



Delhi Policy Group

Advancing India's Rise as a Leading Power



ECONOMIC SECURITY AND RESILIENCE REVIEW

FEBRUARY 2026

Author

V.S. Seshadri



Volume IV, Issue 2



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. IV, Issue 2

February 2026

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 inaugurated the India AI Impact Expo 2026 at Bharat Mandapam, in New Delhi on February 16, 2026. Source: [Prime Minister of India](#)

Indian Prime Minister, Narendra Modi held a bilateral meeting with the President of France, Emmanuel Macron at the Lok Bhavan, in Mumbai on February 17, 2026. Source: [Prime Minister of India](#)

Indian Prime Minister, Narendra Modi welcomed the President of Brazil, Luiz Inácio Lula da Silva, at Hyderabad House, in New Delhi on February 21, 2026. Source: [X/@narendramodi](#)

© 2026 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. IV, Issue 2

February 2026

Contents

Introduction	1
US Supreme Court gives its ruling on power to impose tariffs	2
US Administration responds with tariffs under Section 122	3
What are the other provisions under which the earlier reciprocal tariffs can be reinstated?	3
US-India Trade deal framework announced.....	5
Removal of penal tariffs on account of purchase of Russian Oil.....	8
AI Impact Summit	9
India formally joins the Pax Silica Initiative	11
Critical minerals ministerial meeting.....	12
Bilateral initiatives on rare earths and critical minerals	13



Economic Security and Resilience Review

by

V. S. Seshadri

Introduction

The month of February marked three significant sets of developments of considerable import to India's future economic security and resilience. One of these related to the new developments that will likely prolong the tariff uncertainty vis-a-vis our trade relations with the United States. Another related to the very successful and timely AI impact summit held in New Delhi advancing some path breaking moves in this frontier technology sector even as effective follow-up would be very important. And the third related to a volley of moves on rare earths and critical minerals.

On the tariff front, the US Supreme Court ruled on February 20 that all of Trump administration's reciprocal tariff moves during the past year that were taken based on the country's International Economic Emergency Powers Act (IEEPA) were illegal. This has thrown into disarray all of the several bilateral trade deals that the administration had negotiated with a whole host of countries including India. An interim 10% additional tariff on balance of payments grounds under Section 122 of US Trade Act has now been imposed on most countries including India even as Washington is apparently assessing various legal options that would effectively replace most of the earlier negotiated tariffs. This ESRR looks at the possibilities here.

India and the US had also announced a joint framework agreement early in the month, before the Supreme Court verdict, which was to be finalised in the form of an interim bilateral trade agreement. This ESRR examines the key elements in the framework agreement that could still be expected to define any trade and tariff resolution between the two countries despite the Supreme Court judgement. Also covered are aspects that may perhaps need refining in any eventual agreement that will likely cover not only tariffs but also non-tariff barriers and regulatory issues.

This ESRR further discusses in some detail the outcome of the AI impact summit that resulted in a Delhi Declaration endorsed by 88 countries including the world's major economies. Participation by several heads of State/Governments including from France and Brazil further enriched the proceedings. Several global business leaders also participated in the summit and other associated events. Some large

investment plans were also unveiled by Indian corporate majors and other global companies.

India's inclusion as a member of the US led Pax Silica initiative saw some formal moves being made in this regard during the month. The Minister for External Affairs, Dr. S. Jaishankar, attending the ministerial meeting on critical minerals hosted by US Secretary of State Rubio on February 4 in Washington DC as also India's inclusion in the FORGE initiative (so renamed in place of the earlier Minerals Security Partnership) were other developments pointing to prospects of India's higher level of involvement in the global efforts towards reducing vulnerable dependencies in this important area. Bilateral MOU and declaration of intent signed with France and Brazil on rare earths and critical minerals builds further on similar cooperative endeavours with other countries. It is very important now for us to fully follow up on all of them into materialising tangible benefits and reducing dependencies.

US Supreme Court gives its ruling on power to impose tariffs

The US Supreme Court gave its much awaited ruling¹ on February 20, on the question whether the International Emergency Economic Powers Act (IEEPA) authorised the US President to impose tariffs. The case was brought at first before lower courts by five small businesses and some Democrat Party ruled states and all these judicial forums ruled that the President did not have such authority. These lower court judgements were then appealed for a final judgement by the US Supreme Court.

By a 6-3 majority ruling, the Supreme Court affirmed that the framers of the constitution gave the US Congress alone the power to impose tariffs during peacetime. While IEEPA authorised the Presidents to 'investigate, block during the pendency of investigation, regulate, direct and compel, nullify, void, prevent, or prohibitimportation or exportation' it did not specifically mention of tariffs and duties. Had Congress intended to convey the distinct and extraordinary power to impose tariffs, the Court opined, it would have done so expressly, as it consistently has in other tariff statutes. It therefore affirmed that the power to "regulate . . . importation" does not fill that void.

¹ https://www.supremecourt.gov/opinions/25pdf/24-1287_4gcj.pdf



US Administration responds with tariffs under Section 122

Within hours after the US Supreme Court struck down the IEEPA based tariffs, the Trump administration came out with a proclamation imposing a surcharge of 10% on most imports² (President Trump said on February 22 that he would raise it to 15% but this has not happened yet) effective February 24 for 150 days, the same day when the IEEPA based tariffs were withdrawn.

The following however will be exempt:

- Products already subject to Section 232 tariffs (steel, aluminium, copper, lumber, automobiles) are excluded from the surcharge to the extent the 232 tariff applies.
- Articles entering duty-free under US-Mexico-Canada agreement will remain exempt.
- Textile and apparel articles entering duty-free under the Dominican Republic-Central America Free Trade Agreement are exempt.
- Approximately 1,100 product codes which were earlier exempted from the reciprocal tariffs.

While the surcharges are explicitly temporary, it does alter the relative tariff advantages compared to what prevailed before the Feb. 20 ruling. In the case of India itself it is below the 25% prevailing reciprocal tariff rate as also below the 18% rate that was to have come into force after the interim deal was signed.

What are the other provisions under which the earlier reciprocal tariffs can be reinstated?

There are several other provisions in US law that can be used by President Trump to impose tariffs even as they also carry conditions. Apart from the authority to impose anti-dumping and countervailing duties in respect of particular products imported from specified countries, that will need to follow set legal processes, other possibilities are as follows:

- **Section 232 of the Trade Expansion Act 1962:** These provisions can be used if imports are found, after investigation by the US Commerce Department, to threaten national security. Tariffs already imposed on steel, aluminium, copper, automotives and parts, timber etc., have been under this provision;

² <https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems>

- **Section 301 of the Trade Act 1974:** These provisions can be used to retaliate against foreign policies deemed 'unreasonable, unjustifiable or discriminatory' by an investigation undertaken by the Office of USTR. This has been an often used provision in recent years, although mostly restricted to specific countries and sectors;
- **Section 122 of the Trade Act of 1974:** This provision, already now set into motion, allows the President to impose a temporary across the board import surcharge of up to 15% if the US faces a 'large and serious balance of payments deficit'. But extending the tariff beyond 150 days will require US Congressional approval;
- **Section 201 of the Trade Act 1974:** This provision allows the President to impose an additional tariff on a certain product if the surge in imports of the product causes, or threatens to cause, **serious injury** to the relevant domestic industry. But remedies are temporary, evidentiary thresholds are high and would also involve compensation beyond a certain period;
- **Section 338 under the Tariff Act 1930:** This provision, that came into play during the severe depression of the 1930's has not been used in recent times but does allow the President to impose new or additional duties against countries (up to 50% ad valorem) that are found to apply, after due investigation, 'unreasonable or discriminatory' duties or trade barriers against US goods **that are not equally enforced upon the 'like articles of every foreign country'**. In extreme cases it also allows the President to prohibit the importation of products from foreign countries that discriminate against US commerce.

The general expectation is that the Trump administration may use either Section 232 or Section 301 since these do not place time limits or a ceiling on tariff levels that can be imposed. These will however require detailed investigation in each case by the US Department of Commerce and the Office of USTR respectively.

Meanwhile President Trump has cautioned countries against reconsidering trade deals made with the US, saying that countries that 'play games' could face higher tariffs or licence fees. So, it is very likely that US will also insist on implementation of the terms of the framework agreement it reached with India earlier in February, about which details are below.

US-India Trade deal framework announced

After the brief announcement about India and the US reaching an agreement on an interim trade deal, which was carried in the ESRR for January 2026, the two sides put out a joint statement³ on February 6 on a framework for an interim agreement. The key elements included:

- India will reduce or eliminate tariffs on all US industrial goods and a wide range of US food and agriculture products, including dried distillers grains (DDGs), red sorghum for animal feed, tree nuts, fresh and processed food, soybean oil, wine and spirits and additional products;
- US will apply a reciprocal tariff rate of 18% on conclusion of the interim agreement on most goods including textile and apparel, leather and footwear, plastics and rubber, organic chemicals, home decor, artisanal products and certain machinery. US will also remove reciprocal tariff on certain goods including generic pharmaceuticals, gems and jewellery and aircraft parts;
- On measures imposed to remove threats to national security (under Section 232 of US Trade Act) the US will remove tariffs on certain aircrafts and aircraft parts of India and offer preferential tariff rate quota for automotive parts. Contingent on the outcome of US 232 investigations of pharmaceuticals and pharmaceutical ingredients, negotiated outcomes will be made available for India to generic pharmaceuticals and ingredients;
- US and India to establish rules of origin that ensure that benefits of the agreement accrue predominantly to US and India;
- India is to address some of non tariff barriers identified for various goods;
- US and India agree to strengthen economic security alignment to enhance supply chain resilience and innovation through complementary actions to address non-market policies of third parties. The two sides to also cooperate on inbound and outbound investment reviews and export controls;
- India intends to purchase USD 500 bn of US energy products, aircraft and aircraft parts, precious metals, technology products and coking coal over the next five years. India and the US will significantly increase trade in technology products

³ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2224783®=3&lang=2>

including GPUs and other goods used in data centres and expand joint technology cooperation.

The joint statement also provided that while the two sides will promptly implement the framework by finalising the Interim Agreement, they will also move towards concluding a mutually beneficial Bilateral Trade Agreement (BTA) consistent with the roadmap earlier agreed to, in the terms reference. In this regard US has affirmed that it intends to take into consideration India's request that the US continues to work to lower tariffs on Indian goods.

While an Indian team led by the chief negotiator was scheduled to visit Washington DC in the last week of February the two sides are known to have decided to postpone the visit even as the US side figures out how it will be untangling the complications arising from its Supreme Court judgement. India's Commerce Ministry put out a brief statement on February 21 stating that they are studying all the developments for their implications.

Broad assessment

The ball now is in the Trump administration's court for a determination of what will be the domestic legal basis for implementing the agreements it has reached with various countries. If it means launching an investigation process in each case, to satisfy US domestic law requirements, it may well take some months. Will there however be shortcuts that will be adopted? Will the new legal basis found also offer the same discretion to the US President in terms of setting duty levels or will there be less flexibility? We will have to wait and see.

Whatever may be the outcome on that front, and whenever the time comes for converting the bilateral framework worked out with India into an Interim Agreement (IA), following assessment and suggestions can be made:

- It is a matter of intense relief for the Indian exporters, after several months of punitive levels of 25% reciprocal tariff (combined with a penal tariff of another 25% on account of purchase of Russian oil that has also been since removed), their exports will now face a flat interim surcharge of 10%.
- Indian goods being charged 18% reciprocal duty, as per the framework agreement, appeared slightly more favourable compared to the reciprocal duty levels (of 19% and 20%) in respect of several South Asian and ASEAN countries

(and 34% for China) that are India's competitors in the US market particularly in respect of labour intensive items like textiles and apparel or leather goods and footwear. The new temporary surcharge is a flat rate of 10% for all, that makes the competitive conditions somewhat different.

- Moreover, the announcement that Bangladesh has got a zero reciprocal duty under the bilateral agreement it reached with the US for a limited quota of textiles and apparel products (based on quantity of textile products imported from the US in making the final products in Bangladesh) appeared a setback for Indian exporters looking for a level playing field. A subsequent announcement was made by India's Commerce Minister Piyush Goyal that India will also receive such a provision in its IA. While this should assuage our exporters' concerns it will be important to ensure its inclusion while finalising the IA. After all, India is a significant buyer of cotton from the US averaging annually around USD 235 m in recent years.
- The reciprocal duties were to be in addition to the applicable MFN duties on each product. Economies like EU, Japan, Republic of Korea, Switzerland and most recently Taiwan however got the reciprocal tariff dispensation of 'Reciprocal duty (set at 15% in their case) or MFN whichever is higher'. It is not clear how the US will deal with them in the post Supreme Court judgement period. But the EU is already calling for implementation of what was agreed upon between the EU and US.
- With India giving tariff free access and reduced tariffs for a whole host of US products, along with conveying the intention to buy a very substantial level of goods from the US for the next five years, perhaps India should also try and persuade the US that they accord to India, a strategic partner and a Quad member, a similar dispensation as extended to EU, Japan, RoK, Taiwan etc.,
- In the trade deals signed by the US with certain other developing countries there are clauses requiring coordination and alignment with restrictions that US may impose on third countries on account of national security or other economic security considerations (the term used used in the India joint statement is 'strengthening'). Such measures relate to foreign investment screening, export controls or standards related measures. These are quite apart from seeking alignment on digital trade policies like permitting free movement of data, not making it mandatory for sharing of source code for doing trade, not imposing digital taxes or customs duties on electronic transmissions etc., It should be our endeavour to stay away from making such deep prior commitments;

- The framework agreement does not provide full details about the market access we have agreed to with the US including on sensitive product segments like automotives, alcoholic beverages, apples etc., It is important that there is still substantial market access that remain to be extended (our red line exclusions are not referred to here) at the stage of concluding the BTA. No doubt market access concessions on trade in services do not figure in the framework agreement nor do any commitment on government procurement. But getting the US to move towards a BTA, where we would want the US tariffs to be brought down, will require a substantial package at that stage of negotiations as well.
- The framework agreement makes no mention about visas for short term professionals or other categories or about concluding a totalisation agreement. It is to be hoped they will also be focussed upon in the subsequent negotiations for concluding the BTA.

Removal of penal tariffs on account of purchase of Russian Oil

President Donald Trump signed⁴ an Executive Order on February 6 that stated that he has decided to eliminate with effect from February 7, 2026, the additional *ad valorem* rate of duty of 25% imposed on imports of articles of India after receiving information and recommendations from his senior officials regarding Indian efforts to address the national emergency earlier described. The EO went on to state 'India has committed to stop directly or indirectly importing Russian Federation oil, has represented that it will purchase United States energy products from the United States, and has recently committed to a framework with the United States to expand defense cooperation over the next 10 years'. Furthermore, it also sets up a monitoring mechanism that will assess whether India resumes directly or indirectly importing Russian Federation oil.

India's Foreign Secretary Vikram Misri, when asked, however did not confirm or deny any commitment to end Russian oil imports. He said sourcing decisions are made by oil companies, both public and private, based on market conditions and risk assessments. He further added⁵ that 'whether it is the government or indeed our business, at the end of the day, national interest will be the guiding factor for us in our choices'.

⁴ <https://www.whitehouse.gov/presidential-actions/2026/02/modifying-duties-to-address-threats-to-the-united-states-by-the-government-of-the-russian-federation-04b2/>

⁵ https://www.business-standard.com/india-news/national-interest-guiding-factor-for-india-s-energy-imports-vikram-misri-126020901266_1.html

In any case, with the US Supreme Court ruling that the US President does not have the authorisation to impose tariffs under IEEPA (and President Trump's Executive Order 14329 imposing the 25% penal tariff on India on August 6, 2025 on account of Russian oil purchases had based itself *inter alia* on IEEPA), that legal route may not now be available.

AI Impact Summit

The Artificial Intelligence (AI) Impact summit was held in New Delhi from February 18-19 which saw the attendance of twenty heads of state and government as also the UN Secretary General, global business leaders in the field of AI, leading AI scholars and analysts with representation from over 100 countries. The summit which had as its theme 'welfare for all, happiness for all' showcased India's objective to democratise access, foster multilingual AI systems and bridge the digital divide. The summit at its conclusion also adopted a New Delhi Declaration⁶ endorsed by 89 countries both from the developed and the developing world.

The Declaration highlighted⁷ the role of AI in driving economic transformation, importance of open-source and accessible AI ecosystems, need for energy efficient infrastructure and expanding AI's role in science, governance and public service delivery. Some broad non-binding principles and guidelines were drawn across seven pillars: Democratic diffusion of AI resources; Global AI impact Commons; Secure and Trusted AI; International Network of AI for Science institutions; AI for Social Empowerment Platform; AI Workforce Development Playbook and Reskilling principles; and Guiding Principles for AI Resilience, Innovation and Efficiency. This reflected a broad-based global consensus on leveraging AI for economic growth and social good. It also emphasised strengthening international cooperation and multistakeholder engagement, respecting national sovereignty and accessing AI through accessible and trustworthy frameworks.

Several investment plans were also announced on the sidelines of the summit. These included

- An announcement by Reliance Industries and JIO to invest around USD 110 bn over the next seven years to build AI and data infrastructure in Jamnagar, Gujarat;

⁶ <https://www.mea.gov.in/bilateral-documents.htm?dtl/40809>

⁷ https://www.mea.gov.in/press-releases.htm?dtl/40810/AI_Impact_Summit_2026_Concludes_with_Adoption_of_New_Delhi_Declaration

- An announcement by Adani Group that it will invest USD 100 bn to build data centres for AI in India by 2035. These data centres will be powered by renewable energy;
- Microsoft announcement that it is on pace to invest USD 50 bn in Global South;
- Indian company Yotta Data services announcing a major expansion of its AI computing infrastructure involving an investment of over USD 2 bn to deploy NVIDIA's latest AI chips;
- Launch of joint initiative of Open AI and Tata Group to launch Open AI for India using TCS' HyperVault Data Centre business.

The AI summit also drew attention to the emergence of some indigenous AI systems aligned with Indian national priorities. These included Sarvam AI which has built a comprehensive, full-stack sovereign AI ecosystem designed to serve enterprises, governments, developers, and creators across India. It has been developed end-to-end within the country spanning compute infrastructure, foundational models, platforms, and real-world applications.

Another was BharatGen steered by IIT Bombay and hailed by India's Union Minister for Science and Technology Dr. Jitendra Singh as a government-owned sovereign multilingual and multimodal Large Language Model (LLM) initiative, tailored to India's socio-cultural context and linguistic diversity. BharatGen has already released domain-specific fine-tuned models such as Ayur Param for Ayurveda, Agri Param for agriculture and Legal Param for the Indian legal domain. He further noted that the Prime Minister Modi launched BharatGen's latest models, including the Param-2 text foundation model in 22 scheduled Indian languages.

What next?

The summit has generated several ideas, non-binding principles and guidelines in pushing forward international cooperation in the spread and development of AI for global welfare. This now needs sustained follow through in translating diplomatic momentum to workable institutions, frameworks and protocols.

From an economic security perspective, India can also use this transformative technology with all round applications to increase productivity and leapfrog in accelerating its economic and technological development. Even as it was a global

summit, the entire week saw the whole nation focussed on grasping the deep and wide impact the technology could bring to the lives of individuals, communities, societies, companies and governance.

In this regard the tasks spelt out under the seven pillars in the Delhi Declaration apply very much also nationally from creating the ecosystem and infrastructure for building locally rooted foundational large language models for different applications to putting together a regulatory framework that ensures accountability, safety, privacy and security in usage.

India formally joins the Pax Silica Initiative

At a special event held on February 20, on the margins of the AI Impact Summit in New Delhi, India joined⁸ the US led Pax Silica initiative by becoming a signatory to the Pax Silica Declaration. India also signed a Joint Statement on the "India-U.S. AI Opportunity Partnership" as a bilateral addendum to the Declaration. The documents were signed by Secretary, Ministry of Electronics and Information Technology, S. Krishnan; U.S. Ambassador to India, Sergio Gor; and U.S. Under Secretary of State for Economic Growth, Energy and the Environment, Jacob Helberg. The signing took place in the presence of Union Minister for Railways, Information & Broadcasting, and Electronics & Information Technology, Ashwini Vaishnaw, and Director of the U.S. Office of Science and Technology Policy, Michael Kratsios.

India now becomes the eleventh member of Pax Silica - other countries are Australia, Greece, Israel, Japan, Qatar, Republic of Korea, Singapore, UAE, UK and the US - which seeks to build secure, resilient, and innovation-driven supply chains for technologies foundational to the AI era, particularly silicon and critical minerals that underpin semiconductors, advanced computing, and other high-technology systems.

The Joint Statement on the AI Opportunity Partnership is a bilateral move where India and the United States aim to promote pro-innovation regulatory approaches, strengthen the physical AI stack, and advance free enterprise. The partnership envisions empowering AI developers, startups, and ecosystem enablers; exploring joint research and development; facilitating industry partnerships and investments in next-generation data centres; enhancing cooperation on access to

⁸ https://www.mea.gov.in/press-releases.htm?dtl/40800/India_Joins_Pax_Silica_Initiative_Signs_the_Joint_Statement_on_IndiaUS_AI_Opportunity_Partner

compute and advanced processors; and accelerating innovation in AI models and applications.

Critical minerals ministerial meeting

Earlier during the month, India's minister for External Affairs Dr. S. Jaishankar also attended the ministerial meeting on critical minerals convened by the United States in Washington DC on February 4, 2026. The meeting was chaired by US Secretary of State Marco Rubio. In all, 54 countries participated.

In his statement at the meeting, EAM Jaishankar underlined the challenges of excessive concentration and the importance of de-risking supply chains through structured international cooperation. He also highlighted India's efforts towards greater resilience through initiatives including National Critical Minerals Mission, Rare Earth Corridors and responsible commerce. He further conveyed India's support to the FORGE (Forum on Resource Geostrategic Engagement) initiative on critical minerals which is the successor mechanism announced by Secretary Rubio to the earlier Minerals Security Partnership in which India was a member.

The US Department of State website said⁹ the objective of the meeting was to help build new sources of supply, foster secure and reliable transport and logistics networks, and transform the global market into one that is secure, diversified, and resilient, end-to-end. Meanwhile the FORGE partners are to collaborate at the policy and project levels to advance initiatives that strengthen diversified, resilient, and secure critical minerals supply chains.

The US Department of State website further stated that the U.S. Government is mobilizing unprecedented resources to secure critical mineral supply chains, supporting projects with more than \$30 billion in letters of interest, investments, loans, and other support over the past six months in partnership with the private sector. These investments, along with Pax Silica and other engagements are having a multiplier effect, mobilizing private capital many times greater than the U.S. government outlay, which will generate billions of dollars in new projects to secure supply chains.

⁹ <https://www.state.gov/releases/office-of-the-spokesperson/2026/02/2026-critical-minerals-ministerial>



Bilateral initiatives on rare earths and critical minerals

With Brazil

Concluding an MOU on rare earth minerals and critical minerals formed a key outcome of the Brazilian President Luiz Inacio Lula da Silva to India from February 18-22, 2026 when he also participated in the AI Impact summit. In their joint statement both President Lula and PM Modi welcomed the signing of the MoU and hoped that this would give an impetus to bilateral cooperation in this area, thus strengthening the supply value chains and global competitiveness in mineral exploration, mining, processing, recycling and refining of critical minerals. During the official Press briefing it was also revealed that President Lula said that only 30% of their reserves have been explored and there was substantial scope for exploration, processing minerals and also using them and that Brazil would value India's partnership in these areas. Considering that Brazil is known to hold the second largest reserve of rare earth elements in the world (next to China), this could provide an important opening.

With France

A joint declaration of intent on cooperation in the field of critical minerals was also signed between India and France during the French President Emmanuel Macron's official visit to India from February 17-19 when he also attended the AI Impact summit. In their joint statement both PM Modi and President Macron recognised the key role of critical minerals in supporting a green and digital economy, emerging technologies and advanced manufacturing and agreed to deepen cooperation in exploration, extraction, processing and recycling technologies of critical minerals and rare earths in order to create diversified, sustainable, responsible and resilient supply chains. Furthermore, on critical and emerging technology both sides have also decided to constitute a Joint Advanced Technology Development Group.

Overall assessment on the critical minerals front

Clearly, unlike on trade and tariff matters on which the Trump administration is following a unilateralist approach with a narrative of 'other countries are ripping off US' it is showing willingness to engage in full spectrum cooperation with other countries from mining and processing to magnets and technology applications of critical minerals. While it is very positive for India to become part of these layered initiatives focussed on different stages, it needs to also find areas where it can become processing/manufacturing hubs with a constant eye on reducing risks and

vulnerabilities. Standard setting is another area that has been talked about not only in respect of the final product but also the refining processes involved. These should again not evolve in such a manner to make it overly burdensome.

India is also bilaterally exploring collaborative arrangements with a number of countries in the area of critical minerals. Apart from the initiatives taken with France and Brazil reported earlier in this ESRR, there was the signing of a joint declaration of intent with Germany during chancellor Merz's visit to India in January this year aimed at enhancing opportunities in the areas of exploration, R&D, value addition through processing and recycling, as well as acquisition and development of critical mineral assets in both countries and third countries. Similarly a decision was taken with Japan, during the strategic dialogue held with the country in January, to convene the Joint Working Group on Critical Minerals under the bilateral Economic Security Initiative to advance collaboration in rare earth elements and critical minerals.

Rare earths and other critical minerals have emerged as a frontier area in present day economic and strategic contestation. Considering also the important role they play in the manufacture of several advanced technology products, it is very welcome that we now have a range of cooperation possibilities lined up. It would be very important to follow up on all of them in a manner that they build on each other and can form part of an interwoven critical minerals hubbing network - ensuring raw material diversification, establishment of processing capabilities and enduring technology upgrades.



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

www.delhipolicygroup.org