



Delhi Policy Group

Advancing India's Rise as a Leading Power

ECONOMIC SECURITY AND RESILIENCE REVIEW DECEMBER 2025

Author

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Cover Images:

Indian Prime Minister Narendra Modi hosted the President of Russia, Vladimir Putin at Hyderabad House, for the 23rd India-Russia Annual Summit, on December 05, 2025. Source: [Prime Minister of India](#)

Indian Union Minister of Commerce and Industry, Piyush Goyal and Minister of Commerce, Industry and Investment Promotion of Oman, Qais Al Yousef signed the India-Oman Free Trade Agreement, in Muscat, Oman, on December 18, 2025. Source: [Narendra Modi](#)

Indian Union Minister of Commerce & Industry, Piyush Goyal held talks with European Union Commissioner for Trade and Economic Security, Maros Sefcovic, on December 8, 2025. Source: [X/@MarosSefcovic](#)

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Contents

Introduction	1
US National Security Strategy.....	2
US presents its views on WTO reform	4
PAX Silica initiative	7
President Putin’s state visit to India	8
India and Oman conclude their bilateral FTA.....	9
India-New Zealand FTA finalized	10
Deputy USTR Rick Switzer visits India	12
India-EU FTA negotiations	12
Union Cabinet approves rare earth magnet production scheme.....	13
SHANTI law enacted allowing private sector in nuclear energy.....	13
India imposes steel safeguard duties.....	13
China initiates WTO dispute against India.....	14
Mexico imposes tariffs on non-FTA partners including India	14

Economic Security and Resilience Review

by

V. S. Seshadri

Introduction

Economic security has in recent years acquired a more defining role in the design of domestic trade and economic policies, particularly by major economies. The US National Security Strategy 2025 released on December 4 gives considerable prominence to economic security, largely looking at the country's own narrow national and hemispherical objectives. Moreover, it indicates that access to the large US market and threat of imposition of higher tariffs will be leveraged to achieve the strategic goals, upending in the process existing world trade rules and practices.

The US proposals for WTO reform, also released in December, sketch out a diminishing role for multilateralism, with even the most favoured nation principle coming into question. Plurilateral agreements are seen as the future.

A PAX Silica initiative of nine members was also launched during the month - with US leadership - aimed at building a secure, prosperous, and innovation driven silicon supply chain. This initiative, that does not include the EU or India (Netherlands is the only EU member while EU is a guest) may be indicative of preferences driving high technology or supply chain cooperation initiatives by this administration, as against the Biden era Indo- Pacific Economic Forum (IPEF) which too had sought to address supply chain resilience.

As for developments relating to India, the state visit by President Putin on December 4-5, 2025 had several outcomes of significance to India's economic security. Also covered in this issue are key elements in the two new FTAs finalised by India during the month - one with Oman that has been signed, and another with New Zealand that is to be signed soon.

This issue further tracks continuing developments in respect of the India-US bilateral trade negotiations on which the visit of a high level delegation led by Deputy USTR Rick Switzer was the highlight. Similarly, the sixteenth round of India-EU FTA negotiations was held in New Delhi during the month, capped by a visit by the EU Commissioner for Trade and Economic Security Maros Sefcovic.

India announced some steps towards strengthening its economic security. The Union Cabinet approved a rare earth magnet production scheme, with an outlay of Rs 7280 crores for manufacturing 6000 MTPA of such magnets. Another was the

adoption by the Parliament of the SHANTI Act that brings a change in the country's existing regulatory framework intended to boost India's nuclear energy power generation, including through the participation of the private sector. Imposition of safeguard duties on a range of steel items were announced, confirming the provisional duties earlier levied.

Trade actions against India were also initiated by other countries. Mexico imposed tariffs of up to 50% by Mexico on non-FTA partners, that would likely affect Indian exports to that country. A case was lodged in the WTO by China against India in respect of some tariffs on IT and related products and alleged incentives and subsidies provided to solar manufacturing in the country.

US National Security Strategy

The US National Security Strategy 2025, released¹ by the Trump administration on December 4, advances economic security as one of the five national priorities, which in turn has been elaborated to comprise the following six areas of focus:

- Securing balanced trade with other countries. The US will seek to reduce trade deficits, oppose barriers by countries to its exports and end dumping and other non-competitive practices. Priorities will be America's own workers, industries and national security;
- Securing access to critical supply chains, expanding American access to critical minerals and materials while countering predatory economic practices;
- Reindustrialisation of the US economy and reshoring of industrial production. This will be done through the use of tariffs and new technologies. Ensure that America will never again be reliant on any adversary for critical products or components;
- Reviving the country's defense industrial base. Reshore defense industrial supply chains. Also encourage revitalisation of industrial bases of all allies and partners to strengthen collective defense.
- Restoring American energy dominance in oil, gas, coal and nuclear areas. Expand net energy exports. Reject climate change and Net zero ideologies; and
- Preserving and growing America's financial sector dominance.

Describing how earlier American strategies went astray, the new strategy claimed that US elites had placed hugely misguided and destructive bets on globalism and so-called "free trade" that hollowed out the very middle class and industrial base

¹ <https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf>



on which American economic and military preeminence depended. The new strategy would protect the country from what it called predatory trade practices. Cultivating American industrial strength, it said, must become the highest priority of national economic policy. The strategy also talked of wanting to ensure that U.S. technology and U.S. standards - particularly in AI, biotech, and quantum computing - would drive the world forward.

References to economic security related issues also figure when the strategy defines policies to be pursued in the different regions of the world. In the western hemisphere, the US will seek to be the pre-eminent power, as a “Trump corollary” to the Monroe doctrine. This will inter alia involve efforts aimed at winding down adversarial outside influence, including in the form of ownership of ports, key infrastructure and other strategic assets. Further, it talks of partnering with regional governments and businesses to build scalable and resilient energy infrastructure, invest in critical mineral access, and harden existing and future cyber communications networks that take full advantage of American encryption and security potential.

As for Asia, the strategy talks of rebalancing economic relationship with China without spelling out details on how this will be done. But more generally, it talks of ending, from any country or source, predatory, state-directed subsidies and industrial strategies; unfair trading practices, deindustrialization and job destruction; intellectual property theft and industrial espionage; and threats against supply chains that risk U.S. access to critical resources, including minerals and rare earth elements and exports of fentanyl precursors.

As for India itself, there is a mention made about continuing to improve commercial (and other) relations to encourage New Delhi to contribute to Indo-Pacific security, including through continued quadrilateral cooperation with Australia, Japan, and the United States (“the Quad”). This formulation however suggests that improved commercial and other relations are mainly intended to goad India to contribute to Indo-Pacific security and not necessarily on its own win-win merit.

There are no economic security related action specificities in the section relating to Europe. As for Africa, one area identified for immediate action is for American investments in the energy and critical mineral sectors. It notes that development of U.S.-backed nuclear energy, liquid petroleum gas, and liquified natural gas technologies can generate profits for U.S. businesses and help in the competition for critical minerals and other resources.

Overall, NSS 2025 is framed through the lens of economic nationalism with unilateral tools such as tariffs, trade defense measures and re-industrialisation with direct benefit to US industries and workforce. There is also now greater emphasis on near shoring to the western hemisphere. America First is the driver.

A comparison of the latest Trump strategy (NSS 2025) with that of President Biden (NSS 2022) and his administration's policies reveal several differences. Indeed, that strategy did not identify economic security as a priority in the manner it has been done now, even as some of the linkages between trade, economics and security were dealt with under a section on 'Shaping the rules of the road'. Tariffs were also not used as a leveraging tool with allies and partners. Economic security then was seen as emerging from building global resilience through cooperation with allies and partners aimed at evolving a derisked economic environment, including through the formation of IPEF. Tools used were in the form of coordinated industrial policy measures and investments including through incentives such as in the case of chips, critical sectors and infrastructure.

The formulation in NSS 2022 on India underlined a more friendly tone. Described in that document as the world's largest democracy and a major defense partner, the then strategy reflected a broader commitment on the part of US to work together both 'bilaterally and multilaterally to support the shared vision of a free and open Indo-Pacific'.

US presents its views on WTO reform

The United States presented its views on WTO reform², contained also in a WTO document dated December 9, 2025. Interestingly, it covered not only the improvements US was seeking to keep the WTO relevant in the current global context, on which the list is very short and narrowly focussed, as also on what the trade body should not get into, or will not be able to, where the listing gets much longer and expansive.

Three focal areas of WTO reform

The ongoing WTO reform discussions focus on three broad areas - decision making by consensus, special and differential treatment extended to developing countries, and level playing field. On decision making, the US proposals pick up only one aspect, that of plurilateral agreements, which it sees as the only feasible future path on the negotiation front deserving priority.

²<https://web.wtocommerce.org.tw/downloadFiles/15769/419078/00QOFIUg3X4pudHr0sYSNI2CY00000g6rPbqAKmwbyJlr0aw8hmzaWsBvrCjBtaML6SLTxw9oC7UBF8Hqvq2vfEJukRQ==>



On special and differential treatment, it considers appropriate to limit such flexibilities only to least developed countries. For all other developing countries, unless there is adequate justification or explanation (which is not spelt out), there should be no exemptions regardless of economic differences.

On level playing field, it bemoans how the principles of the WTO have been tilted by members with incompatible economic systems in relation to market principles, something that cannot be disputed. However, the only concrete suggestion made by the US to be implemented within the WTO itself is for bringing in greater transparency and ensuring full adherence to submission of all notification obligations under WTO rules.

Aspects that WTO should refrain from

There are also three aspects which the US wants the WTO to steer clear of. One is compliance with the MFN principle of non-discrimination, a foundational tenet of the WTO, which the US believes is unsuitable at the present time of deepening divergence of economic systems.

Second is the US opposition to the WTO Secretariat acquiring a more expansive monitoring and commenting role on the trade measures adopted by members. US proposes that the Secretariat should revert to a strictly neutral and member driven role.

A third US objection is towards any questioning regarding what a WTO member regards as its essential security interest, something that has happened under a dispute at the WTO against imposition of additional tariffs by the Trump-1 administration on steel and aluminium products on national security grounds. The list of such products getting security cover, using Section 232 of US Trade Act, has only grown during the Trump-2 administration to include copper, timber, autos and auto parts, with more products in the offing.

Trade topics better addressed outside WTO

Furthermore, the US believes that the WTO is not the viable forum to address certain issues affecting international trade for which solutions have to be found elsewhere. These include matters relating to rectifying trade imbalances and addressing overcapacity and production concentration which arise from distortionist practices followed by certain member economies. The US assessment is that these countries (read China) are unlikely to agree to making remedial changes in their practices.



Similarly, the US regards the WTO as not the appropriate forum for finding solutions to economic security related aspects that have to be undertaken confidentially, and which can be done only with like-minded and trusted partners.

Likewise, dealing with supply chain resilience would require looking at diversifying sourcing and reducing risks, rather than be driven only by economic efficiency and trade growth. The US believes that productive discussions on this are unlikely to be fruitful at the WTO.

Comments on the US proposals

There is much validity in the identification by the US of the root causes behind the current global trade policy challenges. That said, the US submission focusses far more on what are the WTO's limitations and what it should desist from doing, than on concrete suggestions for bringing about improvements and strengthening the body and its disciplines. While the US may have the wherewithal to deal with the problem areas on its own, many other countries do not.

Second, the proposals seem more intended to legitimise several of the unilateral measures the US has taken this year, such as entering into bilateral trade deals that fail the MFN test while also falling short of being an FTA. Moreover, it refuses to be questioned on the imposition of additional tariffs on national security grounds. It also does not want the WTO coming in the way of its extensive use of tariff as a leverage for achieving a variety of objectives. If other trade majors also begin to adopt a similar course, there will be only systemic instability.

Third, from an economic security perspective, implementation of US proposals, including abandonment of MFN or rules based mainly on trade balances, will lead to a great deal of unpredictability and instability in the trading system. It will pave the way for 'might is right' approach, with developing countries getting severely affected.

The only area where the US has shown a somewhat positive approach is on allowing plurilateral agreements within WTO architecture. However, to take a more definitive view about its suggestion, particularly considering India's own reservations on this issue, further details may be necessary about the benchmarks proposed for such a step, including on how to safeguard the balance of rights and interests of non-member countries resulting from such a plurilateral within the broader multilateral WTO framework.

PAX Silica initiative

The United States led new PAX Silica initiative³ of nine countries - Australia, Japan, Republic of Korea, Singapore, the Netherlands, The United Kingdom, Israel, United Arab Emirates, and the United States - was launched on December 12, 2025 in Washington DC, aimed at building a secure, prosperous, and innovation driven silicon supply chain - from critical minerals and energy inputs to advanced manufacturing, semiconductors, AI infrastructure, and logistics. The participant countries are regarded home to most of the important companies and investors powering the global AI supply chain. There was also guest participation from Taiwan, the EU, Canada and the OECD.

The first meeting, announced as the PAX Silica summit, was addressed by the US Under Secretary of State for Economic Affairs Jacob Helberg, and was aimed at strengthening trusted technology ecosystems, support long-term offtake arrangements, expand productive capacity across partner economies, and coordinate responses to overcapacity and dumping so that supply chains remain secure, resilient, and innovative over time. The summit hailed a new geopolitical consensus that economic security is national security. Discussions included jointly pursuing multilayered partnerships that strengthen supply chain security, addressing coercive dependencies and single points of failure, and advancing the adoption of trusted technology ecosystems.

Expected outcomes from the initiative comprised partnering by participants on securing strategic stacks of the global technology supply chain, including, but not limited to: software applications and platforms, frontier foundation models, information connectivity and network infrastructure, compute and semiconductors, advanced manufacturing, transportation logistics, minerals refining and processing, and energy. The participants also issued a Pax Silica declaration⁴.

Two further aspects are also noteworthy here. This essentially means setting aside for now the Indo-Pacific Economic Forum (IPEF) initiative of the Biden administration with its membership of 14 countries including India, which addressed similar themes. Secondly, the composition of PAX Silica membership is revealing, since it leaves out even major EU nations, even as the EU attended as a guest participant. Is this an indication of preferences of the Trump administration regards forging trust-based solutions?

³ <https://www.state.gov/releases/office-of-the-spokesperson/2025/12/pax-silica-initiative>

⁴ <https://www.state.gov/pax-silica>

President Putin's state visit to India

President Vladimir Putin paid a state visit to India on December 4-5, 2025 for the 23rd India-Russia Annual Summit. While there was a range of outcomes from the visit⁵, those impacting economic security included the adoption of the Programme for the Development of Strategic Areas of India - Russia Economic Cooperation till 2030 (Programme 2030). What seemed particularly noteworthy were attempts to facilitate greater exports by India to Russia, in areas like pharmaceuticals, agriculture, marine products and textiles, that could help in narrowing the trade balance. PM Modi said that the economic cooperation programme will make the trade and investment more diversified, balanced and sustainable.

The joint statement issued by PM Modi and President Putin emphasised that addressing tariff and non-tariff trade barriers, removing bottlenecks in logistics, promoting connectivity, ensuring smooth payment mechanisms, finding mutually acceptable solutions for issues of insurance and reinsurance and regular interaction between the businesses of the two countries will help in timely achievement of the revised bilateral trade target of USD 100 billion by 2030. They further agreed to continue jointly developing systems of bilateral settlements through use of the national currencies in order to ensure the uninterrupted maintenance of bilateral trade.

The two leaders also noted the importance of productive and mutually beneficial bilateral trade in mineral resources, including energy sources, precious stones and metals, as well as critical raw materials for the reliability of the international supply chains. To ensure long term supply of fertilisers to India, an MOU was signed between M/s. JSC UralChem and three Indian companies - M/s. Rashtriya Chemicals and Fertilizers Limited, National Fertilizers Limited and Indian Potash Limited - creating a framework for the development of a joint venture in Urea manufacturing (1.8 to 2 million tonne capacity) in Russia by the Indian companies.

Another area in which both sides agreed on deepening cooperation was in building stable and efficient transport corridors, with the focus on expanding logistics links for improving connectivity and enhancing infrastructure capacity to support the International North-South Transport Corridor (INSTC), the Chennai-Vladivostok (Eastern Maritime) Corridor, and the Northern Sea Route.

⁵https://www.mea.gov.in/bilateral-documents.htm?dtl/40410/Joint_Statement_following_the_23rd_India_Russia_Annual_Summit_December_05_2025

India and Oman conclude their bilateral FTA

India and Oman signed⁶ a Comprehensive Economic Partnership Agreement (CEPA) on December 18, 2025 during the visit of PM Modi to Oman. Negotiations began in November 2023. Bilateral trade in 2024-25 totalled USD 10.6 bn.

The CEPA text has sixteen chapters and focusses mainly on liberalised market access on trade in goods and services, even as it has a chapter each on intellectual property and MSMEs.

Under the agreement, Oman has provided zero-duty access on 98.08% of its tariff lines, covering 99.38% of India's goods exports to Oman. All major labour-intensive sectors including gems & jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural products, engineering products, pharmaceuticals, medical devices, and automobiles will receive full tariff elimination. Currently, over 80% of Indian goods enter Oman at an average tariff of around 5%, though duties range from zero to as high as 100% on certain products such as specific meats, alcohol and tobacco.

In return, India has committed to tariff liberalisation on 77.79% of its total tariff lines which cover 94.81% of India's imports from Oman by value. For the products of export interest to Oman and which are sensitive to India, particularly some of the polymers, the offer is mostly a tariff-rate quota (TRQ) based tariff liberalisation. India has also excluded several sensitive areas from any tariff liberalisation, especially certain agricultural and dairy products, gold and bullion, and labour intensive products like footwear, apparel, sports goods and scrap of many base metals.

On the regulatory front the FTA provides for fast tracking of marketing authorisations for pharmaceutical products approved by drug regulatory authorities in the US, UK and the EU. Furthermore it will facilitate mutual recognition arrangements for Halal certification, acceptance of India's NPOP certification for organic products, and enhanced cooperation in standards and conformity assessment.

The CEPA also provides for ambitious commitments on the services side, with Oman offering improved access in 127 sub-sectors including IT services, professional services, audio visual services, R&D services, education services and

⁶ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2205889®=3&lang=1>

health services. Commitment on traditional medicine across all modes is another significant feature, opening opportunities for India's AYUSH and wellness sectors.

On temporary movement of professionals, there are liberal commitments for intra-corporate transferees, contractual service providers and independent professionals. Furthermore, there is an enabling provision for future negotiations on social security coverage of workers upon implementation of Oman's contributory social security system.

Seen from an economic security perspective, the CEPA with Oman is significant on the following counts:

- At a time of heightened global trade policy uncertainty, it keeps up the momentum on the FTA front particularly, with another country in the neighbourhood. This will also be the second GCC country after the UAE with which India will now have an FTA;
- Oman hosts a significant Indian diaspora (12.5%) and Indian investments. Considerable economic complementarity also prevails, adding to the economic rationale. The CEPA largely adheres to India's evolving template for such agreements; and
- This is Oman's first FTA after the last it signed with the US in 2006. Oman's other FTAs are with the GCC, Arab nations and some developed countries. The CEPA should, therefore, place India advantageously in terms of being able to export labour intensive and other engineering products, apart from also benefitting on the services front.

India-New Zealand FTA finalized

India and New Zealand announced the conclusion of their FTA negotiations on December 22nd, just ten months after the resumption of talks after these were suspended in 2015. While the text of the agreement, which is still to be signed, has not been released, the following elements have been highlighted in the Press Release issued by the government:⁷

- Zero Duty market access on 100% of India's exports. India has offered tariff liberalisation in 70% lines covering 95% of New Zealand's exports to India. India's commitments exclude sensitive areas like dairy, coffee, milk, cream, cheese, yoghurts, whey, caseins, onions, sugar, spices, edible oils and rubber.

⁷ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2207300®=3&lang=1>

But duties have been freed for industrial inputs including timber, coking coal, and metal scrap;

- In pharma and medical devices, faster regulatory access for Indian products by enabling acceptance of GMP and GCP inspection reports from comparable regulators, including approvals by the US FDA, EMA, UK MHRA, and other comparable regulators;
- In services, New Zealand has extended improved access in 118 sub-sectors including IT and IT-enabled services, professional services, audio visual services, education services, financial services, telecommunication services, construction services, tourism and travel related services;
- Dedicated quota of temporary employment entry visa for 5,000 professionals and 1,000 work and holiday visas;
- Facilitation of student mobility through post-study work visas and professional pathways in New Zealand, with no numerical caps. Post study work rights of up to 3 years for STEM Bachelor's and Master's graduates, and up to 4 years for Doctoral scholars;
- A separate annex on financial services allows New Zealand to establish up to 15 bank branches over a four year period;
- An investment commitment by New Zealand of USD 20 bn over a 15 year period; and
- Establishment of dedicated Agri-Technology Action Plans on kiwifruit, apples and honey with focus on productivity enhancement, technology, research collaboration, quality improvement and value-chain development, to strengthen domestic capabilities and supporting income growth for Indian farmers.

With the conclusion of the New Zealand FTA, India now has FTA arrangements with all the other members of RCEP, excepting China. While India's existing trade and investment linkages with New Zealand have been modest (Merchandise exports were USD 711 mn and imports were USD 587 mn in 2024-25, and bilateral services trade were also around USD 1.2 bn in 2024) Indian exporters securing a level playing field vis-a-vis other competitor countries in the New Zealand market will improve their prospects. Also, with New Zealand's current investments in India only at USD 70 mn, the fresh investment commitment of USD 20 bn should significantly expand business engagement.

Deputy USTR Rick Switzer visits India

A high level delegation from the US led by Deputy USTR Rick Switzer visited India from December 9-12, 2025. Alongside chief negotiator and Assistant USTR Brendan Lynch, it also included the Assistant USTR for Agriculture and Commodity policy. The delegation held meetings with Commerce Secretary Rajesh Agrawal and called on the Minister for Commerce and Industry Piyush Goyal. Precise details were, however, unavailable about the discussions and what progress if any was made on the ongoing bilateral trade agreement negotiations. Some reports have indicated⁸ that the discussions also covered India's Digital Personal Data Protection Act (that permits cross-border data transfers but with some conditions) and the IT Rules of 2021 (which carries compliance norms for social media and internet intermediaries), which the US side considers as non-tariff barriers for American companies.

There were reports that USTR Jamieson Greer has told the US Senate Appropriations Committee that the kind of offers India has made in the context of negotiating the bilateral trade deal have been the best that the US has ever received, and India has been forward leaning. He admitted that India has been a 'tough nut to crack' and there was resistance on certain row crops and other meats and products. India was now a viable alternative market for US commodities like sorghum. Greer also reportedly went on to describe trade talks with India as 'fairly far advanced'.

India-EU FTA negotiations

The sixteenth round of India-EU technical level discussions were held in New Delhi from December 3-9 covering key chapters of the India-EU bilateral FTA negotiations. Capping them was also a high level meeting between Commerce and Industry Minister Piyush Goyal with the EU Commissioner for Trade and Economic Security on December 9. It is now expected⁹ that Minister Goyal will travel to Brussels in early January to give a final push to resolve pending contentious issues, such as carbon border adjustment mechanism (CBAM) and tariff reductions on steel and automobiles which have been eluding a mutually acceptable solution. Both sides are expected to make every effort to seal the deal

⁸https://www.business-standard.com/economy/news/india-us-trade-talks-dpdp-act-information-technology-rules-dominate-125121201133_1.html

⁹ https://www.business-standard.com/economy/news/piyush-goyal-to-make-final-push-for-india-eu-discussions-in-new-year-125121900935_1.html

before the joint visit of the EU Commission President Ursula von der Layen and EU Council President Antonio Costa as the chief guests on Republic Day 2026.

Union Cabinet approves rare earth magnet production scheme

The Union Cabinet approved¹⁰ on November 26 a scheme to promote the domestic manufacturing of sintered rare earth permanent magnets (REPM) with a financial outlay of Rs 7280 crores. The scheme envisions setting up of five units of 1,200 MTPA capacity each that will in all establish a capacity of 6000 MTPA of integrated REPM manufacturing in the country. These permanent magnets are vital for electric vehicles, renewable energy, electronics, aerospace, and defence applications. The Scheme will cover conversion of rare earth oxides to metals, metals to alloys, and alloys to finished REPMs. At present India's demand for REPMs are met mainly through imports.

SHANTI law enacted allowing private sector in nuclear energy

The Indian Parliament adopted the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) bill during the month, which has since been signed into law. The new act¹¹ opens up private sector participation in the nuclear sector under regulatory oversight and is intended to help achieve 100 GW nuclear energy capacity by 2047. In contrast to existing laws that impose a single statutory cap on operator liability, the new Act establishes a graded liability framework. Also introduces what is deemed a practical and balanced civil liability regime for addressing nuclear damage, as against existing provisions that were believed to be deterring private companies, including foreign technology and equipment suppliers, from participating in the sector. SHANTI removes supplier liability and replaces the earlier flat operator liability cap of ₹1,500 crore with graded caps linked to reactor capacity, rising to ₹3,000 crore for large reactors. The government has emphasised that victim compensation remains protected through a multi-layered mechanism, while negligence and penal provisions continue to apply.

India imposes steel safeguard duties

With major steel producing nations including US and EU hiking their tariffs on steel products to curb cheap imports coming from countries with excess capacities,

¹⁰ https://www.pmindia.gov.in/en/news_updates/cabinet-approves-rs-7280-crore-scheme-to-promote-manufacturing-of-sintered-rare-earth-permanent-magnets-repm/

¹¹ <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/dec/doc20251219739001.pdf>

India has also decided¹² to impose a safeguard duty of up to 12 per cent for a period of three years. This regularises the imposition of provisional duty of 12 per cent earlier this year but which expired on November 7. The safeguard duty, which will apply to a broad range of steel products will be levied at 12 per cent in the first year, 11.5% in the second and 11% in the third year.

China initiates WTO dispute against India

China requested¹³ on December 23 WTO dispute consultations with India regarding certain Indian measures on solar cells, solar modules, and information technology goods. The measures in question include India's tariff treatment of certain IT products including PV cells, smartphones, machines for manufacture of semiconductor devices and their parts and accessories. On solar modules, China is questioning the incentives provided under India's Solar Module Programme as violative of the provisions of the WTO TRIMS Agreement and the Agreement on Subsidies and Countervailing Measures.

This is the second petition filed by China against India in the year 2025, with the first alleging unfair subsidies for electric vehicles and batteries.

Mexico imposes tariffs on non-FTA partners including India

Mexico has unilaterally¹⁴ increased its tariffs by 5% to 50% with effect from January 1, 2026 on all non-FTA partners, thus also affecting India. The new tariff increases, affecting around 1400 tariff lines, will apply to electronics, apparels, chemicals, plastics, automobiles, metals and several other engineering products. The reasons given for this new legislative reform by Mexico are to strengthen the domestic industry by incentivising local production and reducing reliance on imported goods, promote reindustrialisation and increase national value-added content in strategic sectors and protect employment and supply chains by shielding domestic producers from foreign competition, particularly where imports are perceived as unfairly priced or subsidised.

Very likely these measures also have an intent to be seen as aligning its import policy with that of the US ahead of the scheduled review of the US-Mexico-Canada agreement (USMCA) due in 2026.

The measure will certainly impact Indian exports to that country, since it is estimated that three quarters of India's exports of USD 5.75 bn in 2024-25

¹² https://www.business-standard.com/economy/news/govt-imposes-up-to-12-safeguard-duty-on-steel-flat-product-imports-125123100448_1.html

¹³ https://www.wto.org/english/news_e/news25_e/ds644rfc_23dec25_258_e.htm

¹⁴ https://www.business-standard.com/economy/news/mexico-tariffs-impact-on-indian-exports-2026-125121101224_1.html



comprised the covered measures. These include autos and auto components, electronics, aluminium and steel items and labour intensive items like garments and textiles.

Commerce Secretary Rajesh Agrawal has been quoted saying that India is engaged with Mexico to see if the two countries could quickly finalise a preferential trade agreement.



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