/briefings-statements/2025/10/agreement-between-the-united-states-of-america-and-malaysia-on-reciprocal-trade/>

components, and data center equipment with an estimated value of USD150 bn; c) Purchase up to 5 million tonnes per annum (MTPA) of LNG estimated at up to USD3.4 bn per year ; d) Purchase of coal and telecommunication products and services valued at USD204.10 mn; and e) investments in the US of USD 70 bn over the next ten years.

In the case of Thailand, still in the form of a framework agreement⁸, the US commitment on tariffs is similar to Malaysia while Thailand has agreed to eliminate tariffs on 99% of US goods. As for purchase commitments by Thailand they include a) Purchases of agriculture products, including feed corn, soybean meal, and dried distiller grains with solubles with an estimated value of \$2.6 billion per year; b) Purchases of energy products, including LNG, crude oil, and ethane, with an estimated value of \$5.4 billion per year; and c) Procurement of 80 U.S. aircraft, totalling \$18.8 billion.

In respect of the 'Reciprocal Trade Agreement'⁹ with Cambodia the US tariff commitment is the same as in the two foregoing cases. On its part Cambodia commits to eliminate tariffs on 100 percent of U.S. industrial goods and U.S. food and agricultural products.

As for the framework agreement¹⁰ with Vietnam, the elements now detailed are nothing new except the specific commitment of Vietnam Airlines to purchase 50 Boeing aircrafts worth over USD 8 bn. Furthermore, Vietnamese companies have signed 20 MOUs with U.S. companies to purchase U.S. agricultural commodities, with a total estimated value of over USD 2.9 bn.

APEC summit declaration glosses over trade tensions

In a sign of the polarising times, the annual summit meeting of the Asia Pacific regional economic forum, APEC, held in Gyeongju from October 31 to November 1, decided to skip any pointed references to the WTO or multilateralism in the final declaration¹¹ even as it acknowledged that the global trading system continued to face significant challenges. While the summit's chairman and host, the South Korean President Lee Jae Myung, warned that economies were navigating an era

⁸ <https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-a-framework-for-a-united-states-thailand-agreement-on-reciprocal-trade/>

⁹ <https://www.whitehouse.gov/briefings-statements/2025/10/agreement-between-the-united-states-of-america-and-the-kingdom-of-cambodia-on-reciprocal-trade/>

¹⁰ <https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-vietnam-framework-for-an-agreement-on-reciprocal-fair-and-balanced-trade/>

¹¹ <https://www.apec.org/meeting-papers/leaders-declarations/2025/2025-apec-leaders--gyeongju-declaration>

of mounting global uncertainty, the declaration refrained from any detailing beyond calling for strengthened cooperation and concrete actions to enable economic growth that benefits all.

While President Trump himself departed South Korea after his meeting with President Xi, and did not attend the APEC summit, Xi made his pitch to “firmly safeguard the WTO-centered, rules-based multilateral trading system, strengthen solidarity and collaboration, oppose protectionism, reject unilateralism and bullying, and prevent the world from reverting to the law of the jungle”. He further called for keeping global industrial supply chains stable and unimpeded.

In contrast, US Treasury Secretary Scott Bessent, who spoke on behalf of President Trump, called for a more balanced global system that is grounded in transparency, market access, and fair competition. He further stated that the US is working to balance trade, curtail the flow of illicit fentanyl and precursors, and secure access to rare earth elements that are essential for modern supply chains. These actions, taken under extraordinary circumstances, work to safeguard global economic security, he added.

PM Modi addresses India - ASEAN summit virtually and EAM Jaishankar represents him at EAS summit

At the 22nd India-ASEAN summit held on October 26 in Kuala Lumpur PM Modi participated virtually. In his address¹² he noted that the India-ASEAN Comprehensive Strategic Partnership has continued to make steady progress emerging as a robust foundation for global stability and development. He further stated that the summit's theme of 'Sustainability and Inclusivity' is clearly reflected in the joint efforts, whether it is digital inclusion or ensuring food security and resilient supply chains amid current global challenges.

The External Affairs Minister Dr. S. Jaishankar delivered the national statement¹³ at the 20th East Asia Summit held in Kuala Lumpur on October 27, 2025. He referred to the growing concerns about the reliability of supply chains and access to markets and further stated that technology advancement and access to resources had also become very competitive. Moreover, energy trade was getting increasingly constricted with resulting market distortions. Here he pointed out

¹² https://www.mea.gov.in/Speeches-Statements.htm?dtl/40229/English_Translation_of_Prime_Ministers_opening_remarks_during_the_22nd_ASEANIndia_Summit_October_26_2025

¹³ https://www.mea.gov.in/Speeches-Statements.htm?dtl/40233/National_Statement_delivered_by_EAM_Dr_S_Jaishankar_at_the_20th_East_Asia_Summit_Kuala_Lumpur_October_27_2025

that principles were applied selectively and what is preached is not necessarily practiced. He further underscored that the realities of technology, of competitiveness, of market size, digitisation, connectivity, of talent and of mobility cannot be ignored. Multipolarity was not just here to stay but to grow. All these warranted, he said, serious global conversations.

US announces sanctions on two Russian oil majors

Russia's two largest oil companies, Rosneft and Lukoil, and their many majority owned subsidiaries, accounting for export of 3.1 million barrels of oil per day, were sanctioned by the Office of Foreign Assets Control (OFAC) of the US Treasury. As a result, all US or US-based entities and individuals were barred from transacting with the sanctioned entities. Transactions involving the two firms are to be wound down by November 21, the Treasury Department said. The previous US administration of Joe Biden already sanctioned two Russian oil companies Gazprom Neft and Surgutneftegas PJSC¹⁴, in January this year.

The sanctions would also impact non-US companies which can face secondary sanctions for engaging in transactions involving these entities. Secondary sanctions allow OFAC to impose penalties also on financial institutions – such as restrictions on access to the US financial system – for supporting or facilitating transactions with sanctioned parties. It is therefore expected that several of the existing third country buyers may have little choice but to avoid importing from these sanctioned oil majors.

The US Treasury department said¹⁵ that the sanctions were a response to Russia's lack of serious commitment to a peace process to end the war in Ukraine.

These sanctions are expected to impact Indian procurement of Russian crude particularly by the private refiners having term contracts with the sanctioned Russian entities. Nayara, half owned by Rosneft, could also face difficulties. The other uncertainty is the impact the US move may have on international crude oil prices.

UK and EU also heap more sanctions on Russia

A few days prior to the US move, UK too launched new sanctions against Rosneft and Lukoil. Announcing this move Rachel Reeves, UK Chancellor of the Exchequer added “At the same time, we are ramping up pressure on companies in

¹⁴ <https://www.bloomberg.com/quote/SNGS:RM>

¹⁵ https://home.treasury.gov/news/press-releases/sb0290?utm_source=chatgpt.com

third countries, including India and China, that continue to facilitate getting Russia oil onto global markets.”

Meanwhile the European Union has announced its nineteenth package of sanctions against Russia which will see EU implementing a phased ban on Russian LNG imports with all such imports being stopped by the end of 2026. The package also expands restrictions on the “shadow fleet” of ageing Russian tankers, adds Russian banks and entities from Kazakhstan, Belarus, India and China to the list, and tightens movement rules on Russian diplomats in the bloc.

EU proposal to slash steel quota and impose 50% tariff on reset

The EU Commission has made a proposal for reducing its tariff-free steel import quota to 18.3 m tonnes a year - a 47% cut from the 2024 levels - and double the out of quota duty from the present 25% to 50%. The new measure will also seek to strengthen the traceability of steel markets by including a ‘melt and pour’ origin requirement to prevent circumvention. The proposal is intended to replace its steel safeguard measure that is set to expire by June 2026 and has to receive the assent from the European Parliament and the EU Council.

The Commission has presented¹⁶ the proposal to ‘protect the EU steel sector from unfair impacts of global overcapacity’ and as a vital step towards ‘ensuring the long term viability of a strategically crucial industry’.

The EU Commission claims the proposed measure is fully WTO compliant. At the same time the proposal also involves swiftly engaging with affected EU trading partners under the Article XXVIII GATT procedure regarding this change to the EU’s WTO tariffs, with a view to offering them country specific allocations.

As per Indian news reports¹⁷ India exports around 45% of its steel to the EU accounting also for 12% of EU imports. Reducing the import quota will decrease India’s share. There is a concern among Indian steel makers that coupled with CBAM that will become effective January 2026, this would be a double whammy for Indian exporters. And all this happening when India and the EU are in the final stages of negotiating an FTA raises questions.

¹⁶ https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2293

¹⁷ https://www.business-standard.com/economy/news/eu-steel-tariffs-quota-cut-impact-on-indian-steelmakers-2026-125101400660_1.html

One Brussels based analyst has already pointed out¹⁸ how the EU proposal risks undermining perceptions of the trading block as a reliable trading partner. It specifically notes that the Commission proposal implies 'a breach of all the FTAs the EU has with third-country steel suppliers, and a major obstacle to concluding negotiations with steel exporters such as India'.

China files complaints against India at the WTO

China has formally lodged a complaint at the WTO against India's production linked Incentives (PLI) schemes for electric vehicles, advanced chemistry cells and auto components. The complaint alleges discrimination against foreign manufacturers by linking subsidies to local production and domestic content requirements. It further questions whether India's ambitious clean-tech manufacturing push aligns with WTO rules. The Chinese Commerce Ministry has claimed that India's measures provide an 'unfair competitive advantage' to its industries and undermine China's national interest in international trade.

This is ironic considering the huge amounts of subsidies that China has poured into developing these sectors indigenously which is what has helped it acquire dominance. Its double standards also get further compounded by the export controls it has now placed on a whole lot of items including critical minerals, materials essential for EV batteries and semiconductors, rare earth magnets etc., the WTO-compatibility of which can be questioned.

The real issue therefore is what could be the motive behind the latest Chinese move. Is it to exert pressure with a view to preserving its dominance in these sectors and prevent India from developing? Or is it a tactical move conveying a justification for its sweeping export controls that will hurt not just the US, with which it is involved in a trade war, but also third countries like India for no fault of theirs.

India and EU conclude 14th round of FTA negotiations

The 14th round of India-EU FTA negotiations were held in Brussels from October 6-10, 2025 in which India's Commerce Secretary Rajesh Agrawal also participated. Some members also stayed back and continued talks on issues like rules of origin. Virtual engagements are also underway between the two sides indicative of the intensive efforts to finalise the deal. A delegation of seven members of the

¹⁸ <https://www.bruegel.org/first-glance/eu-should-moderate-its-steel-protection-plan>

European Parliament's Committee on International Trade also visited India from October 27-29 when they discussed trade, economic and investment relations.

China Communist Party Plenum prepares for the country's 15th 5-year plan

The Fourth Plenum of the Communist Party of China issued a communique on October 23, 2025 upon the conclusion of the Party's fourth plenum meeting which also looked at and adopted recommendations for formulating the country's 15th five year plan. While the communique noted that the economy was on solid foundations, demonstrating advantages in many areas, strong resilience, and great potential it also cautioned that China was in a phase of development where strategic opportunities existed alongside risks and challenges, while uncertainties and unforeseen factors were rising.

Among the objectives set for the 15th five year plan was significant achievements in high-quality development that called for boosting China's strength in manufacturing, product quality, aerospace, transportation, and cyberspace. It noted that the share of manufacturing in the national economy should be kept at an appropriate level, and a modernised industrial system should be developed with advanced manufacturing as the backbone.

Achieving substantial improvements in scientific and technological self-reliance and strength was set as another objective. It called for steering the development of new quality productive forces and enhance the overall performance of China's innovation system and facilitate full integration between technological and industrial innovation.

It further called for enhancing the dynamism and reliability of the domestic economy, boost consumption, expand effective investment and eliminate bottlenecks to help develop a unified national market.

China and ASEAN sign their upgraded 3.0 China-ASEAN FTA

China and the ASEAN countries signed on October 28 an upgraded FTA at the 28th China-ASEAN summit held in Kuala Lumpur. The FTA 3.0 Upgrade Protocol builds upon the existing China-ASEAN FTA and the Regional Comprehensive Economic Partnership (RCEP). The upgrade is intended to further reduce trade barriers with improved market access in sectors such as agriculture, the digital economy and pharmaceuticals. The upgrade¹⁹ covers nine major areas, adding five

¹⁹ <https://www.globaltimes.cn/page/202510/1346715.shtml>

new ones - digital economy, green economy, supply chain connectivity, competition and consumer protection and support for SMEs.

Chinese Premier Li Qiang used the opportunity to convey readiness to extend cooperation and support in the wake of new developments on the international landscape. Unilateralism and protectionism, he said, were buffeting the international economic and trade order. External interference in the region was on the rise, and many countries were slapped with unwarranted high tariffs. In the face of power politics and economic bullying, he urged for more resoluteness in maintaining unity and self-reliance.

Two high level visits to India enhance prospects for critical minerals and mining

In the context of critical minerals increasingly becoming an economic security issue two high level incoming visits offered scope for cooperation. During the visit of UK PM Starmer there were two specific outcomes relating to critical minerals. One was the establishment of the Critical Minerals Industry Guild to secure resilient supply chains and promote green technologies. Second was the launch of Phase II of the India-UK Critical Minerals Supply Chain Observatory and establishment of a new satellite campus at IIT-ISM Dhanbad.

The second visit related to that of Afghan Foreign Minister Mawlawi Amir Khan Muttaqi to New Delhi who invited Indian companies to invest in the mining sector which would help strengthen bilateral trade and economic relations. India's external affairs minister has expressed appreciation towards this invitation for exploring mining opportunities noting that it can be discussed further.

US grants six months extension for Chabahar port

The spokesman for the Ministry of External Affairs stated that the US has granted India six months exemption from American sanctions on Chabahar port. These sanctions were announced in the month of September this year.

Some Indian companies have received licenses for importing rare earth magnets from China

The spokesman for MEA also stated on October 30 that three Indian companies have received licenses for importing rare earth magnets from China. This is the first set of clearances since Beijing imposed tight controls on the export of these magnets earlier in April.



Delhi Policy Group

Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org