



Delhi Policy Group

Advancing India's Rise as a Leading Power



ECONOMIC SECURITY AND RESILIENCE REVIEW

APRIL 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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Author

Dr. V.S. Seshadri, I.F.S (Retd.), Senior Fellow for Economic Security, Delhi Policy Group

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Cover Images:

1. Indian Prime Minister Narendra Modi meeting with the President of South Korea, Lee Jae Myung for bilateral discussions at Hyderabad House, New Delhi, on April 20, 2026. Source: [Prime Minister of India](#)
2. India's Commerce Minister Piyush Goyal and New Zealand's Minister for Trade and Investment, Todd McClay signed India and New Zealand Free Trade Agreement (FTA) in New Delhi, on April 27, 2026. Source: [X/@PiyushGoyal](#)
3. Chief Minister of Andhra Pradesh, Nara Chandrababu Naidu participated in the foundation stone laying ceremony for the Google Cloud AI Data Center in Visakhapatnam, on April 28, 2026. Source: [X/@AndhraPradeshCM](#)

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Economic Security and Resilience Review

by
V. S. Seshadri

Introduction

This month's issue begins with a review of the state visit of the President of the Republic of Korea, Lee Jay Meung, to India from April 19-21, which had several key outcomes of relevance to economic security and strategic sectors. Launch of separate dialogues in the areas of industrial cooperation, steel and economic security appear to hold promise. Fast tracking of ongoing CEPA upgrade negotiations to make it also more balanced is another important move. Yet another highlight is the conclusion of a wide-ranging framework covering ship building, port development, logistics, manpower sourcing and training. Operational MOUs were also signed between Indian and Korean businesses in the areas of steel, electric vehicles, port development, and maritime crane manufacturing.

This issue goes on to draw attention to some of the relief measures undertaken by the government to deal with the economic impact from the ongoing Gulf conflict. The Finance Ministry's economic review for April, meanwhile, suggests expediting of reforms rather than merely focussing on near term growth. India's overall goods exports during the month of March declined, even as the export figures for the full financial year 2025-26 showed a nominal 1% rise. Worrying, however, is the widening goods trade deficit, with India's goods exports being able to finance only 57% of imports during the year.

The month saw the signing of the India-New Zealand bilateral FTA. An Indian trade delegation visited the US to discuss how the framework agreed upon by the two sides in February this year on an interim trade deal can now be taken forward in the light of the US Supreme Court judgement on reciprocal tariffs and the US Administration's launch of Section 301 investigations as an alternative legal route for tariff imposition.

Following the expiry of the US sanctions waiver in respect of Chabahar port, the government is reportedly in discussion with both Iran and the US on how to safeguard India's investments in the port.

Meanwhile, Turkey has initiated a proposal with Syria and Jordan on a regional rail corridor linking Europe with the Gulf that could bypass potential maritime chokepoints in West Asia. It is not clear if this could be complementary to or in competition with the India-Middle East-Europe Economic corridor.

The decision of UAE, a large oil producer, to exit OPEC from May 1, after 59 years, marked another consequential move from an energy security viewpoint. The general understanding is that even as its immediate implications are unclear, with several energy related facilities damaged in the region as a result of the ongoing Gulf conflict, the move could over the medium term bring to crude buyers greater price and volume flexibility.

There are indications that the EU Parliament could vote to enhance the coverage of the controversial carbon border adjustment mechanism (CBAM) to a number of downstream steel and aluminium products with effect from 2028. India may need to take timely action in this regard.

This issue also draws attention to certain moves by China in protecting its trade and economic interests. Firstly, it has opposed EU plans for introducing 'Make in Europe' measures as mooted by the EU Commission under the Industrial Accelerator Act. China has also prohibited the acquisition by the US technology major Meta of the AI startup Manus that has Chinese origins. Third, China has itself introduced new domestic regulations that elevate safeguarding its industrial and supply chains as a national security issue. These enable Chinese officials to take countermeasures against any foreign or regional entities or international organisations found to have taken such actions, including imposing special charges, entry bans or export restrictions, according to the regulation.

South Korean President's state visit to India sees strategic outcomes

The President of the Republic of Korea, Lee Jay Meung, paid a state visit to India from April 19-21, 2026 and the outcomes had several elements touching upon economic security matters and sectors of strategic importance. PM Modi stated at the joint Press meet that the two sides will realise new opportunities for cooperation across all sectors from chips to ships, from talent to technology, and from environment to energy.

Apart from the joint statement¹ issued at the conclusion of the visit - which was itself termed as the Joint Strategic Vision for India-Republic of Korea Special Strategic Partnership - the two sides came out with a joint framework on ship building and related areas as well as joint statements on sustainability and energy resource security. Additionally, several MOUs were signed including those focussed on cooperation in ports, steel and the digital sector.

¹https://www.mea.gov.in/bilateral-documents.htm?dtl/41066/Joint_Strategic_Vision_for_IndiaROK_Special_Strategic_Partnership

Fostering industrial dynamism received priority consideration at the summit. A new Industrial Cooperation committee has been established at the ministerial level for holding dialogues in a host of sectors. The focus will be on autos, shipbuilding, chemicals, semiconductors, telecom equipment, display, secondary batteries and for cooperation to strengthen supply chains in strategic resources, nuclear power plant projects and overseas resource development projects. President Lee and PM Modi also attended a joint business forum in which 250 prominent Korean executives participated. Twenty MOUs on areas such as steel, shipbuilding, digital and energy were signed by private companies. These included the Korean auto major Hyundai Motors and India's TVS Motor Company signing an MoU to collaborate on the development of eco-friendly, high-safety three-wheeled electric vehicles.

A separate India-RoK Steel Dialogue, to be held annually, was established which will focus on boosting trade opportunities, solidifying economic ties and promoting cleaner energy in the steel sector. An MOU was signed on the sidelines of the summit, between the Korean steel major POSCO and the Indian company JSW, for establishing a new 6 MMT integrated steel plant in Odisha.

The two sides agreed to fast track the ongoing CEPA upgrade negotiations for its early conclusion. Eleven rounds have been held and India has been calling for a rebalancing of its provisions aimed at reducing the significant bilateral trade imbalance. Commerce and Industry minister Piyush Goyal has stated that the two sides have decided to conclude this agreement by mid-2027. Discussions will have a strong focus on key sectors of shared interest, while also addressing non-tariff barriers and rules of origin. Both countries are hoping to double bilateral trade in goods, which currently stands at USD 27 billion, to USD 50 billion by 2030.

Furthermore, the two sides have decided to launch an economic security dialogue that will aim at enhancing resilience in supply chains, promoting market diversification and advancing cooperation in cutting edge technologies on the basis of mutual strategic trust. This may be the first time that India has agreed to hold a bilateral dialogue focused exclusively on economic security matters with a foreign partner country.

It is interesting in this context that the joint statement on energy resource security² has talked about the two countries exploring closer collaboration among the LNG consuming countries. The idea is to enhance market stability, transparency and to

² https://www.mea.gov.in/bilateral-documents.htm?dtl/41068/India_Republic_of_Korea_Joint_Statement_on_Energy_Resource_Security

better reflect buyers' perspectives. Additionally, this joint statement talks about the two sides maintaining a stable, secure and reliable supply of energy resources for each other. It is important to note here that India is a key supplier to ROK of naphtha and other petroleum feedstocks, while the ROK is a leading supplier to India of certain petroleum products and lubricant base oils.

The highlight of the visit was the outcomes in the maritime sector, which is an area of particular strength of South Korea. The joint framework³ titled 'Shared Vision for Operation of Yard Assisted Growth with Efficiency and Trust (VOYAGES)' covered a very wide range of cooperation activities - ship building, port development, logistics, manpower sourcing and training . They included the following:

- Both sides took positive note of the collaborations between Korean Industries and India, such as the conclusion of a non-binding MOU among the Korean shipbuilder HD Korea Shipbuilding & Offshore Engineering Co., Ltd. (HD KSOE), the identified cluster developer and facilitator, and the capital provider Maritime Development Fund (MDF) for joint development, financing, implementation, operation of a large greenfield shipyard in southern India. They hoped for early implementation of the project.
- Taking note of the Government of India's production-based financial support to local manufacturing, the two sides supported the cooperation of relevant industries from India and the ROK to establish an effective cooperation mechanism to channel this demand into bilateral partnerships, enhancing sustainable and resilient shipbuilding industry.
- The two sides supported the collaboration between Indian and the ROK businesses to upgrade existing Indian shipyards, including on a Block Fabrication Facility being built in southern India to support a new dry dock to construct large and specialised vessels.
- Indian side also encouraged Korean shipowners to use India's GIFT IFSCA and E-Samudra to flag vessels in India, in order to benefit from relaxed ownership structures and available financial incentives.
- Signing of an MOU between Ministry of Ports Shipping and Waterways of India and the Ministry of Oceans and Fisheries in the ROK for cooperation for port development, which entails collaboration in infrastructure development, knowledge sharing, etc.

³ https://www.mea.gov.in/bilateral-documents.htm?dtl/41065/IndiaROK_Comprehensive_Framework_for_Partnership_in_Shipbuilding_Shipping_and_Maritime_Logistics

- The MOU also referred to opportunities for Korean port developers and terminal operators to participate in India's strong PPP mechanisation pipeline amounting to an estimated USD 13.3 billion in the next 5 years, including the 23 million TEU Vadhvan container port (Maharashtra), 150 MTPA multipurpose terminal in Bahuda (Odisha), 135 MTPA modern terminal of Deendayal Port (Gujarat), among others.
- An MOU signed between Bharat Earth Movers Limited of India, HD Korea Shipbuilding and Offshore Engineering Co., Ltd (HD KSOE) and HD Hyundai Samho Co., Ltd of the ROK to jointly design, manufacture, and support next-generation conventional and autonomous maritime & port cranes in India (India is currently import dependent on China for port cranes over 90 %)
- The Indian side also noted that India's rapidly growing seafarer pool (around 320,000 + with a strong growth in women seafarers) allows Korean ship-owners to recruit manpower to support Korean-flag operations. Additionally, on skill development, the Korea International Cooperation Agency will be partnering with the Ministry of Port, Shipping and Waterways on skill training program, especially in the area of shipbuilding.

India's exports decline during March

As per preliminary estimates, India's merchandise exports suffered a decline of 7.5% in March, 2026, the first month after the commencement of the Iran conflict, compared to March 2025. Imports too contracted by 6.5% during the same period.

For the full financial year 2025-26, however, these quick estimates showed that while India's exports managed a 1% growth totalling USD 441.78 bn, India's overall imports grew by 7.46% to USD 774.97 bn. India's merchandise trade deficit widened from USD 283.5 bn in 2024-25 to USD 333.2 bn in 2025-26, reflecting that India's goods exports were able to finance only 57% of imports.

Interestingly, despite the tariff turmoil vis-a-vis the US, the year 2025-26 saw India's exports to that country remaining steady and totalling USD 87.3 bn, a 0.92% increase over the previous year. India's imports from the US, however, went up by 16%, totalling USD 52.9 bn, thus reducing India's surplus somewhat.

There were also significant increases in India's exports during 2025-26 to China (36.6%), Hong Kong (33.2%), Vietnam (22.8%) and Spain (46.3%). China also became - yet again after a gap of few years - India's leading bilateral merchandise trade partner, with two-way trade totalling USD 151.11 bn as against around USD 140 bn in the case of US.

Government addresses economic fallout from Gulf conflict

The Gulf conflict is showing no sign of resolution after nine weeks. The Strait of Hormuz is largely unavailable for maritime traffic, with Iran and the US putting in place their own versions of blockage of commercial traffic through these waters. The impact of these developments on India's trade, industrial production and consumption is rising by the day even as the government has taken several steps to secure certain key commodities like crude, LPG, LNG, Ammonia and fertilisers from alternative sources, even if at much higher prices. As per the Finance Ministry's economic review for April, India's crude oil basket averaged USD 113 per barrel in March and just under USD 115 per barrel for April until April 24, as against an average of around USD 70 in February.

Retail prices of these items have, however, been held largely steady with the oil companies absorbing much of the price increases. The government has only reduced the central excise duty on petrol and diesel by Rs 10 per litre from March 27. Since April 11, the government has also increased the export levy on diesel to Rs. 55.50 per litre and on ATF to Rs. 42 per litre, to ensure availability of these products in the domestic market.

The government has also taken some measures to provide relief to the export sector. A Rs. 497 crore RELIEF (Resilience and Logistics Intervention for Export Facilitation) has been announced for exporters to mitigate logistics disruption. The Union Finance Minister Nirmala Sitharaman has also indicated that the government is considering a 'Covid-era style' policy package for industry. She has further talked about the possibility of keeping fertiliser prices unchanged for farmers, as was done during the Covid period. This is even as international prices of Urea, DAP etc., and the inputs for their production have shot up since the outbreak of the conflict on February 28.

Meanwhile, the Reserve Bank of India has decided to keep its benchmark interest rates unchanged on April 8, with the RBI governor saying the bank would 'wait and watch' until there was clearer evidence on how the external shock will feed through to the domestic economy. He, however, also warned that the Middle East conflict had raised upside risks to prices and that shortages of critical inputs such as gas, together with costlier crude, could start to hurt economic activity more broadly.

In the Ministry of Finance's monthly review for April, the Chief Economic Adviser Ananth Nageswaran appears to have cautioned⁴ against excessive focus on short term growth preservation, which should not override the broader macroeconomic interests of attracting investment and boosting domestic capital formation. What has also been suggested is to use the crisis for undertaking a five pronged reform, including ushering certainty and stability in tax policy, working on energy security and resilience (without substituting one import dependency for another or worsening vulnerability to sudden stoppages), giving a push to public transportation, removal of distorted crop choices and improvement of agricultural productivity

Indian trade delegation visits the US

A 12-member trade negotiating team led by Additional Secretary Darpan Jain of the Ministry of Commerce visited Washington DC from April 20-24, 2026, to discuss how to take forward the framework that India and the US had agreed in a joint statement issued on February 7 this year for an interim, reciprocal and mutually beneficial trade deal. The joint statement *inter alia* envisaged a 'reciprocal tariff' of 18% to be applicable on much of India's exports to the US.

The situation, however, significantly changed with the US Supreme Court deciding on February 20 that the 'reciprocal tariffs' imposed by the Trump administration on imports from various countries were illegal. It further ruled that only the US Congress could decide to impose tariffs under the International Economic Emergency Powers Act (IEEPA) and not the Executive under the US President. While the Trump administration has subsequently moved to impose a blanket 10% additional interim tariff under another legal provision (valid only for 150 days), it has at the same time launched two Section 301 investigations against several countries - one to probe structural excess capacities against 16 economies and the other to probe forced labour practices against 60 economies - with India figuring in both of them. The Trump administration's idea is to use these investigations as a means to rework/reimpose the earlier 'reciprocal tariffs' through alternative domestic legal provisions, essentially circumventing the court's ruling.

India has already filed its response⁵ to the 301 probes, strongly rejecting the allegations and asking the USTR to terminate the investigations. In its submission,

⁴ https://www.business-standard.com/economy/news/india-focus-long-term-stability-reforms-mer-west-asia-126042901501_1.html

⁵ <https://timesofindia.indiatimes.com/business/india-business/india-rejects-us-section-301-allegations-seeks-termination-calls-for-resolution-via-talks/articleshow/130291279.cms>

New Delhi has said the probe into “structural excess capacity” lacked any “cogent rationale” or prima facie evidence and was based on broad macroeconomic indicators without identifying specific policies that could be deemed discriminatory. India also contested a separate investigation into alleged failure to curb forced labour, arguing that it did not meet the legal threshold under Section 301. India urged the US side that any trade concerns be addressed through ongoing bilateral negotiations rather than unilateral measures.

The Indian delegation’s visit was likely intended to obtain greater insight regarding how the Trump administration may be proceeding with those 301 investigations and the possible end results. The delegation may have discussed how the framework agreed upon earlier between the two countries could now be recalibrated and how to ensure that India’s interests are protected. While the outcome of the visit has not been spelt out in any detail, the Ministry of Commerce has stated⁶ that the delegation had four days of meaningful and forward-looking discussions, enabling progress on key matters. The discussions covered a range of issues, including market access, non-tariff measures, technical barriers to trade, customs and trade facilitation, investment promotion, economic security alignment, and digital trade.

Meanwhile, following a separate investigation, the US Department of Commerce has decided⁷ to impose preliminary anti-dumping duties of 123% on Indian exports of solar cells and modules. Earlier, in February this year, a preliminary countervailing duty was also imposed on the same product amounting to 126%. After factoring in existing CVDs, the effective dumping margin has been pegged at 107.77%. Very likely, therefore, the effective final duties (CVD+AD) for India is expected to be in the range of 234%. Indonesia and Laos were the other two countries which have also been hit with duties under the same probe.

India and New Zealand sign bilateral FTA

India’s Minister for Commerce and Industry Piyush Goyal and the New Zealand Minister for Trade and Investment Todd McClay formally signed⁸ the India-New Zealand FTA on April 27, 2026 in New Delhi, after the completion of legal vetting of the text by the two sides.

⁶ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2255255®=3&lang=1>

⁷ <https://www.financialexpress.com/policy/economy/us-imposes-anti-dumping-duties-on-indian-solar-imports/4217803/>

⁸ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2255914®=3&lang=2>

Speaking on the occasion, Mr. McClay called the India–New Zealand Free Trade Agreement a “once-in-a-generation” opportunity that will boost exports, create jobs, and strengthen bilateral economic ties. He highlighted strong participation from New Zealand businesses at the signing and said the pact will improve market access, reduce trade barriers, and support MSMEs.

Minister Piyush Goyal on his part said the FTA was concluded in nine months and marked a key milestone in India’s engagement with developed economies, aligned with the vision of Viksit Bharat 2047. He noted that India has now signed seven FTAs in the last three and a half years. With agreements on the anvil with the European Union and the United States, this will then take the total to nine FTAs with 38 advanced economies, covering nearly 65–70% of global GDP.

The December 2025 issue of this review had already dwelt on the key elements in the agreement, when the finalisation of the deal was initially announced. An additional development now is the support the agreement has received domestically in New Zealand from the opposition Labour Party, that makes it likely it will see smooth passage in the New Zealand Parliament which must approve the deal. The expectation now is that the agreement, after ratification by both sides, will come into force before the end of the year.

Google Cloud India AI hub launched

On April 28, Andhra Pradesh chief minister Chandrababu Naidu laid the foundation stone⁹ for a 1 GW AI data centre ecosystem near Vishakhapatnam that Google is developing in partnership with AdaniConnex and Airtel Nextra in a 600 acre campus that will comprise three data centres. The project involves a cumulative investment of USD 15 bn. Beyond computing infrastructure, there are also plans for three sub-sea cable landings along the Vishakhapatnam coast.

Union Minister for Electronics and IT, Ashwini Vaishnaw, who was also present on the occasion, said that one cable will go all the way to Australia, then via the Pacific Ocean to the west coast of the US. The second one will go to West Asia to Europe, and then to the US. The third one will go around the Cape of Good Hope, the African region, and then to the US. The subsea infrastructure will add redundancy and resilience to India’s digital backbone, supplementing existing cable landing hubs in Mumbai and Chennai. Minister Vaishnaw said that

⁹ https://www.business-standard.com/industry/news/15-bn-google-data-centre-to-transform-vizag-into-ai-hub-ashwini-vaishnaw-126042800636_1.html

Visakhapatnam will evolve into AI Patnam (AI City), driven by cutting-edge infrastructure and global investments.

58 companies approved in scheme for recycling critical minerals

India's Ministry of Mines has enlisted¹⁰ 58 companies for participation in its Rs 1500 crore scheme for developing domestic recycling capacity for critical minerals, from lithium-ion batteries to e-waste and industrial scrap. The 58 companies account for a pledged capacity of about 850 KTPA with expected investment of about ₹5,000 crore. The selected companies represent key segments such as battery recycling, e-waste processing, and recovery from other waste.

Chabahar Port

India is said to be discussing temporarily transferring its stake in Iran's Chabahar Port to a local Iranian entity as a US Treasury sanctions waiver - the protection shielding India Ports Global Limited's operations at the Shahid Beheshti terminal from US sanctions - expired on April 26. This reset, if it comes about, may involve India Ports Global divesting its holding in the India Ports Global Chabahar Free Zone to an Iranian partner, with an explicit guarantee that the stake would be returned to India once US sanctions on Iran are eased or lifted.

As of now, however, the situation remains unclear. India's MEA spokesman reportedly said¹¹ on April 27 that the issue is 'under discussion' with both Iran and the US, while adding that the 'current conflict is also a complicating factor'.

India has invested approximately USD 120 million in Chabahar since signing a 10-year operational agreement with Iran's Ports and Maritime Organisation in 2024. The port is strategically vital as India's only direct maritime access route to Afghanistan and Central Asia that bypasses Pakistan - a cornerstone of the International North-South Transport Corridor vision and a 7,200-kilometre multimodal trade route linking India with Russia and Europe.

Turkey proposes regional rail corridor linking Europe to the Gulf

With the Strait of Hormuz gathering international attention as a maritime chokepoint in the midst of the current conflict in the Gulf, Turkey has taken the lead¹² in pushing forward a joint plan to develop a regional rail and land corridor

¹⁰ <https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2256977®=3&lang=1>

¹¹ <https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/chabahar-port-issue-is-under-discussion-with-both-iran-us-mea/articleshow/130560269.cms?from=mdr>

¹² <https://www.jpost.com/middle-east/article-893562>

along with Syria and Jordan that could link Europe to the Gulf. The proposed network would run from Europe through Turkey, continue across Syrian territory, and extend south into Jordan, creating a continuous land bridge between Mediterranean ports and Gulf markets, that obviates the need to navigate through intervening maritime chokepoints.

The initiative builds on a trilateral memorandum of understanding signed on April 7 in Amman, aimed at upgrading and reconnecting rail infrastructure across the three countries. Syria will play a pivotal role in the plan, serving as the geographic link between Turkey and Jordan. Jordan, in turn, provides access to the Arabian Peninsula, with the route expected to eventually connect to Gulf rail systems, including Saudi Arabia's rail network. Lending further weight to the idea is the subsequent statement by Saudi Arabia's transport minister Saleh al-Jasser that joint studies for the proposed railway link connecting the kingdom to Turkey through Jordan and Syria are expected to be completed before the end of 2026.

It will be interesting to watch how this proposal unfolds, considering the challenges in terms of close coordination among countries involved in the link. It will also depend on investor interest, regional stability and long-term political alignment. But in the event it does take shape, it will need examining whether it will compete with and undermine, or complement the proposed India-Middle East-Europe economic corridor.

UAE exits OPEC

The United Arab Emirates has withdrawn from its membership of the Organisation of the Petroleum Exporting Countries (OPEC) and the wider OPEC+ framework effective May 1. A report from the Emirates News Agency stated¹³ that the decision reflects a policy-driven evolution in the UAE's approach, enhancing flexibility to respond to market dynamics while continuing to contribute to stability in a measured and responsible manner. It further stated that the decision follows a comprehensive review of the UAE's production policy and its current and future capacity and is based on "our national interest and our commitment to contributing effectively to meeting the market's pressing needs".

The UAE has been an important member of the organisation since 1967, with a capacity of 4.8 million barrels per day and significant room to increase output (it produced about 3.6 mbpd before the start of the recent Gulf conflict).

¹³ <https://www.wam.ae/en/article/bzxzuh7-uae-announces-decision-exit-opec-opec+>

OPEC's principal role has been to pursue price stability by setting agreed quotas for the membership of 12 countries, which together control about 30% of global supply. Since 2016, OPEC has also cooperated with Russia, Azerbaijan, Kazakhstan, Bahrain, Brunei, Malaysia, Mexico, Oman, South Sudan, and Sudan through its OPEC+ framework, bringing its output to about 41 percent of global supply. It is possible that UAE may be seeking to enhance its crude production and supply rather than adjust to OPEC coordination, at a time when its energy facilities and refineries have been targeted and hit during the Iran conflict and it may need substantial funds for their repair and reconstruction.

While the impact of this decision on the oil market will need to be carefully watched, it is generally expected that this could bring more price and volume flexibility for buyer countries in the coming years.

EU Parliament considers expanding CBAM coverage

The Environment Committee of the European Parliament appears likely¹⁴ to endorse an earlier EU Commission proposal¹⁵ of December 2025, adding around 180 more downstream products within the scope of EU's carbon border adjustment mechanism (CBAM) that currently extends to six products - Aluminium, Cement, Electricity, Fertilisers, Hydrogen and Steel. The idea as per the EU Commission proposal is to include products like machinery and appliances to ensure that emissions are reduced rather than relocated. The vast majority, 94%, of these downstream goods concerned are industrial supply chain products with a high (on average 79%) steel and aluminium content, used in heavy machinery and specialised equipment, such as base metal mountings, cylinders, industrial radiators, or machines for casting. A small share, 6%, of the downstream goods concerned are also household goods. If approved, the CBAM's expanded scope can come into force from January 1, 2028.

The foregoing development makes it urgent and important that India should engage closely with the EU to see how Indian producers of these products can meet the compliance norms. India is an exporter of several of those items, including auto parts. As part of the India-EU FTA package announced in January this year, the two sides are to sign an MOU on a bilateral platform for cooperation and support for climate action covering carbon pricing, recognition of verifiers and financial and technical assistance to reduce emissions. These talks need to be taken forward in an expeditious manner.

¹⁴ https://www.europarl.europa.eu/doceo/document/ENVI-PR-786835_EN.pdf

¹⁵ https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_3088/IP_25_3088_EN.pdf

China introduces new rules aimed at protecting its supply chains

China has begun implementing¹⁶ a new regulation this month that elevates safeguarding its industrial and supply chains as a national security issue. The new rules require its national and local authorities to ensure stable and continuous production and flows of raw materials, technologies, equipment and products in key sectors through information sharing, risk monitoring and emergency management. They also have to create a list of sectors that are vital to China's economic and national security, as well as strengthen strategic reserves of goods and capacity. Emphasised further is the need for better systems to be put in place to allow the emergency deployment of reserves during a crisis.

Of particular importance to third countries is the provision in the regulation that allows the State Council and its related departments to launch investigations into external actions – such as discriminatory bans or restrictions, including suspending normal business transactions – that endanger the country's industrial and supply chains. Chinese officials can then take countermeasures against any foreign or regional entities or international organisations found to have taken such actions, including imposing special charges, entry bans or export restrictions, according to the regulation.

China is clearly strengthening its trade arsenal to possibly deal with contingencies that could arise should the US or other Western countries move to impose rules of origin restrictions from third countries that seek to limit possible Chinese content in the product. It could also be a preparatory move before the US-China summit level talks scheduled to be held in Beijing in the middle of May.

Already, China has retaliated against the launch of the two new 301 investigations by the US (it is the only country to do so even as the 301 probes are directed against several countries). On March 27, it initiated¹⁷ two counter probes to look at trade barriers that were restricting or banning Chinese products from entering the US market. One related to impacts arising from limits placed on US exports of high-tech products to China and curbing two-way investment in key sectors. The second investigation related to examining issues concerning reduced exports of Chinese green products to the US, slowing the deployment of new energy projects and limiting technology cooperation in green industries.

¹⁶ <https://www.scmp.com/economy/china-economy/article/3349351/china-enforces-new-security-rules-defend-supply-chains-global-threats>

¹⁷ <https://asiatimes.com/2026/03/china-targets-us-trade-barriers-amid-section-301-probes/>

China opposes EU's 'Make in Europe' measures

China's Ministry of Commerce (MOFCOM) has stated¹⁸ that the EU's Industrial Accelerator Act (IAA) imposes restrictive requirements on foreign investment in four key strategic sectors - batteries, electric vehicles, photovoltaics and critical raw materials - and introduces "EU-origin" clauses in public procurement and support policies, constituting significant investment barriers and institutional discrimination. The Ministry has formally submitted comments to the European Commission, expressing China's position and serious concerns over the legislation. This is even as IAA still remains under review and requires approval from the European Parliament and the European Council before coming into force.

China is asking the EU to remove the discriminatory provisions targeting foreign investors, including local content requirements, forced technology transfer and intellectual property conditions, as well as restrictions embedded in public procurement policies, while urging strict adherence to WTO rules. If the EU ignores China's suggestions, a spokesman of MOFCOM has said, China will take countermeasures to firmly safeguard its legitimate rights and interests.

China bans Meta's acquisition of Manus

China's National Development and Reform Commission (NDRC) has announced that it is blocking the US tech major Meta from acquiring the AI startup Manus and has required the parties involved to revoke the transaction valued at USD 2 billion. Manus is a company which initially operated in Beijing and Wuhan, but moved to Singapore in June 2025. Manus rose to fame in March 2025 after releasing its AI agent of the same name, claiming that its performance surpassed that of OpenAI's AI agent DeepResearch. The announcement by NDRC¹⁹ is reflective of the expanding reach of US-China competition that is becoming broader than chips or chip making machinery but extends to the areas of engineering and product design.

A Global Times report has stated²⁰ that as per China's Catalogue of Technologies Prohibited and Restricted for Export and the newly revised Foreign Trade Law, the export, cross-border transfer, and related investment activities involving such technologies are required to undergo security review and obtain the necessary licenses in accordance with the law. Hence, China has a sufficient and solid legal basis for exercising jurisdiction over this transaction.

¹⁸ <https://www.globaltimes.cn/page/202604/1359938.sht>

¹⁹ <https://www.scmp.com/tech/article/3351718/meta-manus-ai-deal-difficult-undo-how-will-beijing-exert-its-authority>

²⁰ <https://www.globaltimes.cn/page/202604/1359889.shtml>



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

www.delhipolicygroup.org