



Delhi Policy Group

Advancing India's Rise as a Leading Power



ECONOMIC SECURITY AND RESILIENCE REVIEW

MAY 2025

Author

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Cover Images:

US President Donald Trump announcing a trade agreement with the United Kingdom, joined by US Vice President Vance, US Commerce Secretary Howard Lutnick, US Trade Representative Jamieson Greer, British Ambassador Peter Mandelson and UK Prime Minister Keir Starmer via phone, on May 8, 2025. Source: [X/@realDonaldTrump](#)

India's Union Minister of Commerce and Industry Piyush Goyal met with US Secretary of Commerce Howard Lutnick to discuss a bilateral trade agreement, in Washington D.C., on May 20, 2025. Source: [X/@PiyushGoyal](#)

Chinese President Xi Jinping held talks with Brazilian President Lula, who was on a state visit to China, at the Great Hall of the People in Beijing, on May 13, 2025. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

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Economic Security and Resilience Review

by

V. S. Seshadri

Introduction

President Trump's reciprocal tariff initiative and attempts by different countries to see how they can deal with the resulting challenge continued to be a key driver of trade related developments. In this issue, we cover the limited trade deal reached between the US and the UK and the interim pause agreement arrived at between the US and China. These notwithstanding, there is still no clarity about how such trade deals with the remaining dozen or so partners with which the US is currently negotiating, will eventually get structured and concluded before July 09, when the reciprocal tariffs are scheduled to kick in.

India's negotiations with the US on the first tranche of the BTA are continuing, with the discussions apparently on track and a US team of officials expected to visit the country in June to take these forward further.

In this issue, we also look at how India is enhancing its engagements on FTAs with several other trading partners. This seems evidently intended to mitigate the adverse impact that could arise from the increasing uncertainties surrounding the international trading environment.

First was the conclusion of the FTA with the UK announced on May 6, 2025 and already covered in our April issue. Second, the eleventh round of India-EU FTA discussions was held in New Delhi from May 12-16, followed a week thereafter by the visit of the Chief negotiator-led team from India to Brussels. Commerce and Industry Minister Piyush Goyal also met the EU Trade Commissioner Sefcovic twice during the month. Third, FTA talks were revived with New Zealand, with the first round held in New Delhi from May 5-9. Finally, negotiations to upgrade the limited India-Chile preferential trade agreement into a full fledged comprehensive economic partnership agreement were also held from May 26-30 in New Delhi.

The Union Cabinet approved the setting up of a sixth semiconductor unit in Jewar, Uttar Pradesh under the National Semiconductor Mission. The factory will manufacture display driver chips for mobile phones, laptops, automobiles and other devices, and will come on stream in 2027.

Two developments during the month in respect of India's trading relations with China have implications for our economic security. One was the imposition of high levels of anti-dumping duties by China on India's exports of an insecticide cypermethrin, as a way of signalling to us against cutting deals with the US that may in any way harm China's interests. The second relates to difficulties currently faced by India's automotive industry in the imports of rare earth magnets from China due to the Beijing's recently introduced restrictive and complicated export licensing policy and procedure for rare earth items.

Notwithstanding all the turmoil being caused by the Trump tariff initiative, the G-7 Finance Ministers chose to be silent on it at their annual meeting in Canada to display a sense of unity. Their focus appeared more on dealing with non-market policies, market concentration and supply chain resilience.

This month's issue also draws attention to the simplified version of implementation of the carbon border adjustment mechanism (CBAM) that the EU Council has adopted, which will now need assent from the European Parliament. While this may make it easier for SMEs and smaller importers/exporters involved to be waived from the impact of CBAMs, this may not fundamentally alter the adverse effects it may cause to exporting countries like India seeking to export steel, aluminium etc.

This issue also outlines the key outcomes from the first EU-UK summit post Brexit. From a trade security perspective, the EU and the UK seeking to align their standards and policies on CBAMs, and sanitary and phytosanitary measures, are worthy of note.

Finally, this issue covers China's continued efforts to court Latin American countries, including under the BRI umbrella. Relevant aspects from a economic security and resilience angle have been highlighted from the outcomes of the recently held fourth China-CELAC ministerial meeting in Beijing, and President Lula's state visit to China.

Trump tariff threats see no clear resolution

With the month of May now gone past, more than fifty days are over out of the ninety day pause on the application of 'reciprocal tariffs' set by President Trump on April 9. The US administration has been able to conclude only one interim bilateral deal with the UK during this period. The UK is also not a typical adversely affected trade partner, as it received only a 10% reciprocal tariff, which is the same as the additional baseline tariff now applicable on all countries during the pause period. Another deal reached with China, only as an interim truce, has paused the punitive 145% duties on imports from China, and reduced

these to 30% (baseline tariff of 10% plus 20% on account of fentanyl related issues) for another ninety days. These deals do not provide any clear indication yet as to how the trade deals intended to be reached with at least a dozen trade partners that had surplus trade with the US will be arrived at by the Trump administration.

Discussions and contacts are no doubt underway between the US administration and these other partner countries as in the case of India, Vietnam and South Korea, whose delegations visited Washington during the month. Some trade partners like the EU and Japan also appear to have taken firmer positions regarding these reciprocal tariffs, perhaps encouraged by how, despite China's strong retaliatory actions against the reciprocal tariffs, China and the US could quickly arrive at a temporary truce driven by mutual interests.

The administration is also seen as recalibrating its position and becoming more realistic about what may be possible. One was a clear statement by President Trump that he was not looking to make T-shirts, sneakers and socks in the US which can be done well in other locations. He was mainly looking at doing semiconductor chips, computers, military equipment, tanks and ships. Another, perhaps as a gesture to Japan, was to allow Nippon Steel's acquisition of US Steel to go ahead with some conditions, despite all the opposition voiced by Trump himself on his election campaign trail.

President Trump, also realising that it will be impossible to hold negotiations with all US trading partners, said on May 16 that over the next two to three weeks, US officials will be sending letters to countries with which talks are not underway outlining what their reciprocal tariff rates will be, adding that those countries could appeal against the rates.

However, one development relating to steel and aluminium, if carried out, could make the ongoing negotiations even more difficult. This is President Trump's announcement at a rally in Pittsburgh in the state of¹ Pennsylvania on May 31 that he would be further hiking the tariffs on steel and aluminium to 50% from the present 25%, with effect from June 4.

Meanwhile Trump's reciprocal tariffs have also received a domestic legal setback after the US Court of International Trade ruled them to be illegal, stating that the International Emergency Economic Powers Act under which these tariffs were imposed did not allow for such sweeping levies without input from the US Congress. The case had been filed by several small businesses as well as

¹ <https://www.whitehouse.gov/fact-sheets/2025/05/fact-sheet-u-s-uk-reach-historic-trade-deal/>

on behalf of some of the Democratic Party-ruled US states. The administration has now gone to a Federal Court of Appeal, which has temporarily suspended the implementation of the lower court's order allowing the administration to continue collecting import taxes pending the disposal of the appeal. The Federal Court's next hearing is on June 5.

US and UK reach a trade deal

President Donald Trump and Prime Minister Keir Starmer announced on May 8 a 'historic trade deal' between the US and the UK, but this related mainly to the general terms (GT) for an eventual Economic Prosperity Deal (EPD). GT is only an interim understanding in some areas that need to be developed and formalised as EPD. US Commerce Secretary Howard Lutnick has termed it a blue-print for upcoming deals.

As per the outcome, UK can now annually export 100,000 of autos at 10% duty, around the same level as in preceding years. An accompanying arrangement for auto parts will be made. The UK can also export steel and aluminium at zero duty upto some allocated quantities, still to be finalised. As per the BT, the quota is dependent on the 'security of supply chains' and 'the nature of ownership of the relevant production facilities'. These are new elements which US is introducing for ensuring economic security.

GT further mentions that the UK will get preferential treatment in any further tariffs imposed under Section 232 of US Trade Act (which refers to 'national security' considerations) on products beyond those earlier imposed on steel, aluminium and autos. Such investigations are underway in the US on copper, timber, pharmaceuticals and semiconductors.

The GT also makes clear that rules of origin used in the EPD will maximise bilateral inputs and prevent third parties from circumventing.

On all other products, the US as part of the EPD negotiations has agreed to reduce its current applied rates, but has not agreed to Britain's request for lifting the 10% baseline tariff. The only relaxation could be preferential access to high quality UK aerospace components sourced by American aerospace manufacturers, like Rolls Royce engines.

On two aspects, however, the UK prevailed. One, Britain has not been forced to reduce its 2% digital services tax on US tech firms, or make any change to its online safety laws. Second, there will be no weakening of UK food standards on imports. The UK has said hormone-reared beef or chlorinated chicken from the US would not enter the country under this deal.

As for gains for the US, there are several. One was the substantial reduction of duty on US goods by the UK from an average of 5.1% to 1.8%. US exporters will also be able to export at zero duty 1.4 billion litres of ethanol annually and 13,000 metric tonnes (mt) of beef (as against a quota of 1000 mt with 20% duty now), amounting together to US\$ 950 million annually. President Trump expects a US\$ 5 bn opportunity for new exports. The UK has also indicated purchases of US\$ 10 bn worth of Boeing aircraft, even as the deals will be between private parties.

This writer has commented elsewhere² that the US-UK deal cannot be a blueprint for the India-US BTA on market access, along with other assessments on what could be possible takeaways for India from the deal.

US and China arrive at a temporary tariff truce but glitches emerge

The US and China reached a temporary 90-day truce on their tariff war on May 11 after two days of high level talks in Geneva. The US side was led in these discussions by Treasury Secretary Scott Bessent and USTR Jamieson Greer, and the Chinese side by Vice Premier of the State Council He Lifeng.

In the temporary agreement that was formally announced³ on May 12, and which will last 90 days, it was stated that beginning May 14, the US side will remove the additional reciprocal duty and the counter retaliatory duties it had imposed on imports from China, leaving only a baseline additional tariff of 10%. In response, China too will withdraw all the retaliatory duties and the non-tariff counter measures it had imposed after April 2 on rare earth minerals exports, but would keep in place its 10% additional tariff.

The foregoing agreement did not, however, include any change to the 20% additional tariff in place on imports of Chinese goods into the US on account of alleged insufficient action by the latter on curbing fentanyl trafficking. Nor did it affect the 25% duties on steel, aluminium and autos that are in place in the US on account of national security related considerations.

Both sides characterised the discussions in a positive light. But an idea of what lies ahead can be gauged from what Treasury Secretary said about Chinese practices on comments to the US media: "There's something called the 'China shock,' which has gutted our manufacturing sector ... They subsidise labor, they

² <https://www.thehindubusinessline.com/opinion/us-uk-deal-takeaways-for-india/article69576327.ece>

³ <https://www.whitehouse.gov/briefings-statements/2025/05/joint-statement-on-u-s-china-economic-and-trade-meeting-in-geneva/>

subsidise capital goods, and they have exported that to us and to the rest of the world. We have put up tariffs to push back on that, so it will be a matter of what is the equilibrium level on tariffs and also getting China to open their markets for American companies.”

The high level discussions between the two sides with the same designated representatives to lead them are to be continued, although nothing has been stated about when the next such meeting may happen.

Meanwhile, there are now accusations by both sides that the other is reneging on the deal. Since the Geneva meeting, China has been slow in approving export licenses for rare earths and other elements needed to make cars, electrical appliances and other items (India has also been hit). China on its part has complained against the US Commerce Department issuing a warning on May 12 against the use of Huawei Technologies’ Ascend AI chips ‘anywhere in the world’. China sees it as a sign of renewed aggression from the US side and is therefore using its export licensing system of rare earths as a leverage. The US position is that the Ascend guidance was only a restatement of US policy, and China should abide by what was agreed to in Geneva.

It is not clear how this issue is going to be resolved even as automakers in the US have reportedly warned the White House that if fresh supplies do not come soon, auto plants may have to go idle, as they did during the pandemic.

President Trump allows Nippon Steel to acquire US Steel

President Donald Trump is finally allowing⁴ the Nippon Steel’s acquisition of US Steel, but the plan is to have conditions attached as per reports. President Trump himself said on May 23 that the deal will include USD 14 bn in new investment by Nippon Steel. Additionally, the US government will be given a ‘golden share’ that would give it de facto rights on certain company decisions and appointments. As per Senator Dave McCormick of Pennsylvania, the company will have a US CEO and a US majority board that will allow the US to ensure that production levels are not cut and issues of that nature. McCormick acknowledged that Nippon Steel would have board members and that US Steel would “be part of their overall corporate structure.” The arrangement, which was proposed by the Japanese firm, allows the US to “essentially have our cake and eat it too,” the senator said.

⁴ <https://www.bloomberg.com/news/articles/2025-05-27/us-set-to-receive-golden-share-as-part-of-us-steel-nippon-deal>

India-US BTA negotiations

Commerce and Industry minister Piyush Goyal, accompanied by senior Indian officials, visited Washington DC from May 17-23 for continuing negotiations on a bilateral trade agreement with the US. During the team's visit, Minister Goyal also met with US Commerce Secretary Howard Lutnick twice⁵. While details about the progress made so far are not available, it appears that a team of officials from the US will visit India in June and it is hoped an interim deal can be arrived at before July 9, when President Donald Trump's reciprocal tariffs are set to kick in.

Speaking at the CII Annual Business Summit on May 29, Minister Goyal said⁶ that the deal with the US remains 'well on track'. Echoing similar views, India's chief negotiator Special Secretary Rajesh Agrawal said that India had launched negotiations with the US before the reciprocal tariffs came into force. He further stated 'We should be able to work out a trade partnership where there are natural comparative advantages and comparative preferential pathways to our businesses on both sides''.

India - New Zealand FTA talks revived

The first round of negotiations for the revived India-New Zealand FTA negotiations was held in New Delhi from May 5-9, 2025, as a follow up to New Zealand PM Christopher Luxon's visit to India in March this year, when it was decided to revive the initiative that had stalled in 2015. The first round this time followed a series of virtual discussions, which laid the groundwork. Constructive negotiations were reportedly held across all areas of the FTA, including Trade in Goods and Services, Trade Facilitation and mutually beneficial sectors of economic co-operation.

A Press Release from the government⁷ noted that the total merchandise trade between the two countries had reached USD 1.3 billion in financial year 2024-25, registering a strong growth of 48.6% over the previous financial year. Both countries reaffirmed their common vision and mutual understanding to work towards a future ready framework and conclude the FTA this year. The next round is to be held in July 2025.

⁵ <https://economictimes.indiatimes.com/news/economy/foreign-trade/piyush-goyal-meets-us-secretary-howard-lutnick-for-a-mutually-beneficial-india-us-trade-agreement/articleshow/121350624.cms?from=mdr>

⁶ https://www.business-standard.com/economy/news/us-court-rules-trump-tariffs-illegal-india-says-trade-deal-on-track-125052901862_1.html

⁷ <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2128011>

India-Chile hold first round of FTA talks

India and minerals-rich Chile held the first round⁸ of talks on a India-Chile Comprehensive Economic Partnership Agreement (CEPA) in New Delhi from May 26-30. Earlier in the month, the two sides signed the terms of reference for such an agreement. The CEPA aims to build upon the existing preferential trade agreement (PTA) between the two nations and seeks to encompass a broader range of sectors, including digital services, investment promotion and cooperation, MSMEs, critical minerals etc., thereby enhancing economic integration and cooperation. Discussions during the first round covered 17 thematic tracks encompassing not only trade in goods, services, IPRs and sustainability issues, but also critical and strategic minerals. The next round of negotiations is expected in July/August 2025 and will be preceded by inter-sessional discussions through virtual conferences to address outstanding issues in advance of the upcoming meeting.

Eleventh round of India-EU FTA negotiations

The eleventh round of India-EU FTA negotiations was held in New Delhi from May 12-16 2025 and was soon followed by the visit of an Indian team led by India's chief negotiator Satya Srinivas to Brussels from May 21. Commerce Minister Piyush Goyal, who was in Brussels on May 1, again visited⁹ the EU headquarters on May 23 on his way back to India from Washington. The flurry of visits indicate a fast tracking of discussions where both sides have apparently agreed to follow a two-phased approach, even as neither side has issued any press release about the progress made. In addition to the FTA, talks continue on a bilateral investment protection agreement and an agreement on geographical indications.

Sixth semiconductor unit approved by Union Cabinet

The Union Cabinet approved¹⁰ on May 14 the setting up of a sixth semiconductor unit under the National Semiconductor Mission. This unit will be a joint venture between the Indian company HCL Ltd. and the Taiwanese electronics major Foxconn, and will be set up near Jewar airport near Greater Noida in Uttar Pradesh. The factory, expected to start production in 2027, will manufacture display driver chips for mobile phones, laptops, automobiles and other devices. The plant is designed for producing 20,000 wafers per month,

⁸ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2132899>

⁹ <https://www.outlookbusiness.com/news/goyal-meets-eu-counterpart-for-second-time-in-a-month-on-fta-talks>

¹⁰ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2128604>

with its monthly output capacity at 36 million chips. The new unit will have an investment of Rs. 3,700 crores.

The Union Minister for Electronics Ashwini Vaishnaw has said that these chips control the quality and format of the content displayed on screen. It will meet 40% of India's needs and will create employment for 2,700 people. He added that once this unit is established, the display panel plant will also come to India.

China signals Indian levy is a warning on cutting deals with the US

China's Ministry of Commerce imposed anti-dumping duties on India's exports of the insecticide cypermethrin starting May 7, after saying it found that India was dumping the compound into its economy and causing damage to Chinese companies. However, one report¹¹ has indicated that Yuyuan tantian, a social media account affiliated with state broadcaster CCTV and frequently used to indicate official thinking on trade issues, stated in a post that the move follows India's imposing of 12% safeguard levies on steel imports in April which would mainly affect China (safeguard duties are not directed at any country, but apply to all countries).

"This retaliation against India is to tell India to stop insisting on its wrongdoing", the post wrote. It added "And for those countries that are still waiting to see what happens and have similar thoughts this is also a clear signal : if you want to use China's interests as a bargaining chip to make exchanges we will never agree to it, and we will certainly take countermeasures".

Concerns rise about supply of rare earth magnets from China

India's automobile sector has reportedly shared its concern¹² with the government on delays in shipments involving rare earth magnets, since their current inventories may get exhausted by end May/early June. China controls over 90% of the global processing capacity for these magnets that are used in automobiles in a variety of systems from motors, brakes, power windows, wipers, audio equipment etc. India imported 460 tonnes of these items from China in FY 2024.

The problem began in April this year when China introduced stricter export controls in response to Trump tariffs, whereby exporters must obtain

¹¹ <https://www.bloomberg.com/news/articles/2025-05-07/china-signals-india-levy-is-a-warning-on-cutting-deals-with-us>

¹² <https://auto.economictimes.indiatimes.com/news/passenger-vehicle/indias-car-production-at-risk-due-to-chinas-magnet-export-restrictions/121480020>

government licenses and end-use certificates (of no re-export and no military use) from buyers before shipping. While the May 11 truce between China and the US talked of China withdrawing its post April 2 restrictions, it does not seem to have eased the supply position on critical minerals, including in respect of India. Some reports, however, suggest that China may relax the controls for the supply chains of Chinese and European semiconductor companies, following discussions between them and China's Commerce Ministry on May 27.¹³

Meanwhile the Ministry of Heavy Industries has called a meeting¹⁴ of stakeholders on June 3 to finalise a concept note for a scheme to promote the manufacture of critical minerals in India. The note will entail offering targeted financial incentives to companies that get into the business, a public-private partnership model to set up rare earth metal processing as well as magnet-production units, and identifying and collaborating with alternative sources in other countries to reduce India's dependence on China.

G-7 Finance Ministers project unity despite tariff tensions

The annual meeting of G-7 Finance Ministers and Central Bank governors was held in Banff, in the Alberta province of Canada, from May 20-22, 2025. Despite the trade and tariff tensions prevailing amongst the members, the meeting tried to project a sense of unity among them in the face of global challenges. While the tariff issue found no mention in the final joint statement¹⁵, there were ample references to the need for continued monitoring of non-market policies and practices and the importance of taking a coordinated approach. There was agreement that joint analysis of market concentration and international supply chain resilience would be useful areas of future work. Furthermore, they also recognised the significant increase in international low value shipments being sent to their economies taking advantage of easier customs control and duty structure, and committed to exploring ways to deal with the issue.

The ministers also affirmed support for the World Bank-led Resilient and Inclusive Supply-Chain Enhancement (RISE) Partnership toward better integrating low and middle-income countries in the global supply chain of clean energy products, especially in Africa. The adoption of a country roadmap in Zambia was particularly welcomed in this regard. They also supported the expansion of RISE's activities to Latin America and the Caribbean, and a better

¹³ <https://economictimes.indiatimes.com/tech/technology/china-may-relax-rare-earth-export-curbs-for-some-chip-companies/articleshow/121464930.cms?from=mdr>

¹⁴ https://www.business-standard.com/industry/news/mhi-moves-closer-to-rare-earth-magnet-scheme-calls-june-3-stakeholder-meet-125052901865_1.html

¹⁵ <https://www.canada.ca/en/department-finance/news/2025/05/g7-finance-ministers-and-central-bank-governors-communique.html>

integration of all segments of the critical mineral supply chain. They further called on Multilateral Development Banks (MDBs) to strengthen collaboration on critical mineral supply chains amongst themselves and with other key stakeholders.

EU Council adopts simplified CBAM rules

The EU Council on May 27 adopted a EU Commission proposal for simplifying the implementation of EU's Carbon Border Adjustment Mechanism (CBAM) from a regulatory and administrative perspective.

Basically, the new simplified rules¹⁶ for implementing the mechanism will provide a de minimis exemption from the CBAM obligations by exempting importers who do not exceed a single mass based threshold set at a level of 50 tonnes of imported goods per importer per year. This new threshold would replace the current and much narrower provisions of the CBAM regulation exempting goods of negligible value. This is expected to exempt SMEs and individuals, who import small or negligible quantities of goods covered by the CBAM regulation.

Additionally, it also includes some procedural and other simplifications for all importers, including those relating to calculation of embedded emissions, the emission verification rules, the calculation of the authorised CBAM declarants' (parties wishing to import goods subject to the CBAM) financial liability during the year of imports into the EU, and the claim by authorised CBAM declarants for carbon prices paid in third countries.

This proposal will now proceed to the next stage of consideration which is by the European Parliament. It is, however, far from clear if it will make any significant change to the additional import levies that will become operational on the bulk of India's exports to the EU of the CBAM covered goods.

EU-UK summit sees launch of a renewed agenda

Prime Minister Keir Starmer of the UK and President of the European Council Antonio Costa and President of the European Union Ursula von der Layen held their first summit meeting since the UK's withdrawal from the EU, in London on May 19, 2025 signalling an attempt at forging closer cooperation on security, defense and economic matters. They adopted three documents that included a joint statement, a Security and Defense Partnership and a Common Understanding on a Renewed Agenda for EU-UK cooperation, even as they

¹⁶ <https://www.consilium.europa.eu/en/press/press-releases/2025/05/27/simplifying-eu-s-carbon-border-adjustment-mechanism-council-agrees-negotiating-position/>

reiterated the two main agreements underpinning their relationship viz., a) the Withdrawal agreement including the Windsor framework; and b) the Trade and Cooperation Agreement.

From a trade and economic resilience perspective, the following aspects were of interest. First was to recognise, in the joint statement, the role of the WTO in promoting certainty, predictability and fair trade practices. Both sides are to continue to work together along with other like-minded partners on how the impact of fluctuations in the global economic order can be mitigated.

Second were certain key elements in their Renewed Agenda for bilateral cooperation. These related to:

- Energy cooperation, including for UK to participate in the EU's trading platforms in all timeframes;
- Cooperation on regulatory exchanges on new energy technologies such as hydrogen, carbon capture utilisation and storage and methane;
- UK and EU Commission to work towards establishing a common sanitary and phytosanitary area by way of a EU-UK SPS agreement; and
- Working towards linking emission trading systems of the EU and UK that should create conditions for goods originating in the two jurisdictions to benefit from mutual exemptions, subject to compliance with relevant provisions of EU and UK legislation.

China-CELAC forum ministerial meeting

The fourth ministerial meeting of China with the Community of Latin American and Caribbean States Forum (CELAC) was held in Beijing on May 13, 2025. Along with President Xi Jinping, who delivered a keynote, Brazilian President Lula da Silva, Colombian President Gustavo Petro and Chilean President Gabriel Boric also attended the opening.

In his opening address, President Xi highlighted various facets of China-LAC cooperation and said that the inauguration of Chancay Port in Peru has established a new land-and-sea connectivity link between Asia and Latin America. China has signed free trade agreements with Chile, Peru, Costa Rica, Ecuador, and Nicaragua. Last year, trade between China and LAC countries exceeded US\$500 billion for the first time, an increase of over 40 times from the beginning of this century. He further indicated that in the face of seething undercurrents of geopolitical and bloc confrontation and the surging tide of unilateralism and protectionism, China was willing to forge greater cooperation with the region in a number of areas. He announced a 66-billion-

yuan (\$9 billion) credit line to support LAC countries' development, and told the guests that China would also import more from LAC countries and encourage its firms to boost investment.

The Beijing Declaration adopted at the conclusion of the meeting recognised the role of the BRI in supporting economic and social development in the region. The declaration called for a peaceful world and an inclusive and mutually beneficial economic globalisation. In this regard, there was reaffirmation of support for a fair, transparent and rules based multilateral trading system, even as Costa Rica seemed to have indicated its reservation on this para. Deepening cooperation between China and the Latin American and Caribbean region was particularly emphasised in the declaration, with both sides working towards improving connectivity, increasing economic security and responding to the challenges of financing for development.

Brazilian President visits China

Brazilian President Lula da Silva also paid a five day bilateral state visit to China from May 11-15, during which he held discussions with President Xi Jinping. In their joint Press briefing¹⁷, President Xi called on the two countries to expand cooperation, deepen the effective alignment of the Belt and Road Initiative with Brazil's development strategy, give full play to the role of the various cooperation mechanisms between the two countries, strengthen cooperation in traditional fields such as infrastructure, agriculture and energy, and expand new areas of cooperation in energy transition, aerospace, the digital economy and artificial intelligence. He also said that as the biggest developing countries in the Eastern and Western hemispheres respectively, they should enhance coordination and cooperation within multilateral mechanisms, uphold multilateralism, improve global governance, maintain the international economic and trade order, and resolutely oppose unilateralism, protectionism and bullying.

In his response President Lula is reported to have stated that Brazil stands ready to align its development strategy with the Belt and Road Initiative to enhance cooperation between the two countries in areas such as trade, infrastructure, aerospace and finance. On trade, he said, protectionism and tariff abuse cannot promote development and prosperity. Instead, they will lead to chaos. China's resolute stance in addressing global challenges gives strength and confidence to all countries, Lula noted, adding that Brazil is willing to strengthen strategic coordination with China in international affairs, work with China to safeguard

¹⁷ http://en.cppcc.gov.cn/2025-05/14/c_1092361.htm

the common interests of the Global South, and safeguard international fairness and justice.

During the visit, Brazil and China signed 20 agreements and 17 understandings to strengthen cooperation in various fields over the next fifty years. Agreements involving a total of USD 4.7 bn of Chinese investments in Brazil were also announced. In his Press interaction¹⁸, President Lula characterised Brazil's relationship with China as very strategic and added "We want to learn and attract more investment to Brazil. We want more railways. We want more subways, more technology. We want artificial intelligence, We want everything they can share with us."

¹⁸ <https://www.gov.br/planalto/en/latest-news/2025/05/lula-celebrates-results-of-his-visit-to-china-201cour-relationship-is-very-strategic201d>



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