



Delhi Policy Group

Advancing India's Rise as a Leading Power



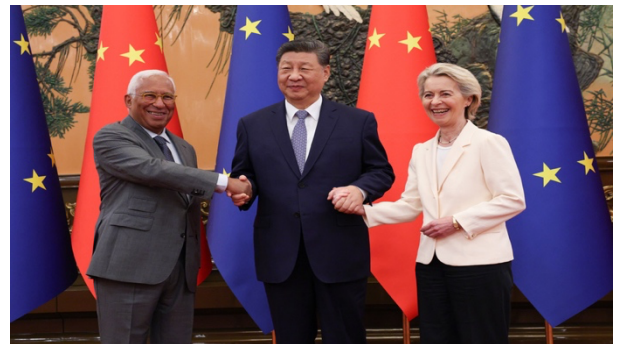
ECONOMIC SECURITY AND RESILIENCE REVIEW

JULY 2025

Author

V.S. Seshadri

Volume III, Issue 7



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 7

July 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:

Indian Prime Minister, Narendra Modi met the Prime Minister of the United Kingdom, Keir Starmer in London, on July 24, 2025. Source: [PM India](#)

President of the European Council, António Costa, President of the People's Republic of China, Xi Jinping, and President of the European Commission, Ursula Von Der Leyen participated in the EU-China Summit, on July 24, 2025. Source: [European Council](#)

Indian Prime Minister, Narendra Modi in a family photograph with BRICS Members during the 17th BRICS Summit at Rio de Janeiro, in Brazil on July 06, 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 7

July 2025

Contents

| | |
|---|----|
| Introduction | 1 |
| US-India BTA negotiations | 2 |
| US-Vietnam deal | 2 |
| US-Indonesia deal | 3 |
| US-Philippines deal | 4 |
| US-Japan Trade deal | 4 |
| US-EU Trade deal | 5 |
| US - Republic of Korea deal | 5 |
| US-Pakistan trade deal | 5 |
| Deal making with Bangladesh | 6 |
| India-UK CETA signed | 6 |
| PM's visit to mineral rich countries | 7 |
| PM Modi participates in the BRICS summit at Rio | 8 |
| Rio de Janeiro Declaration of BRICS | 8 |
| EAM-Wang Yi meeting in Beijing | 9 |
| Foxconn pulls out Chinese employees from India | 10 |
| EU-China Summit | 10 |
| EU-Japan summit | 11 |
| EU-Indonesia announce 'political agreement' on an FTA | 11 |
| Trump's warning on secondary tariffs on Russian exports | 12 |
| EU's 18th package of sanctions against Russia | 12 |
| US DOD to become major shareholder in rare earth miner MP Materials | 13 |
| ANNEX I | 14 |



Economic Security and Resilience Review

by
V. S. Seshadri

Introduction

President Trump's announcements on tariff deals reached with different countries were centre stage during July. The month began with Trump sending out letters to several countries from July 7 onwards with reciprocal tariff numbers to be effective from August 1. The residual tariff rate of 10% on most countries was extended to July 31.

In the event, negotiations with India could not be closed and President Trump unilaterally announced on July 30 a reciprocal tariff rate of 25% with effect from August 8, along with an unspecified penalty for buying oil and defence equipment from Russia. Deals concluded during the month were with Vietnam, Philippines, Indonesia, Japan, the European Union, Republic of Korea, Pakistan and Bangladesh. A deal with the UK had been finalised in May.

A listing of the revised levels of tariff that US will be charging¹ for its 69 trading partners from August 8 onwards is provided in Annex 1. Broadly speaking, while countries with which US had a goods trade surplus have been given a 10% tariff, countries with which US had a trade deficit have been given tariff rates ranging from 15% to 41%.

The status of US-India negotiations and the outlines of the tariff deal announcements by the US with its different partners are laid out in this ESRR. It is noteworthy that reductions of tariff and non-tariff barriers were the main feature in the deals with Vietnam, Indonesia and the Philippines along with some promises about procurement of US goods. In comparison, in the deals with developed countries including Japan, the EU and the Republic of Korea, commitments to make high levels of investments and substantial purchases from the US were the defining elements.

Other subjects covered in this edition of ESRR include the signing of the India-UK FTA, PM Narendra Modi's visits to attend the BRICS summit and several mineral rich countries, the meeting between EAM Dr. S. Jaishankar and Chinese Foreign Minister Wang Yi, and the EU's summit meetings with China and Japan as well as warnings about secondary tariffs on Russian imports.

¹<https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-furthermodifies-the-reciprocal-tariff-rates/>



US-India BTA negotiations

India and the US held the fifth round of negotiations for the proposed Bilateral Trade Agreement (BTA) from July 14-17. There were also several indications during the month that an interim tariff deal between the US and India could be imminent.

On July 30, however, President Trump unilaterally announced a 25% tariff on exports from India starting August 1 along with an unspecified penalty to be imposed for India's defence and energy procurements from Russia. He repeated his earlier charge that India's tariffs were far too high and they also have the 'most strenuous and obnoxious non-monetary trade barriers of any country'. He added 'They have also bought a vast majority of their military equipment from Russia, and are Russia's largest buyer of energy, along with China'.

In response to this unilateral announcement, India has reacted in a measured manner. While taking note of Trump's statement, India's Ministry of Commerce has said it is studying the implications. Recalling that the two countries have been engaged in negotiations over the past months to conclude a fair, balanced, and mutually beneficial bilateral trade agreement, it further said that India remained committed to that objective. The statement at the same time conveyed that the government attached the utmost importance to protecting and promoting the welfare of India's farmers, entrepreneurs, and MSMEs. It went on to state that the government will take all necessary measures to secure national interests, as it has done with other trade agreements, including the recently concluded Comprehensive Economic and Trade Agreement with the UK.

US-Vietnam deal

This deal announced with Vietnam by President Trump on July 2 will involve Vietnam removing all tariffs on imports from the US, while exports of Vietnam to the US will incur 20% tariffs. Additionally, 'transhipped goods' from Vietnam originating from third countries will be charged 40% tariffs, even as what constituted 'transhipped' was not made clear. With nothing mentioned also about the prevailing Section 232 tariffs imposed on security grounds in the US, it is presumed that these tariffs on steel, aluminium, copper and automotives will continue to apply on imports from Vietnam into the US.

Vietnam, which held the third largest trade surplus with the US, was otherwise to be hit by a 46% reciprocal tariff levy by the US from August 1, in the absence of any deal.

Vietnam's government has also approved a plan by the Trump Organisation and local Kinh Bac City Development to invest US\$ 1.5 bn in hotels, golf courses and luxury real estate. Vietnam's flag carrier Vietnam Airlines is reported to be finalising an order for 50 Boeing airplanes.



US-Indonesia deal

President Trump announced a trade deal with Indonesia on July 22, the details of which were spelt out² in a White House fact sheet. Under this deal, Indonesian products entering the US will face a reciprocal tariff of 19%. In return, commitments by Indonesia will include elimination of tariffs over 99% of US products exported to Indonesia across all sectors. Indonesia will also lift a wide range of non-tariff barriers for both industrial and agricultural products. These include (1) accepting vehicles built to U.S. federal motor vehicle safety and emissions standards; (2) accepting USFDA certificates and prior marketing authorisations for medical devices and pharmaceuticals; (3) exempting U.S. exports of cosmetics, medical devices, and other manufactured goods from certification and labelling requirements; (4) removing import restrictions or licensing requirements on U.S. remanufactured goods and their parts; (5) exempting U.S. food and agricultural products from all of Indonesia's import licensing regimes, including its commodity balance policy; and (6) recognising U.S. regulatory oversight, including listing of all U.S. meat, poultry, and dairy facilities and accepting certificates issued by U.S. regulatory authorities.

The two countries are also to negotiate rules of origin that will ensure that the benefits from the agreement accrue to the United States and Indonesia, not third countries.

The fact sheet further specifies that both Indonesia and the US will finalise commitments on digital trade, services and investment and goes on to add that Indonesia will support a permanent moratorium on customs duties on electronic transmissions at the World Trade Organisation (WTO) immediately and without conditions; and take effective actions to implement the Joint Initiative on Services Domestic Regulation, including submitting its revised Specific Commitments for certification by the WTO. Indonesia is also to provide certainty regarding the ability to move personal data out of its territory to the United States through recognition of the United States as a country or jurisdiction that provides adequate data protection under Indonesian law.

The deal moreover included Indonesia undertaking the following purchases from the US:

1. Procurement of aircraft currently valued at US\$ 3.2 bn;
2. Purchase of agricultural products including soybeans, soybean meal, wheat and cotton with an estimated total value of US\$ 4.5 bn; and
3. Purchase of Energy products including LPG, crude oil and gasoline with an estimated value of US\$ 15 bn.

² <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-the-united-states-and-indonesia-reach-historic-trade-deal/>



US-Philippines deal

The deal between US and the Philippines announced on July 23 will see the US dropping the earlier threatened tariff of 20% to 19% with effect from August 7 for Philippine products. In return, Philippines is to drop its import tariffs to zero for several products including automobiles, soybeans, wheat and pharmaceuticals, even as there was no official release providing these details. There was no mention of Section 232 tariffs of the US, which presumably implies these tariffs on steel, aluminium, copper and autos will continue to apply on Philippine imports into the US.

US-Japan Trade deal

As per the Fact Sheet published³ by the White House, under the US-Japan trade deal announced by President Trump on July 22, Japan has agreed to invest US\$ 550 bn in the United States in areas directed by the latter to rebuild and expand core American industries. Such areas will include energy infrastructure and production, semiconductor manufacturing and research, critical minerals mining, processing, and refining, pharmaceutical and medical production, and commercial and defense shipbuilding. It was further stated that the US will retain 90% of the profits from this investment, although this the Japanese government has subsequently mentioned⁴ that the nine-to-one profit-sharing split will apply to only a limited set of Japanese investments in the U.S., with the split being "based on each side's contribution and risk burden."

Other commitments made by Japan include increasing imports of rice from the US on which the Japanese government has clarified that it will retain its long standing 770,000 ton quota of tariff free imports but it will increase the share of US rice imported within the quota. On cars and trucks from the US, Japan has also agreed to accept US vehicles built to US safety standards.

Additionally, Japan has committed to purchase 100 Boeing aircrafts as also U.S. defense equipment. Japan will also purchase US \$8 billion in U.S. goods, including corn, soybeans, fertiliser, bioethanol, and sustainable aviation fuel.

In return, imports from Japan into the US will face a 15% tariff, as against the earlier announced reciprocal tariff of 25%. This reduced tariff rate will also cover automotive exports without quantitative limits (UK received a 10% tariff on its car exports to the US but subject to an annual quota of 100,000 cars). However, such a concessionary

³ <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-secures-unprecedented-u-s-japan-strategic-trade-and-investment-agreement/>

⁴ <https://www.japantimes.co.jp/business/2025/07/26/ishiba-us-tariffs-agreement-unclear/>



dispensation will not include aluminium and steel on which the Section 232 tariffs imposed by the US of 50% will continue.

US-EU Trade deal

The tariff, trade and investment deal between the EU and US appeared more in line with the deal with Japan. The European Union has committed to boosting its investment in the US by US\$ 600 bn, including in American military equipment. The EU will also make purchases of US\$ 750 bn worth of energy and other items during the next three years.

In return, EU products will now face a 15% tariff rather than the earlier threatened 30% reciprocal tariff and this will also include automotives, as in the case of Japan. It also appears that the two sides have agreed on a 'zero for zero' deal on a number of strategic products including aircraft and aircraft parts, some chemicals and certain agricultural products. However, the deal did not cover steel and aluminium items on which the Section 232 duties of 50% are in place in the US. There appears to have been also no decision on spirits or pharmaceuticals, which has upset some EU members.

The European Union has, however, made no commitments on the regulatory aspects relating to the digital sector or in respect of agriculture or other products.

US - Republic of Korea deal

President Trump announced on July 30 what he called a 'full and complete trade deal' with South Korea under which US will charge a 15% tariff on imports, as against a reciprocal tariff rate of 25% announced earlier. The 15% tariffs will cover both cars and semiconductors, both of which are Korea's key exports to the US market. But they will not cover steel and aluminium which will be taxed at 50%.

From the Korean side, the deal involves South Korea investing US\$ 350 bn in the US of which US\$ 150 bn will go into helping the US build ships, including warships. The deal, however, did not involve Korea making concessions on further opening up its beef and rice markets to US imports, which is a key concern for its farmers.

Unlike other countries which have entered into a deal with the US during the month, South Korea is already a party to an existing bilateral free trade agreement with the US.

US-Pakistan trade deal

Another trade deal announced on July 30 by US President Trump was with Pakistan, under which the two countries are to work together in developing Pakistan's 'massive oil reserves'. He also added "We are in the process of choosing the Oil Company that



will lead this Partnership". In response, Pakistan received a lower tariff of 19% (the reciprocal tariffs announced for Pakistan on April 2 was 29%) on its exports to the US even as no details were provided.

The Ministry of Foreign Affairs of Pakistan said the decision reflected a "balanced and forward-looking approach by the US authorities, keeping Pakistan competitive relative to other South and Southeast Asian countries". The statement added "The Government of Pakistan looks forward to further positive engagements and close cooperation with the United States in the areas of investment, artificial intelligence, crypto currency, mines and minerals, energy, and other emerging sectors,"

Deal making with Bangladesh

While US President Donald Trump had sent a letter on July 7 to Bangladesh conveying a 35% tariff on imports of that country's products into the US with effect from August 1, attempts were made to arrive at a bilateral deal during a third round of negotiations on July 31. Eventually, Bangladesh exports to the US were given a 20% tariff. Two important developments during the month are worth noting here:

- An MOU⁵ was signed between Bangladesh and the US on July 20 for import of 700,000 tonnes of wheat annually from the US at competitive prices for the next five years.
- The government of Bangladesh has also increased⁶ the order of Boeing aircrafts from an initial order of 14 to 25.

India-UK CETA signed

Prime Minister Modi visited the United Kingdom on July 24 and held talks with Prime Minister Keir Starmer. The bilateral Comprehensive Economic and Trade Agreement (CETA) was signed on this occasion⁹. PM Modi said¹⁰ that the agreement was more than just an economic partnership; it was also a blueprint for shared prosperity. The CETA will pave the way for enhanced market access in the UK for Indian textiles, footwear, gems and jewellery, seafood, and engineering goods. It will also unlock new opportunities for India's agricultural produce and processed food industry. Above all, this agreement will be especially beneficial for India's youth, farmers, fishermen, and the MSME sector.

⁵ <https://uswheat.org/bangladesh-commits-to-annual-purchases-of-700000-metric-tons-of-u-s-wheat/>

⁶ <https://www.thedailystar.net/life-living/travel/news/dhaka-plans-buy-25-boeing-jets-trade-talks-enter-final-phase-3949081>

⁹ A detailed DPG brief on this FTA can be accessed at "The India-UK FTA", https://www.delhipolicygroup.org/public/storage/uploads/publications_file/the-india-uk-fta-5332.pdf

¹⁰ From MEA website



On the consensus reached on a Double Contribution convention, PM Modi said it will inject new momentum into the service sectors of both countries, particularly in technology and finance. It will enhance the ease of doing business, reduce operational costs, and boost confidence of doing business. Further, the UK economy will benefit from access to skilled Indian talent.

PM Starmer called the CETA the “biggest and most economically significant trade deal” for the UK post-Brexit and also described it as “one of the most comprehensive deals India has ever done.”

The two leaders also jointly launched a ‘Vision 2035’ statement that is to serve as a roadmap for a strong, trusted, and ambitious partnership in the areas of technology and innovation, defence, climate, education, and people-to-people connectivity.

A separate anniversary statement on India-UK Technology Security Initiative also spoke about future strategic collaboration, which will include a) securing resilient and sustainable critical mineral supply chains to power the Fourth Industrial Revolution; and b) establishing a UK-India Critical Minerals Guild to transform financing standards and innovation. Together, the two sides are to prioritise processing, R&D, recycling, managing risk to supply chains, market development etc. and will champion circular economy principles and advance traceability.

PM’s visit to mineral rich countries

In the context of economic security and resilience, PM Modi’s foreign visits during the month included mineral rich Ghana, Argentina and Brazil.

The President of Ghana, John Dramani Mahama, stated that Ghana had several critical minerals that were still to be exploited, and urged India to take up collaboration in harnessing these with investments and processing capacities.

In Argentina, PM Modi discussed lithium blocks which have been taken up by India’s public sector company Khanij Bidesh India Limited (KABIL). Along with Coal India Ltd., Kabil is working with a provincial public sector unit in Argentina (CAMYEN) to develop these sites.

In Brazil, PM Modi held bilateral meetings with President Lula and the two sides issued a joint statement which focussed on strengthening bilateral cooperation under five priority pillars, including industrial partnerships in strategic areas which were identified as pharmaceuticals, defence equipment, mining and minerals and oil and gas sector.

On critical minerals, the joint statement welcomed joint collaboration between public and private companies from the two sides in new and emerging areas, including



strengthening the supply value chains and global competitiveness in mineral exploration, mining, beneficiation, processing, recycling and refining. It was also indicated that Brazil was coming up with a new policy in this area in the second half of the year and that will open up more opportunities for Indian companies.

In both Argentina and Brazil, PM Modi sought the support of these governments for expanding the India-Mercosur PTA for mutual benefits.

PM Modi participates in the BRICS summit at Rio

PM Modi participated in the 17th BRICS summit held in Rio de Janeiro from July 6-7, 2025 under the theme 'Sustaining Global South Cooperation for a more inclusive and sustainable governance'. He made separate statements relating to 1) International Peace and Security; 2) Strengthening multilateralism, economic and financial matters and AI; and 3) Climate change and environment.

Of particular relevance to this report is the call he made to BRICS countries to work together to make supply chains for critical minerals secure and reliable. He added that it was important that no country used these resources for its own selfish gains or as a weapon against others.

On the New Development Bank of BRICS, PM Modi urged that while approving projects, the bank must focus on demand driven approaches, long term financial sustainability and healthy credit rating.

On AI, he said that resolving concerns and encouraging innovation should be given equal importance in AI governance. He called upon BRICS countries to work together for Responsible AI Global Standards to be created that can verify the authenticity of digital content, so that we can identify the source of the content and maintain transparency and prevent misuse.

In relation to global governance, PM Modi pointed out that in today's world there was a need for a new multipolar and inclusive world order. He called for determination from BRICS to reform institutions like the UN Security Council, the WTO and multilateral development banks.

Rio de Janeiro Declaration of BRICS

The BRICS summit adopted a 126 para Rio de Janeiro declaration¹¹, apart from also adopting separate declarations on climate finance and global governance of AI. There were several paras in the Rio declaration on economic security related issues.

¹¹ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2142786>



The summit voiced serious concerns about the rise of unilateral tariff and non-tariff measures which it said distorted trade and were inconsistent with WTO rules. It further condemned the imposition of unilateral coercive measures that were contrary to international law, and reiterated that such measures, inter alia, were in the form of unilateral economic sanctions and secondary sanctions.

The declaration also rejected the introduction of unilateral, punitive and discriminatory protectionist measures that were not in line with international law, under the pretext of environmental concerns, such as the carbon border adjustment mechanisms (CBAMs), deforestation regulations, due diligence requirements, taxes and other measures. It reconfirmed full support for the call in COP28 related to the avoidance of unilateral trade measures based on climate or environment.

On supply chains, the declaration reaffirmed the need to promote reliable, responsible, diversified, resilient, fair, sustainable, and just supply chains of critical minerals to guarantee benefit sharing, value addition and economic diversification in resource-rich countries, while fully preserving sovereign rights over their mineral resources, as well as their right to adopt, maintain and enforce measures necessary to pursue legitimate public policy objectives. However it refrained from specifically addressing the new restrictive export control measures introduced by China on rare earth minerals and magnets.

On cross border payments, the declaration tasked the finance and central bank governors to continue the discussion on the BRICS Cross-Border Payments Initiative, and acknowledged the progress made by the BRICS Payment Task Force (BPTF) in identifying possible pathways to support the continuation of discussions on the potential for greater interoperability of BRICS payment systems.

EAM-Wang Yi meeting in Beijing

India's External Affairs Minister Dr. S. Jaishankar held a bilateral meeting with his Chinese counterpart Foreign Minister Wang Yi of China on July 14, 2025 in Beijing. The Press Release¹² issued by the Ministry of External Affairs noted that the two ministers reviewed the state of bilateral relations and also took note of the recent progress made by both sides to stabilise and rebuild ties.

EAM Jaishankar highlighted the positive impact of peace and tranquility in the border for the smooth development in bilateral relations and supported continued efforts towards de-escalation and border management. During his visit, the issue of China's export restrictions on critical and rare minerals and magnets, also came up for

¹²https://www.mea.gov.in/pressreleases.htm?dtl/39803/EAMs_visit_to_China_and_meeting_with_Chinese_Foreign_Minister



discussion. The Press Release noted that the EAM took up the restrictive trade measures and roadblocks for economic cooperation.

Following the visit, India also announced that starting July 24, Chinese citizens can apply for tourist visas which were suspended in 2020 in view of the Covid-19 pandemic.

Foxconn pulls out Chinese employees from India

As per news reports¹³ that appeared on July 2, the Taiwanese company Foxconn, Apple's largest contractor, withdrew more than 300 Chinese engineers and technicians from its iPhone production facilities in India in the previous two months. While no official reason was cited, it has been reported that this is due to Chinese government pressure applied on the company. This is part of targeted action by China to constrain expansion of such manufacturing capacities in India. Already, China has delayed the export of manufacturing machinery in this sector. Introduction of export licensing restrictions on rare earth minerals and magnets has been another aspect.

EU-China Summit

Chinese President Xi Jinping met with EU Council President Antonio Costa and President of the EU Commission Ursula von der Layen on July 24. The two EU leaders also co-chaired the 25th EU-China summit on the same day with Chinese PM Li Qiang. Reports about these meetings have characterised them as tense¹⁴, with no headway made on geopolitical differences and only modest advances on trade and climate change.

Von der Layen told Xi that 'As our cooperation has deepened, so have imbalances'. She called these trade imbalances having reached an 'inflection point' where China must come forward with real solutions. But Xi told the EU leaders that there were no fundamental conflicts of interest or geopolitical contradictions between the two sides and urged the EU side to 'properly handle differences and frictions'. He further outlined¹⁵ three points: adhere to mutual respect to consolidate the partnership; uphold openness and cooperation to properly address differences; and practice multilateralism to safeguard the international rules and order.

In the event, what was agreed was upgraded support to the supply mechanism on Chinese exports of rare earths and magnets that can address bottlenecks.

¹³ <https://economictimes.indiatimes.com/industry/cons-products/electronics/foxconn-asks-hundreds-of-chinese-engineers-technicians-to-return-home-from-iphone-factories-in-india-report/articleshow/122209864.cms?from=mdr>

¹⁴ <https://www.dw.com/en/eu-china-summit-exposes-deepening-tensions/a-73410634>

¹⁵ <https://www.globaltimes.cn/page/202507/1339217.shtml>



A EU-China joint statement on climate¹⁶ titled 'The way forward after the 10th anniversary of the adoption of the Paris Agreement' expressed their commitment to accelerating the global renewable energy deployment and facilitating access to quality green technologies and products, so that they can be available, affordable and beneficial for all countries, including developing countries.

EU-Japan summit

The EU Council President Antonio Costa and President of the EU Commission Ursula von der Layen paid a visit to Japan on July 23 for the 30th Japan-EU summit, when they held meetings with Japanese PM Shigeru Ishiba. The joint statement¹⁷ issued on the occasion, which came one day before the China-EU summit, had several paras devoted to the two sides contributing to a rule based international economic order, deepening their economic security and resilience and enhancing competitiveness.

More specifically, they reaffirmed the importance of the WTO and other multilateral cooperation efforts. They decided to enhance cooperation on increasing supply chain resilience and reducing strategic dependencies, including strengthening and diversifying critical minerals supply chains and addressing economic coercion and non-market policies and practices. They also launched the EU-Japan Competitiveness Alliance to further enhance joint competitiveness. They further decided to strengthen strategic economic cooperation, particularly in areas such as economic security and trade and industrial policy including the promotion of investment opportunities.

Some of the remarks made by President von der Layen in the present global context were noteworthy, including 'We can change the rules of the WTO to address today's and tomorrow's challenges'. In this regard, she also noted that the EU and CPTPP can lead a meaningful reform of the WTO so that global trade rules reflect today's challenges and the risks of tomorrow. Japanese PM Ishiba also conveyed a similar sentiment when he said that strong and stable relations between the EU and Japan are essential to maintain and strengthen a free and open international order based on rules and the rule of law.

EU-Indonesia announce 'political agreement' on an FTA

The EU Commission President Ursula von der Layen and the Indonesian President Prabowo Subianto announced on July 13 a 'political agreement' to finalise the bilateral FTA that has been under negotiation since 2016. It is expected that the deal will be formally concluded in September this year.

¹⁶ <https://www.consilium.europa.eu/en/press/press-releases/2025/07/24/joint-eu-china-press-statement-on-climate/>

¹⁷ <https://data.consilium.europa.eu/doc/document/ST-11834-2025-INIT/en/pdf>



In her remarks to the Press¹⁸, Von der Layen said that 'We're living in turbulent times and when economic uncertainty meets geopolitical volatility partners like us must come close together'. She also pointed out that the FTA will help strengthen the supply chains of critical raw materials, essential for Europe's cleantech and steel industry'. Indonesian President Prabowo in turn hailed the announcement as a 'breakthrough' and stressed that Indonesia considers Europe 'still a very important factor and we would like to see a very strong Europe'. He however also added that 'the United States will be always a very important leader in the world'.

Trump's warning on secondary tariffs on Russian exports

President Trump warned on July 15 that he will go ahead to impose 100% tariffs on goods exported by countries to the US over their economic ties with Russia if there is no deal in 50 days on the Ukraine conflict. The levies, he said, will be applied as 'secondary tariffs' not directly targeting Russia but intended to increase pain on the country by pressuring its trade partners to stop buying or selling products in the energy, agriculture and weapons sectors.

EU's 18th package of sanctions against Russia

The European Union's latest package of sanctions against Russia over its war in Ukraine was intended to further constrain Russia's gas and oil industry. They included the following:

- EU will impose a moving price cap on Russian crude at 15% below its average market price (one estimate put the reduced price cap at US\$ 47.60 per barrel) which will come into force on September 3 and a 90-day transition period will apply to existing contracts;
- Crude bought at a higher price will be prohibited through shipping insurance and reinsurance companies from handling tankers carrying such crude;
- The EU sanctions also targeted India's Nayara oil refinery with Russia's Rosneft as its main shareholder;
- An additional 105 vessels are banned (bringing the total now to 444 ships) from accessing EU ports and locks or undertaking ship-to-ship transfers of oil, in an effort to shut down the so called shadow fleet of older oil tankers used to transport Russian oil and circumvent sanctions;
- Full transaction bans on 22 additional Russian banks;
- Introduction of import ban on refined petroleum products made from Russian crude oil and coming from any third country - with the exception of Canada, Norway, Switzerland, UK and the US.

¹⁸<https://timesofindia.indiatimes.com/business/international-business/eu-indonesia-trade-pact-european-union-chief-announces-political-agreement-jakarta-calls-it-breakthrough/articleshow/122419967.cms>



US DOD to become major shareholder in rare earth miner MP Materials

The US Defense department will become the largest shareholder¹⁹ in rare earth miner MP Materials after agreeing to buy US\$ 400m of its preferred stock, the company said on July 10, 2025.

The significance of the deal arises from the fact that MP Materials owns the only rare earth mine in the US at Mountain Pass, California. Proceeds from the Pentagon investment are going to be used to expand MP's rare earth processing capacity and magnet production, the company said. The new public-private partnership is expected to speed the build out of an end-to-end rare magnet supply chain in the US.

The company's CEO, James Litinsky, stated that US miners are facing a unique threat from 'China's mercantilism'. The company is proposing to build a second magnet manufacturing facility in the US to serve defense and commercial customers with support from the Pentagon, bringing its manufacturing capacity to 10,000 tons. The Pentagon is also guaranteeing a minimum price of US\$ 110 per kg for 10 years for neodymium-praseodymium oxide that is sold by the company. The Pentagon will receive 30% of the upside above US\$ 110 per kg once MP materials second magnet facility is operational.

¹⁹<https://www.cnbc.com/2025/07/10/pentagon-to-become-largest-shareholder-in-rare-earth-magnet-maker-mp-materials.html>



ANNEX I

| Countries and Territories | Reciprocal Tariff, Adjusted |
|----------------------------------|-----------------------------|
| Afghanistan | 15% |
| Algeria | 30% |
| Angola | 15% |
| Bangladesh | 20% |
| Bolivia | 15% |
| Bosnia and Herzegovina | 30% |
| Botswana | 15% |
| Brazil | 10% |
| Brunei | 25% |
| Cambodia | 19% |
| Cameroon | 15% |
| Chad | 15% |
| Costa Rica | 15% |
| Côte d'Ivoire | 15% |
| Democratic Republic of the Congo | 15% |
| Ecuador | 15% |



| | |
|--|------------------------------|
| Equatorial Guinea | 15% |
| European Union: Goods with Column 1 Duty Rate ^[1] > 15% | 0% |
| European Union: Goods with Column 1 Duty Rate < 15% | 15% minus Column 1 Duty Rate |
| Falkland Islands | 10% |
| Fiji | 15% |
| Ghana | 15% |
| Guyana | 15% |
| Iceland | 15% |
| India | 25% |
| Indonesia | 19% |
| Iraq | 35% |
| Israel | 15% |
| Japan | 15% |
| Jordan | 15% |
| Kazakhstan | 25% |
| Laos | 40% |
| Lesotho | 15% |
| Libya | 30% |



| | |
|------------------|-----|
| Liechtenstein | 15% |
| Madagascar | 15% |
| Malawi | 15% |
| Malaysia | 19% |
| Mauritius | 15% |
| Moldova | 25% |
| Mozambique | 15% |
| Myanmar (Burma) | 40% |
| Namibia | 15% |
| Nauru | 15% |
| New Zealand | 15% |
| Nicaragua | 18% |
| Nigeria | 15% |
| North Macedonia | 15% |
| Norway | 15% |
| Pakistan | 19% |
| Papua New Guinea | 15% |
| Philippines | 19% |



| | |
|---------------------|-----|
| Serbia | 35% |
| South Africa | 30% |
| South Korea | 15% |
| Sri Lanka | 20% |
| Switzerland | 39% |
| Syria | 41% |
| Taiwan | 20% |
| Thailand | 19% |
| Trinidad and Tobago | 15% |
| Tunisia | 25% |
| Turkey | 15% |
| Uganda | 15% |
| United Kingdom | 10% |
| Vanuatu | 15% |
| Venezuela | 15% |
| Vietnam | 20% |
| Zambia | 15% |
| Zimbabwe | 15% |



Delhi Policy Group

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

www.delhipolicygroup.org