Delhi Policy Group

Advancing India's Rise as a Leading Power

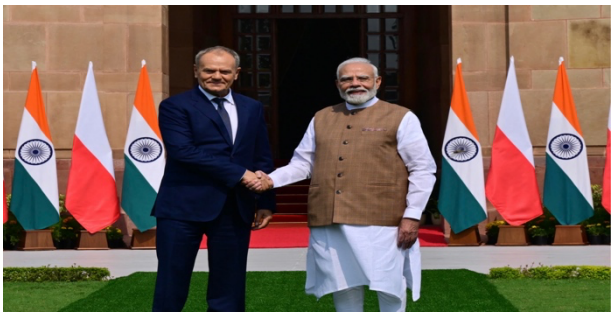
ECONOMIC SECURITY AND RESILIENCE REVIEW

OCTOBER 2026

Author

V.S. Seshadri







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

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Economic Security and Resilience Review
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ECONOMIC SECURITY AND RESILIENCE REVIEW

This monthly publication assesses the global, regional and national initiatives to address the issues of economic security and resilience and is authored by Dr. V.S. Seshadri, Senior Fellow for Economic Security. Your comments and feedback may be addressed to the author at villurvirgo2010@gmail.com. To subscribe, please click here.

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Cover Images:

1. *Prime Minister Narendra Modi with the President of Switzerland, Guy Parmelin, during his state visit to India from 5 to 7 October 2026. Source: X/@narendramodi*
2. *Prime Minister Narendra Modi with Polish Prime Minister Donald Tusk during his official visit to India; October 22, 2026. Source: PMO*
3 *The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman addressing the 5th Kautilya Economic Conclave, in New Delhi on October 03, 2026. Source: PIB*

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Economic Security and Resilience Review

by

V. S. Seshadri

Introduction

In her inaugural address at the Kautilya dialogue held in early October with the theme 'Resilience in an era of flux' Union Finance Minister Nirmala Sitharaman dwelt a great deal on India's need for resilience and economic security. She said that global uncertainty was now a standing condition and it was time to have 'autonomy' in building resilient supply chains and for the private sector to lead in investments including in R&D. At another occasion during the month she also called out China's non-tariff barriers on Indian exports as the biggest obstacle to bilateral trade resulting in widening India's trade deficit despite an improvement in diplomatic relations.

This ESRR also tracks two important high level visits to India during the month with strong business components. One was the state visit of the President of Switzerland Guy Parmelin that coincided with the first anniversary of coming into force of the India - EFTA Trade and Economic Partnership Agreement (TEPA). With Swiss companies already involved in high profile infrastructure projects in the country, the focus turned to how the investment commitment of USD 100 bn in 15 years in India under TEPA will be achieved.

The official visit by Poland Prime Minister Donald Tusk acquired added importance at a time when that country has emerged as the fastest growing major economy in the EU with its GDP having also having recently crossed the USD 1 trn. milestone. Critical minerals, clean technologies and mining figured prominently in these discussions with focus also on coal gasification on which Poland holds considerable expertise. The soon to be signed and implemented India-EU FTA gave the visit an added backdrop.

This ESRR also covers the increasing economic engagement seen between India and Canada during the month. The fifth round of CEPA negotiations held in Ottawa were followed by visits to India by the Ministers for Trade and of Foreign Affairs of Canada with also a 300 strong business team.

The US-Russia diesel deal marked a sharp reversal from the sanctions oriented approach so far pursued by the Trump administration against the Russian Federation. This ESRR looks at the details and also covers the waiver issued by President Trump on the implementation of the Lindsay Graham Act that has come as a relief to countries like India.

A second visit to India this year by US Secretary of State Marco Rubio including to Jamnagar signalled a possible shift in emphasis on energy related matters in the overall economic ties between the two countries. Both Rubio, and President Trump himself, also reacted more positively about an early conclusion of the bilateral trade deal with Rubio terming it 'incredibly close'. This however contrasted with the assessment of USTR Jamieson Greer, only a couple of weeks earlier at the beginning of October, when he stated that such a prospect was not imminent.

There was also a setback from the Trump administration suspending eight major technology and outsourcing companies—including five major Indian firms—indefinitely from the Permanent Labor Certification Program (PERM) starting in October 2026. This move drew some criticism from India that noted how talent mobility had contributed towards development of a strong bilateral technology partnership.

This ESRR also draws attention to the deal reached between EU and China on hybrid car exports in what could be a fore-runner of several more such voluntary export undertakings in the future. Yet another move, this time by the European Parliament, also indicates how the EU may be looking at favourably in the future, measures to build capacities and resilience in the area of critical minerals similar to those adopted by Japan and the US. Worthy of note here is the proposal to set up a Critical Raw Materials Centre with EU funding.

Canada and the EU have made some further moves to the announcements their leaderships made last month about Canada possibly becoming an associate member of the EU. This ESRR looks at the outcome of the 21st Canada-EU summit meeting held in Montreal from October 29-30, 2026.

Finally, the ESRR also draws attention to the new export controls introduced by China on tunnel boring machines, components and technologies supposedly on dual use grounds that could impact India as well.

FM Nirmala Sitharaman speech at Kautilya Dialogue draws attention to Economic Security

Union Finance Minister Nirmala Sitharaman delivered a speech on October 3 that touched upon resilience and economic security. Speaking at the inaugural session of the fifth Kautilya Dialogue, hosted jointly by Institute for Economic Growth and the Union Ministry of Finance, on the theme 'Resilience in an era of flux' she said[1] global uncertainty is now a "standing condition" and there is a need to design policies which build resilience, and called upon nations to have an open and predictable economic relationship. Listing out four priorities for India for dealing with the next decade of

[1] https://www.newindianexpress.com/india/2026/Oct/03/global-uncertainty-now-a-standing-condition-policies-should-be-designed-to-build-resilience-sitharaman

global economic shock, Sitharaman said it is now time to have "autonomy" in building resilient supply chains, and for the private sector to lead investments, including in R&D. Sitharaman also said that the industry must play a greater role in designing and delivering training for skill development amidst a "changing world of work".

On building resilience she said it is not a one-time exercise. The coming years call for preparation. Stating that national security requires structural autonomy in strategic inputs, FM Sitharaman said focus should be on optimising supply chains to replace fragile single-source dependencies with domestic operational depth.

Talking about open, predictable and rule-based global economic relationships, she said nations should engage with one another through dialogue and negotiated agreements, rather than allowing geopolitical differences to become barriers to trade and investment.

Interestingly, on another interaction later in the month she called out[2] on China's non-tariff barriers on Indian exports that have emerged as the biggest obstacle to bilateral trade resulting in widening India's trade deficit despite an improvement in diplomatic relations between the two countries. This was during her interaction with the Atlantic Council on the sidelines of the International Monetary Fund meeting in Bangkok on October 16. She recalled how a decade has gone by with India consistently putting up a case for market access for its products in the Chinese market. China, she pointed out, uses non-tariff barriers unhesitatingly, whether it is in the name of phytosanitary measures or any other for which due investigations can happen. Both sides can resolve the issues by talks but no progress has been made.

State visit by Switzerland President

Switzerland President Guy Parmelin paid a state visit to India from October 5-7, 2026 coinciding with the first anniversary of coming into force of the India - EFTA Trade and Economic Partnership Agreement (TEPA). A large business delegation also accompanied him which participated in the Prosperity summit that included participation of business leaders from both India and from the four TEPA countries that was held in New Delhi on October 7.

Switzerland is India's 15th largest trading partner contributing to a bilateral trade of more than USD 25 bn. Switzerland's investments in India total over USD 11 bn. Around 340 Swiss companies have their presence in sectors ranging from pharma,

[2] https://www.newindianexpress.com/business/2026/Oct/16/non-tariff-barriers-biggest-hurdle-in-india-china-trade-sitharaman?utm_source=website&utm_medium=related-stories

chemicals, precision engineering, machinery, logistics, financial services, and advanced technology.

PM Modi and President Parmelin discussed ways and means to further strengthen this strong business engagement[3]. They also focused on further collaboration in the field of infrastructure, tunnelling and other technology fields. Already, Swiss company Fassler Engineering is involved in the construction of the Chenab Bridge in Jammu and Kashmir, which is the world's highest rail bridge. The Varanasi ropeway project, India's first urban ropeway transportation project in Varanasi has been built with Swiss technology from Bartholet. The Swiss company Flughafen Zurich has invested in the development of the Noida International Airport in Jewar

PM Modi in his remarks at the joint Press meeting with the President termed the business summit as an important platform to turn the promise of the trade and investment partnership into concrete outcomes. Under TEPA there is a commitment by EFTA partners to achieve the targets of USD 100 bn in investment in India and creating 1 million direct jobs over 15 years.

The Swiss side showed interest in advancing negotiations on a new bilateral investment protection agreement and on the talks being held on the protection of intellectual property.

Among the agreements signed by the two sides one was on migration and another on training exchanges for young professionals.. The Migration and Mobility Partnership agreement fosters exchange in the fields of education, science and labour, and allows legal mobility pathways. The exchange agreement enables young persons from either country to undertake training placements in the other, thereby fostering their professional and language skills.

Polish Prime Minister visits India

Prime Minister Donald Tusk of Poland paid an official visit to India from October 21-23 at the invitation of Prime Minister Narendra Modi. The Polish Prime Minister was also accompanied by a large business delegation which included major Polish companies in sectors like defence, agritech, food and food processing, pharma, healthcare, technology and innovation, mining and minerals, infrastructure, heavy machinery, renewable energy, etc. Poland's economic significance arises from the fact that it is currently the fastest growing among the major economies in Europe, having

[3] https://www.mea.gov.in/incoming-visit-detail?41844/english_translation_of_press_statement_by_the_prime_minister_during_the_joint_press_statement_with_the_president_of_switzerland_october_05_2026

recently also surpassed the GDP milestone of USD 1 trillion and currently ranking the sixth largest. Bilateral trade however currently stands at only USD 6 billion.

As per official briefing, trade, investment and other economic cooperation received considerable attention in the discussions including in what were seen as emerging areas of cooperation comprising EV batteries, renewable energy, advanced manufacturing, and clean technologies.

Among the outcomes was the agreement[4] by both sides to double bilateral trade by 2030 that should be possible considering the low base as also the spur that trade may acquire after the soon to be signed India-EU FTA comes into force. It was also mentioned that the two sides are now working on an agreement in critical minerals. India has also expressed an interest in greater cooperation in mining and coal gasification in which Poland has considerable expertise. PM Modi specifically alluded to developing new partnerships in critical minerals and coal gasification, in the joint Press briefing.

An India-Poland Startup Bridge was also agreed as a way of further consolidating ties in the IT and cyber security areas. Several MOUs were signed between universities on both sides including one between Indian Institute for Information Technology Bangalore and AGH University of Krakow which will have joint collaborative programmes in the areas of Artificial Intelligence (AI), quantum technologies, and other emerging tech domains.

A Defence Industry dialogue was also launched. to encourage the development of a forward-looking framework for defence industrial cooperation, including greater business-to-business engagement and, where mutually agreed, partnerships in technology, co-development, co-production and other forms of industrial collaboration. The Polish PM also pointed out the successful use of drones developed by Polish defence company WB GROUP that was used during Operation Sindoor.

India Canada economic engagement becomes more active

The month saw more active economic engagement between India and Canada. The fifth round of fast tracked India-Canada CEPA negotiations took place in Ottawa from October 5-9, 2026.

A 300 strong trade delegation from 150 organisations led by Canadian trade minister Maninder Sidhu also visited Delhi, Mumbai and Bengaluru from October 13-16 following which Minister Sidhu announced that 34 commercial agreements, partnerships and investment were concluded with a combined estimated value of close to Canadian $300 million. He further noted that India's growth is driving

[4] https://www.mea.gov.in/bilateral-documents?dtl/41901/India__Poland_Joint_Statement_October_22_2026

demand for energy, critical minerals, food and infrastructure. Canada, he said, had the resources, expertise and investment capacity to be a reliable long-term partner and Canadian businesses and pension funds are already building partnerships across India. Canada was also advancing the CEPA trade agreement with India.

Alongside, the Canadian Foreign Minister Anita Anand also undertook a working visit to India and met EAM Dr.S. Jaishankar and called on PM Narendra Modi on October 14, 2026. During these meetings discussions reportedly took place on opportunities to deepen the two countries' economic partnership, expand bilateral trade and advance collaboration in education, science and technology and people-to-people ties. Prime Minister Modi also emphasised the importance of sustaining the momentum in bilateral engagement and translating it into tangible outcomes, including through early conclusion of negotiations on a Comprehensive Economic Partnership Agreement (CEPA).

US strikes a deal on diesel with Russia

In a sharp reversal of its sanctions oriented approach against foreign purchase of Russian oil, and less than a month after President Trump signed the Lindsay Graham Act, US struck a deal with Russian Federation on October 9 to purchase diesel oil with a view to address high domestic fuel prices ahead of the U.S. midterm elections. President Trump announced that Russia will immediately supply to the US more than 300,000 tons of diesel, followed by an additional 500,000 tons in November and 1 million tons "immediately thereafter." Russia will deliver an additional 3 million tons "within a short period of time" after that. The US Treasury subsequently suspended the sanctions in force on Russian diesel exports until 7 April as part of the deal. The first such shipment of 40,000 tonnes of diesel is already scheduled to arrive at a US port on November 7.

A few days thereafter, President Trump also waived for an indefinite period the application of higher duties on imports from countries which have been purchasing oil from Russia, that may have included India. The waiver was announced on October 16, two days before the statutory 30 day period after when the Lindsay Graham Act that was signed by President Trump last month would have become operational. That would have inter alia meant a 100% ad valorem increase in duties on goods from the five largest importers of Russian-origin crude oil and natural gas if the relevant country knowingly makes new purchases of Russian-origin crude oil or natural gas on or after October 18, 2026. The duration of the waiver is however unspecified and will remain in effect until the President or the Secretary of State, in consultation with the Secretary of the treasury and the United States Trade Representative (USTR), as appropriate, determines that further action is necessary.

US suspends eight IT majors including five Indian ones from sponsoring applications for permanent residence in the country

The U.S. Department of Labor suspended eight major technology and outsourcing companies—including five firms with major Indian operations and three U.S./Western companies—indefinitely from the Permanent Labor Certification Program (PERM) starting in October 2026. These included Infosys, TCS, Wipro, HCL Technologies and Cognizant along with Microsoft, Adobe and Capgemini. The action halts all new and pending PERM green card sponsorship applications for these organisations amid federal investigations into alleged worker visa abuse, wage undercutting, and displacement of American workers.

India's Ministry of External Affairs reacted to this development in the form of a statement issued[5] on October 9 affirming that talent mobility adds value to both economies. While it creates opportunities for Indians, it equally helps US companies with cutting-edge talent, innovation, research, productivity, competitiveness and job creation, besides creating shareholder wealth in the US. The statement went on to say that this is therefore an area of tremendous mutual benefit for the two countries and 'our expectation is that all stakeholders in this process can appreciate this fact' and noted that the steps announced by the US do not advance the shared ambitions of both countries. The statement further termed some of the remarks made by US Vice President J.D. Vance in this context as deeply offensive.

US Secretary of State Marco Rubio visits India, second time this year

The US Secretary of State Marco Rubio visited India for the second time this year from October 20-21. EAM Dr.S.Jaishankar held meetings with him in Mumbai on October 20. Both sides reportedly[6] had a detailed exchange of views on a wide range of areas, including trade, defence, technology and energy security. They also welcomed the progress made in negotiations on the India–U.S. Bilateral Trade Agreement (BTA) and reaffirmed their commitment to working towards its early conclusion.

In one of his remarks to the Press, Secretary Rubio said[7] on the bilateral trade deal that the two sides are incredibly close and he himself felt positive about the trajectory it is on. He also thought that with 99% of the work done the deal was only weeks away and not months. This assessment was also echoed by President Trump himself, in his remarks to reporters[8] at the White House on October 20, that India and the US are

[5] https://www.mea.gov.in/SpeechesStatements?dtl/41861/Statement_on_announcement_made_by_the_US_Department_of_Labour

[6] https://www.mea.gov.in/press-releases?dtl/41895/US_Secretary_of_State_Marco_Rubio_visits_India

[7] https://china.usembassy-china.org.cn/secretary-of-state-marco-rubio-with-shubhajit-roy-of-the-indian-express/

[8] https://www.newindianexpress.com/india/2026/Oct/21/trump-says-us-india-pretty-close-to-trade-deal-hints-it-to-be-much-different-from-previous-pacts

"pretty close" to reaching a trade deal, which will be much different than the earlier pacts. He did not however elaborate on how it will be different.

Secretary Rubio held meetings in Mumbai with business leaders as well. He also visited the Reliance oil refinery in Jamnagar where he discussed opportunities for energy and commercial cooperation. Asked more about this aspect of the visit, Rubio explained that Venezuela was going to be rapidly increasing the production of oil and crude - heavy crude- which can only be refined in certain parts of the world. One of those places is the Gulf Coast of the United States. But another of those places, among few others in the world, was in Jamnagar in India. So the visit was an opportunity to see the refinery's operations and identify possibilities to achieve mutual goal of diversifying energy resources. He also called Reliance company's investment in a Texas oil refinery as a very important investment.

EU and China resolve certain trade issues including on limiting hybrid car exports from China

In what could be a fore-runner of several more such voluntary export undertakings in the future, the European Union and China agreed to some restraints on hybrid car exports from China which had rapidly risen to account for a third of EU imports. With EU's trade deficit with China totalling nearly €360 billion in 2025, which further increased by 12 percent so far this year, EU countries were exerting intense pressure on China.

At the second meeting of the EU-China Trade and Investment Consultations (TIC) in Beijing held from October 8-9 teams led by Wang Wentao, Minister of Commerce of China, and Maroš Šefčovič, Commissioner for Trade and Economic Security, Inter-institutional Relations and Transparency, of the European Commission, reached an understanding on trade in hybrid vehicles. China agreed to cap hybrid and plug-in hybrid vehicle exports to the EU at 350,000 cars per year, which the European Commission projects could reduce expected shipment growth by more than half over the next four years. Beijing framed the quota as an upward adjustment compared to 2025 shipping levels (~302,000 vehicles), while Brussels measured it against projected surges.

Šefčovič said that China had also agreed to lower duties on European goods worth Euro 4 bn, ranging from olive oil to footwear, a move that would save exporters Euro 225 million. Furthermore the two sides also reached a shared understanding to further facilitate China's export licensing for rare earths and permanent magnets.

The EU Council is known to have reviewed the plan during the October 15–16 summit, and the EU ministers formally signalled[9] their approval on October 23, urging the bloc to expand this specific dialogue-based quota framework to other strained industrial sectors. Some reports also indicate the European Commission to be already screening trade data for chemicals and industrial machinery sectors.

European Parliament proposes EU taking measures similar to Japan and US on critical minerals

The European Parliament approved amendments to the Union's Critical Raw Materials Act on October 20, aimed at creating an agency that could take stakes in raw-materials companies 'to safeguard the union's security of supply', build EU stockpiles and monitor supplies. The proposed Critical Raw Materials Centre is to be established with €2bn funding under the next long-term EU budget and be modelled on Japan's JOGMEC (Organisation for Metals and Energy Security). The proposed strategy if implemented will mark a significant shift for Europe, moving past simple grants and entering the realm of direct state ownership to break China's monopoly over clean energy, defense, and aerospace supply chains

The Dutch MEP Mohammad Chahim who led the move said that it could reduce dependency on Chinese minerals for critical technologies such as batteries and green technologies and be less vulnerable to falls in prices of critical elements. He added that the US and Japan, both countries that have invested in securing the supply of such minerals are way less vulnerable. He also reportedly stated that Japan's JOGMEC which is a government entity aims to maintain stable and affordable supplies of energy and minerals for the country was an inspiration and added 'Don't reinvent the wheel. Just copy it'.

Several experts have however expressed doubts if the proposed €2 billion budget would be adequate. Chahim himself warned that without multi-billion euro contributions from private investors, national governments, and EIB the project has a low probability of success.

EU-Canada summit meeting makes further moves towards closer association

EU and Canada signed several new agreements on October 30 along with issuing a joint statement at the conclusion of the 21st EU-Canada summit meeting in Montreal. This advances the political announcements made by both Canadian PM Mark Carney and EU Commission President Ursula von der Layen in September regarding Canada becoming an associate member of the EU. While the joint statement talks about building together an alliance for the future it makes no reference to the associate

[9] https://www.reuters.com/world/china/how-can-eu-limit-impact-china-shock-20-2026-10-23/

membership terminology, presumably in response to sensitivities in some quarters. it nevertheless committed them both to define 'the concept of an ever closer association of Canada to the EU, short of full membership itself'. But PM Carney went ahead and in his remarks at the summit said the two sides 'are working toward the deepest possible partnership, short of accession – because of our geography – with Canada becoming the first Associate Member of the EU'.

Of particular relevance to this report is the affirmation in the joint statement by both sides to deepen strategic cooperation, to identify and mitigate shared economic security concerns and to build more integrated and resilient supply chains across their markets. Furthermore, several collaborative activities were announced by the two sides across trade, investment, technology, and related areas including the following:

- **European Investment Bank (EIB) Financing for Critical Minerals:** Canada and the EIB signed a treaty framework allowing the bank to operate directly inside Canada to finance eligible critical raw material projects across exploration, mining, processing, and recycling;

- **Strategic Stockpiling Framework:** Canada and the EU initiated a joint blueprint to explore shared stockpiling arrangements. This provides a mutual defense mechanism for civilian and military industries against sudden supply disruptions or retaliatory export bans. Both sides also agreed to co-invest in and develop raw material projects in third countries;.

- **New Digital Trade & Seamless Payment Framework:** The two sides have signed a digital trade agreement paired with integrated payment systems designed to simplify online sales, data flow, and e-commerce for businesses operating across the Atlantic;

- **Access to European Supercomputing for AI Training:** Canadian artificial intelligence researchers and businesses gained direct access to European supercomputing infrastructure to train complex AI models and push the boundaries of joint digital innovation. and

- **Transatlantic Data Cable & Space Infrastructure:** The summit initiated planning for a direct, secure transatlantic data cable route alongside cooperative frameworks (that would not get routed through the US) covering space-based communications and satellite networks like Galileo and IRIS

- **Finalisation of a Competition Agreement:** Canada and the EU also concluded negotiations on an updated Competition Cooperation Agreement to strengthen cooperation between their competition authorities.

China imposes export controls on tunnel boring machines

China has on October 18 introduced[10] export controls on certain tunnel boring machines (TBMs) and components which will take effect from Nov 18, 2026. They cover a broad range of mechanised tunnelling equipment, including earth pressure balance machines and slurry shield machines, open-type hard rock TBMs, single-shield and double-shield machines, and other types of full-face tunnel boring equipment. Covered components include cutter heads and cutting tools, screw conveyors, segment erectors, main drive systems and other critical units. Remanufacturing technologies specifically developed for the controlled machines and components are also included.

It was stated that the items included in these measures have a clear dual-use nature and can be applied for both military and civilian purposes. Under the new arrangements, exporters supplying what the Chinese government describes as sensitive countries and regions involved in disputes with China will be required to obtain a licence from the country's commerce authorities before shipping controlled equipment.The announcement however did not identify the individual countries or regions covered by this requirement. It was further conveyed that China will be willing to communicate and engage in dialogue with relevant parties on export control policies and practices so as to jointly promote and facilitate compliant trade.

The Chinese move will affect India's subway, high-speed rail, and border tunnel construction projects. Even European products manufactured in China could be affected by these controls and India may now have to rely on other countries to advance its infrastructure projects. Union Minister Nitin Gadkari has urged[11] Indian companies to begin domestic manufacturing of tunnel boring machines as geopolitical restrictions impact supply chains.

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[10] https://global.chinadaily.com.cn/a/202610/19/WS6ad609ffe4b06d4aa05639b3.html

[11]Union Minister Nitin Gadkari has urged Indian companies to begin domestic manufacturing of tunnel boring machines as geopolitical restrictions impact supply chains.



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India

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