



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## ECONOMIC SECURITY AND RESILIENCE REVIEW

MAY 2026

*Author*

V.S. Seshadri

**Volume IV, Issue 5**



**Delhi Policy Group**

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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](mailto:villurvirgo2010@gmail.com). To subscribe, please click [here](#).

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### Cover Images:

1. Indian Prime Minister Narendra Modi met the President of the United Arab Emirates, Sheikh Mohamed bin Zayed Al Nahyan, in Abu Dhabi, United Arab Emirates on May 15, 2026. Source: [Prime Minister of India](#)
2. Indian Prime Minister Narendra Modi was received by the Italian Prime Minister Giorgia Meloni with military honour in Rome, Italy, on May 20, 2026. Source: [Prime Minister of India](#)
3. U.S. Secretary of State Marco Rubio met India's External Affairs Minister, Dr. S. Jaishankar for bilateral talks, on May 24, 2026. Source: [X/@DrSJaishankar](#)

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# Economic Security and Resilience Review

by  
V. S. Seshadri

## Introduction

This issue reviews the outcomes of the Trump-Xi summit meeting held in Beijing from May 14-15, 2026 to see how they have been able to address their trade, investment, technology control and other economic security issues, including with respect of supply of critical minerals. While the periodic summits now taking place (President Xi has been invited by President Trump to visit the US in September), along with regular meetings between their senior economic interlocutors, are allowing the two sides to manage their urgent issues, there is no resolution in sight of the wider or longer term aspects. What is of concern to third countries is that if managed trade becomes the norm between the two global trade majors, it sets a wrong model that leaves the less powerful open to coercion and asymmetric deals, as is being seen already.

This month's report also covers Prime Minister Modi's visit to the UAE as also four west European countries - Netherlands, Sweden, Norway and Italy - from May 15-20, 2026. Each stopover and the outcomes reached had several elements related to energy security, trade and technology cooperation, defense industrial collaboration and meetings with business leaders, with indications of substantial investment interest (collectively USD 40 bn as per one estimate). UAE's commitment to participate in India's crude petroleum and gas reserves further expands the growing range of bilateral cooperation. All these five economies are now India's FTA partners (or soon to be ones, as in the case of EU), which added to the significance of the visits.

Economic security, including energy security as well as challenges relating to critical minerals, were also among the issues that received focus at the Quad meeting of Foreign Ministers attended by the Foreign Ministers of Australia, India, and Japan, and the Secretary of State of the United States of America in New Delhi on May 26, 2026. Apart from issuing a joint statement, the ministers also announced a joint critical minerals framework and launched an initiative on Indo-Pacific Energy Security. The ministers have projected mobilisation of USD 20 bn from both public and private sector sources for advancing the critical minerals plan, for which further operational details are to be considered at their next meeting.

There were several developments of note in respect of India-US relations during the month. One was the visit of US Secretary of State Marco Rubio, who tried to assuage prevailing concerns regarding several actions by the US in the last one year and more, including on tariffs and immigration, that were not viewed positively in India. He said that these were not directed towards India specifically but related more to America

resetting its policies and frameworks domestically and globally. An MOU on critical minerals was also signed between Secretary Rubio and EAM Jaishankar.

The visit of a 20 member high level delegation of executives from the US drawn from major companies active in the nuclear energy sector was another highlight. With the SHANTI Act opening up opportunities for entry of private sector and foreign companies' participation, the visit has raised expectations about collaborative possibilities, including in setting up small modular reactors. As for the finalisation of the interim trade deal with the US, a team led by Assistant USTR will be in India from June 1-4 to try and finalise it. Issue also covers proposals by the Federal Communications Commission of the US to curtail outsourcing of call services by American companies and the response of India's IT companies' lobbying body NASSCOM to that move.

This report dwells at some length on the deterioration in the situation on India's foreign investment inflows front, with portfolio investments seeing a significant outflows and Indian investors also increasing their investments overseas at a time when capital infusion into the domestic economy by the Indian private sector has been weak. This would seem to warrant, as several economists have suggested, quick remedial measures after due stakeholder consultations.

Two other developments of relevance to economic security are worthy of note. One is the proposal by the EU Commission to broaden its tariff and tariff quota measures against China to protect certain sectors including chemicals, metals and clean technology, against unfair competition. Another is an agreement signed between New Zealand and Singapore detailing how they would not impose export restrictions against certain essential supplies. Could this be a model for other countries to secure themselves against vagaries of supply at times of a crisis or emergency?

## **Trump-Xi summit**

President Donald Trump and President Xi Jinping met in Beijing on May 14-15. There was much anticipation as to how issues relating to trade, investment, technology, and supply security of critical industrial inputs will be addressed. The summit was also preceded by high level pre-summit consultations in Seoul on May 13 between the designated economic interlocutors from the two sides, led by Treasury Secretary Scott Bessent from the US and Vice Premier He Lifeng from China.

President Trump had also taken with him CEOs of several major American corporates in the technology, financial, aircraft and engine making, automotive, agriculture trade and business consulting sectors.

The US and China both issued Press Releases/read outs about the summit outcome. In addition, some of the statements made by President Trump and President Xi during their different engagements were also reported. In the absence of any joint statement,

and when each side focusses mainly on aspects of importance to it, one has to piece them together for a full picture.

President Trump's statements have focussed more on specific benefits for the US side, even as the White House fact sheet<sup>1</sup> acknowledges an agreement between the two leaders to build a constructive relationship of strategic stability on the basis of fairness and reciprocity, an aspect highlighted by President Xi. The latter in his statement also urged that disagreements and differences be addressed through two-footed consultations. He further called the outcomes arrived at by the economic and trade teams in the Seoul meeting as 'generally balanced and positive'.

In terms of specifics on economic issues, the following appeared to be the highlights:

- **Setting up a Board of Trade and a Board of Investment:** Both sides have acknowledged the move to establish these two boards even as the initiative appears to have been from the US side, at least on the board of trade, to ensure effective implementation of matters agreed to between the two sides at summit or other senior levels. The US read-out states that the Board of Trade (BoT) will manage trade across non-sensitive goods and the Board of Investment (BoI) will provide a government-to-government forum for discussing investment related issues. China's read out has stated it will use BoT to discuss issues such as tariff reduction in specific products so that tariff reductions on both sides are evenly matched on a reciprocal basis (Does it indicate the end of penal tariffs?). It will also be used to address non-tariff barriers. Reports have also referred to the US Treasury Secretary Bessent mentioning that the US was considering reduction of tariffs on USD 30 bn worth of low end consumer goods from China as a start.
- As for the role of BoI, its scope is not very clear considering US's own internal mechanism (CFIUS) that scrutinises inward investments. President Xi in his remarks (aimed also at the large number of CEOs of leading American companies who accompanied President Trump) has talked about China's readiness for high quality, high standards opening up for US investments. Does this imply investments in other areas are not so welcome?
- **Critical minerals supply and their processing:** This was a big issue last year, with China introducing<sup>2</sup> a series of export controls on rare earths and high performance

<sup>1</sup> <https://www.whitehouse.gov/fact-sheets/2026/05/fact-sheet-president-donald-j-trump-secures-historic-deals-with-china-delivering-for-american-workers-farmers-and-industry/>

<sup>2</sup> China had announced on October 9, 2025, a sharp escalation of its export control measures on rare earth elements and related products that required foreign companies located anywhere to obtain a license from China to export 'Parts, components and assemblies' containing rare-earth materials sourced from China or produced using Chinese rare earth technologies. These were to be applicable from December 1, 2025 even for internationally made products but which contained more than 0.1% of Chinese sourced materials by value. These were additional export controls to what China had introduced on April 4, 2025 on seven heavy rare earth elements and related compounds and magnets. Furthermore, five additional rare earth elements - holmium, erbium, thulium, europium and ytterbium - were added to the covered list bringing the total number of controlled rare earths to twelve.

magnets which were subsequently widened to also include their production and processing equipment and technologies. These were in response to the US's own introduction of export controls on semiconductors and semiconductor making technologies and machines, apart from reciprocal tariffs. The Busan Xi-Trump meeting, held on the sidelines of the APEC summit on October 30, 2025, resulted in a one year truce and relaxations till November this year. It is not clear to what extent this issue figured in the Beijing summit, even as there have been delays in the issue of licenses by China. While China has made no reference to discussions on them, the US read-out after the Beijing summit noted that China has agreed to address concerns regarding supply chain shortages related to rare earths and other critical minerals including yttrium, scandium, neodymium and indium. China will also address concerns regarding prohibitions or restrictions on the sale of rare earth production and processing equipment and technologies.

- **Agreements on Specific products:** China's Ministry of Commerce has stated that the two sides agreed to reduce non-tariff barriers on certain farm goods covering products like Chinese seafood and dairy products for exports to US and imports of American beef and poultry into China. Reference was also made, without numbers, to deals covering purchase of US made aircraft and Washington's guarantee of supply of jet engines and components. The US read out is more specific on Chinese purchases comprising 200 Boeing planes (President Trump said it could go upto 750), 400 GE aerospace engines and components and USD 17 bn worth of annual purchases of agricultural products in 2026 and 2027, in addition to fulfilling already agreed purchases (at the Busan summit for 2025).
- **Technology controls:** No specific announcements on this front were made barring those relating to critical minerals. But on chip export controls, the US had apparently shown readiness to issue licenses for 750,000 H200 Nvidia chips to ten identified Chinese companies, while China has not indicated acceptance. Some reports have indicated that President Xi has said they will be made indigenously.
- **AI dialogue:** President Trump said that consideration is being given to establishing some kind of guardrails on AI with Beijing. Treasury Secretary Bessent talked of setting up a protocol on AI safety (to ensure that non-state actors do not get hold of the advanced models).

## Overall assessment

The periodic summits now taking place (President Xi has been invited by President Trump to visit the US in September), along with regular meetings between their senior economic interlocutors, are allowing the two sides to manage their urgent issues even as there is no resolution in sight of the wider or longer term aspects. The BoT and BoI may help in implementation of this move towards a system of managed bilateral trade

and investment for periods of an year or two at a time, even as they will not be in compliance with the WTO rulebook. While the two sides did something similar under the Phase-1 deal concluded under Trump-1 administration in January 2020, that deal was seen by China as one-sided and it did not fully follow up and meet its purchase and other commitments. With Xi commenting that the latest outcome is generally positive and balanced, there may now be a better chance of compliance. Beijing also appeared more confident this time calling for equal footed consultations and reciprocal reduction of duties. It is however not clear how the US will take forward the pending Sec. 301 reviews, where China is also under investigation, and how that outcome may impinge on the Beijing summit understandings.

What is also important to note is also that there were no references in the summit outcomes to China's structural overcapacity or non-market practices which are at the root of several trade and economic issues. The US appears to have decided that it may not be possible to change China's systems and practices with penalties, and it was more pragmatic to move towards a system of managed trade. Similarly, there is no reference to how imports from third countries into the US with a significant Chinese content will be managed - whether they will continue to be overlooked or are more stringent controls underway. These issues are of greater relevance to third countries. If managed trade becomes the norm between the two global trade majors, that will then leave the less powerful open to coercion to accept asymmetric deals.

### **PM Modi's visit to the UAE**

The visit of PM Narendra Modi to the UAE, in the midst of the ongoing conflict in the region, conveyed solidarity with the government and the people of the UAE. In his talks with President Mohamed bin Zayed Al Nahyan on May 15 in Abu Dhabi, PM Modi expressed India's strongest condemnation of the attacks that have taken place in the UAE. He also reiterated the need for unimpeded transit passage through the Strait of Hormuz and cessation of the attacks on shipping and on mariners.

Energy security figured prominently in the outcomes. Agreements were signed between Indian energy companies and UAE entities towards enhancing UAE participation in strategic petroleum crude and gas reserves in India, and for long term LPG supplies. Key among them is a MOU between Indian Strategic Petroleum Reserve Limited (ISPRL) and Abu Dhabi National Oil Company (ADNOC) for storing by the latter of upto 30 million barrels of crude in Vishakapatnam in Andhra Pradesh and Chandikot in Odisha.

Investment commitments by the UAE was another highlight. Already the seventh largest investor in India, the new commitments related to an investment of USD 3 bn by Emirates NDB Bank in India's RBL Bank; an investment level of upto USD 1 bn by Abu Dhabi Investment Authority in National Infrastructure and Investment Fund

(NIIF) and an investment of another USD 1bn by International Holding Company of UAE in Sammaan Capital of India (a housing finance company of India).

Ship building also received attention, with an agreement between Cochin Shipyard Limited (CSL) and DDW of Dubai relating to setting up a ship repair cluster at Vadinar in India, and a centre for excellence for skill development in the maritime field.

A term sheet was also agreed upon for setting up 8 Exaflop Supercomputing<sup>3</sup> clusters between CDAC, India and G-42 of UAE. This will be a significant addition to India's AI Mission and the infrastructure associated with it. This proposal, initially announced at the AI Impact Summit 2026, will be delivered by Cerebras, Mohamed bin Zayed University of Artificial Intelligence, and C-DAC, and will operate under India's national governance rules.

### **PM Modi's visit to four European nations**

PM Narendra Modi's visit to four West European nations - Netherlands, Sweden, Norway and Italy - from May 15 -19, 2026, had several outcomes of significance towards enhancing India's economic security and resilience. In terms of timing, the visits were opportune since the India-EFTA Trade and Economic Partnership Agreement (TEPA), of which Norway is a member, came into force from October last year and the India-EU FTA, of which the other three are parties, was also concluded in January this year.

Another new element is the momentum now seen in Europe towards advancing defense production that opens up possibilities of defense industrial collaboration, including in terms of co-production and component sourcing. Transitioning towards a green economy, finding solutions to vulnerabilities in critical minerals supply, building semiconductor making capacities and advancing critical emerging technologies like AI and Quantum computing, are all common pursuits of both India and these countries even as there are significant elements of complementarity.

There was, therefore, a rich commonality of interests evidenced in summit level meetings and several engagements with business leaders in all these capitals, including with companies that already have a strong presence in India. As per the briefing<sup>4</sup> given by the Ministry of External Affairs, the fresh investment commitments made by companies that PM met were around USD 40 bn. Highlights of significant outcomes<sup>5</sup> relating to each of the four countries are given below.

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<sup>3</sup> An exaflop is a measure of performance for a supercomputer. In exaflop, the exa- prefix means a quintillion, that's a billion billion, or one followed by 18 zeros. Similarly, an exabyte is a memory subsystem packing a quintillion bytes of data. The "flop" in exaflop is an abbreviation for floating point operations. The rate at which a system executes a flop in seconds is measured in exaflop/s.

<sup>4</sup> [https://www.mea.gov.in/media-briefings.htm?dtl/41203/Transcript\\_of\\_Special\\_Briefing\\_by\\_MEA\\_on\\_the\\_visit\\_of\\_the\\_Prime\\_Minister\\_to\\_Italy\\_May\\_20\\_2026](https://www.mea.gov.in/media-briefings.htm?dtl/41203/Transcript_of_Special_Briefing_by_MEA_on_the_visit_of_the_Prime_Minister_to_Italy_May_20_2026)

<sup>5</sup> As per details posted on MEA website

## *Netherlands*

- 1) Netherlands is one of the largest investors in India (USD 55 bn). India is also a major investor in Netherlands (USD 28bn). Both sides have agreed to promote two-way investments in priority sectors such as renewable energy, sustainable agriculture, maritime infrastructure, pharmaceuticals, medtech, and high tech innovation.
- 2) Signing of an MOU between the Dutch company ASML making lithographic machines for semiconductor production and Tata Electronics to support the semiconductor fab in Dholera. Additionally, a number of follow-up events and collaborations were identified for implementation between academic and technology centres as a follow-up to the already existing bilateral MOU on semiconductors signed in 2025.
- 3) An MOU on critical minerals cooperation signed between the two governments covering a range of areas including exploration, research and innovation, integration of value chains, supply chain resilience, circularity and ESG (environment, social and governance) standards.
- 4) An MOU on a bilateral roadmap for development of green hydrogen cooperation.
- 5) Establishment of a joint working group on renewable energy.
- 6) The joint statement refers to both sides exploring establishing a Defense Industrial Roadmap and collaboration for manufacturing of defence equipment, systems, components etc., through co-development, transfer of technology and setting up of joint ventures

## *Sweden*

- 1) Elevating relations to strategic partnership, including adopting a joint action plan for 2026-30 that includes a target of doubling of bilateral trade and investment. This will also involve launching an upgraded Joint Innovation Partnership 2.0 and establishing a virtual India-Sweden Joint Science and Technology Centre (ISJSTC) with a strengthened focus on emerging technologies such as artificial intelligence, 6G, quantum computing, sustainable mining, sustainable transports, critical minerals, space and geospatial research, and life sciences.
- 2) Announcement of a Swedish-India Technology and Industrial Corridor (SITAC) connecting the AI economic systems of India and Sweden to form an AI partnership for the future.
- 3) Expanding the Sweden-India Industry Transition Partnership under LeadIT (Leadership group for Industry Transition) by developing green steel collaboration; and promoting collaboration in advanced mining and mineral processing technologies to facilitate efficient extraction from low-grade and complex critical mineral deposits.

## *Norway*

- 1) Elevation of the India-Norway relationship to a "Green Strategic Partnership" reaffirming the shared aim of the two countries to combat climate change, create new green industries and jobs, accelerate the green energy transition while maintaining energy security, strengthening circular economy and encouraging investment.
- 2) During the India-Norway Business and Research Summit, the leaders encouraged business representatives to work towards new and more dynamic tie-ups across sectors in order to meet the shared objectives of USD 100 billion in investments and creation of 1 million jobs in India as per the provisions of TEPA.
- 3) Decision to enhance and expand collaboration on green shipping and ports. In this context, the Norwegian side welcomed the decision of Indian side to set up a pavilion at Nor-Shipping 2027. The collaboration also includes exploring partnerships with innovative clusters as well as green transition strategies, sustainable practices and regulatory frameworks, under the Joint Working Group on Maritime Cooperation.
- 4) MoU for Providing Specialised Consultancy Services for Construction of Tunnels, Slope Stability and Capacity Building between National Highways Authority of India and Norwegian Geotechnical Institute (NGI).

## *Italy*

- 1) Elevation of India-Italy relationship to that of a special strategic partner. Reaffirmation of trade target of Euro 20 bn by 2029. Both sides welcomed the prospect of greater investments, particularly in textiles, clean technologies, semiconductors, automotive, energy, tourism, pharmaceuticals and medical technologies, digital technologies, critical raw materials, steel, ports and infrastructure.
- 2) An MOU between respective government ministries for cooperation in critical minerals.
- 3) Announcement of the creation of INNOVIT India, an innovation hub located in India aimed at strengthening cooperation between the respective innovation ecosystems, support startup acceleration programs, market access and business matching, joint research, university collaboration, and talent mobility in sectors including fintech, healthcare, semiconductors, logistics and supply chains, agritech, energy, quantum computing, and artificial intelligence.
- 4) Declaration of Intent on India-Italy defense industrial cooperation and agreement on a roadmap which will promote partnerships for technological cooperation, co-production and co-development projects, including helicopters, naval platforms, marine armament and electronic warfare.

## Quad Foreign Ministers address energy security and critical minerals challenges

Economic security, including energy security as well as challenges relating to critical minerals, were among the issues that received focus at the Quad meeting of Foreign Ministers attended by the Foreign Ministers of Australia, India, and Japan and the Secretary of State of the United States of America in New Delhi on 26 May 2026. Apart from issuing a joint statement, the ministers also announced a joint critical minerals framework and launched an initiative on Indo-Pacific Energy Security.

As for the ongoing conflict in West Asia, they reaffirmed their support for current diplomatic efforts and hoped for lasting peace in the region. They further reiterated the importance of adhering to the United Nations Convention on the Law of the Sea (UNCLOS) with respect to navigational rights and freedoms, and the safety and uninterrupted flow of global commerce through the Strait of Hormuz and the Red Sea. They also condemned attacks on commercial shipping vessels and opposed any future measures that were inconsistent with UNCLOS, including imposition of tolls.

The Quad ministers noted that economic security was fundamental to Quad partners and the Indo-Pacific region, and committed to deepening economic security cooperation and develop key initiatives to support a resilient and prosperous region. They reiterated their grave concerns over the use of economic coercion and non-market policies and practices, including arbitrary export restrictions, price manipulation, and disruptions particularly on critical minerals that impacted global supply chains and critical industrial sectors. In this regard, they underscored the importance of diversified and reliable global supply chains and the need to avoid reliance on any one country.

The Quad critical minerals framework<sup>6</sup> that was announced aimed at strengthening cooperation in various areas including regulatory practices, investment facilitation, recycling technologies, and resilient supply chains. The Quad partners are intending to mobilise up to USD 20 billion in government and private sector support through new and existing efforts for this purpose (operationalising this is expected to happen in the next meeting, as per a MEA briefing). Among the actions identified is to also consider the feasibility of coordinated measures to address non-market policies and unfair trade practices, such as high standards marketplaces, price mechanisms, or other measures.

The Quad initiative on Indo-Pacific Energy Security is aimed at leveraging the unique resources of Quad partners in devising an engagement plan that will focus on technology, management, international market analysis, and emergency response.

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<sup>6</sup> [https://www.mea.gov.in/bilateral-documents.htm?dtl/41235/Quad\\_Critical\\_Minerals\\_Initiative\\_Framework\\_Among\\_India\\_Australia\\_Japan\\_And\\_The\\_United\\_States](https://www.mea.gov.in/bilateral-documents.htm?dtl/41235/Quad_Critical_Minerals_Initiative_Framework_Among_India_Australia_Japan_And_The_United_States)

Highlighted in this regard were also the already ongoing regional initiatives, such as Japan's Partnership On Wide Energy and Resources Resilience (POWER Asia) pledging financial support to help Asian countries to secure energy supplies, India's support to energy security in South Asia, and Australia's support to energy security in Southeast Asia as well as financial assistance to Pacific island countries (including AUD30 million in budget support to Fiji).

## India-US Relations

### Visit of Secretary of State Marco Rubio

The four day visit to India by the US Secretary of State Marco Rubio from May 23-26 marked a high point in ties. The discussions he held with EAM Dr.S.Jaishankar and the call on PM Modi, as well as the meeting with NSA Ajit Doval, covered several areas. Secretary Rubio was seen trying to assuage prevailing concerns regarding several actions by the US in the last one year and more, including on tariffs and immigration, that were not viewed positively in India. Among the specific outcomes of particular relevance to this report was the signing<sup>7</sup> by EAM Jaishankar and Secretary Rubio of a framework agreement on "Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths". While details of the framework have not been provided, it is known to be aimed at deepening cooperation across the critical minerals and rare earths supply chain, including mining, processing, recycling and related investments. It seeks to strengthen resilient and diversified supply chains, while promoting collaboration in financing and effective management of critical minerals and rare earths scrap.

The signing also comes as a culmination of earlier bilateral discussions on this topic, including the emphasis that cooperation in this area received in the India-US Joint Statement in February 2025 during PM Modi's visit to the US. EAM Jaishankar had also participated in the Foreign Ministers' Meeting on critical minerals hosted by Secretary Rubio in Washington, D.C. on February 4, 2026 and India also became a signatory in February 2026 to the Pax Silica Initiative led by the US.

### *US nuclear industry delegation*

Another highlight during the month was the visit to India from May 18-21, 2026 of a 20 member US Executive Nuclear Industry delegation, comprising representatives of major US corporations in this sector. With India's legislative opening provided through the SHANTI Act, the visit was aimed at exploring private investment and other commercial opportunities in India's nuclear energy sector. The delegation met with senior leaders across the Government of India, state governments and regulators

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<sup>7</sup> [https://www.mea.gov.in/press-releases.htm?dtl/41236/IndiaUS\\_Framework\\_on\\_Securing\\_of\\_Supply\\_in\\_the\\_Mining\\_and\\_Processing\\_of\\_Critical\\_Minerals\\_and\\_Rare\\_Earths](https://www.mea.gov.in/press-releases.htm?dtl/41236/IndiaUS_Framework_on_Securing_of_Supply_in_the_Mining_and_Processing_of_Critical_Minerals_and_Rare_Earths)

including Finance Minister Nirmala Sitharaman; Dr. Jitendra Singh, Minister of State for the Department of Atomic Energy; Minister Shri Manohar Lal Khattar; Chief Minister of Maharashtra Shri Devendra Fadnavis; leadership from the Government of Andhra Pradesh; and senior officials from the Department of Atomic Energy (DAE), Nuclear Power Corporation of India Limited (NPCIL), and Atomic Energy Regulatory Board (AERB). Apart from exploring cooperation in setting up large scale reactors, the delegation is also known to have discussed opportunities in setting up small modular reactors and other supply possibilities.

### *US FCC is considering measures to curtail outsourcing*

The US Federal Communication Commission (FCC) has been considering proposals aimed at promoting onshoring of call centres through a move to discipline the use of offshore call centres. They include a proposal to require call takers to be proficient in American standard English and looking into steps that can be taken to improve customer service and data security and ways to combat illegal robocall scams that originate inside foreign call centres. It also requires covered providers to disclose the location of the call center during the customer interaction and requiring disclosure to consumers of the extent of a provider's use of U.S. call centres. One of the objectives appears to be to cap the share of customer service calls that US providers may route to foreign call centres. The FCC has floated 30% as one benchmark for the call volume cap, but has left the figure open for comment.

The industry body in India, NASSCOM, is actively contesting<sup>8</sup> the US FCC proposals. It is known to have submitted written comments on the proposed sweeping restrictions on offshore call centres pointing out also on how it could lead to higher consumer prices and reduced service quality. It is also contesting the view that offshore call centres pose a security risk. It points out that a distinction should be drawn between trusted providers and bad actors, not between onshore and offshore operations. "Offshore operations should not be equated with high risk. The distinction should be between trusted providers and bad actors. Overly broad restrictions risk unintended consequences, including higher prices and reduced service quality. The focus should be more on anti-fraud measures and this is something we are very keen to work on and support," a NASSCOM representative has reportedly said.

### *USTR delegation to visit in early June*

It has been announced by the Ministry of Commerce of India that the US trade negotiating team led by Brendan Lynch, Assistant USTR, will visit India from June 1-4, 2026 with a view to finalise the details of the Interim Agreement (a framework for which was announced on February 7 this year) and take forward the negotiations under the proposed broader bilateral Trade Agreement. This will be the second such

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<sup>8</sup> <https://www.hindustantimes.com/india-news/indian-firms-mobilise-against-us-push-to-curb-offshore-call-centres-10177782688246.html>

physical meeting between the teams after the announcement of the framework agreement. An Indian team was in the US in April this year.

## EU to expand trade defense measures against imports from China

The EU Commission is reported to have agreed<sup>9</sup> on May 30 to take a tough new approach in trade relations with China. The EU Commissioner for Trade and Economic Security Sefcovic reportedly briefed the Commission on why it needed to take stronger steps to defend itself from what was described as a new 'China Shock' to its industries. This may require developing a new instrument to compel companies in critical sectors to expand both the number and the locations of the suppliers they use. Sefcovic is also expected to ramp up the use of safeguard measures in sectors that are under severe pressure from Chinese overcapacity. It is expected that the EU Commission President von der Leyen will now take the recommendations to the European Council meeting of the 27 EU leaders on June 18-19, which has China on the agenda.

Prior to the Commission meeting, the EU Commissioner for Industry, Stephane Sejourne, had also said that the EU will expand<sup>10</sup> tools to defend its economy against imbalanced trade with China because of large trade surpluses for China that are putting pressure on EU's domestic industries. Describing the threats as existential, he said EU would step up its use of import quotas and tariffs on China to protect certain sectors including chemicals, metals and clean technology against unfair competition, adding "Our objective is not to break with China but to have a real rebalancing and real measures that allow us to do it". He indicated the EU will be deploying safeguard measures more aggressively and across entire sectors, rather than limiting interventions to individual companies or specific raw materials.

China's foreign ministry, in a strong response to Commissioner Sejourne's remarks, has stated that the EU is "cherry picking" data to justify claims of imbalanced trade. Such an approach inevitably leads to conclusion of imbalanced trade ties. The EU is not forced to trade with China, which will take all measures necessary to safeguard its legitimate rights and interests.

## India suffers net investment outflows during 2025-26

As per the RBI bulletin<sup>11</sup> for May 2026, the gross FDI investment into India was USD 94.5 bn in 2025-26 as against USD 80.6 bn in 2024-25. However, the disinvestment from the economy was also substantial at USD 53.58 bn during the year, somewhat higher

<sup>9</sup> <https://www.scmp.com/news/china/diplomacy/article/3355380/brussels-fires-starting-gun-tougher-china-trade-policy-beijing-vows-retaliation>

<sup>10</sup> <https://www.euractiv.com/news/eu-to-bolster-trade-defence-tools-against-china-sejourne-says/>

<sup>11</sup> [https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/35T\\_BULL220520268C9207B0EDD44081B5E5E01BCA2E6B78.PDF](https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/35T_BULL220520268C9207B0EDD44081B5E5E01BCA2E6B78.PDF)

than the USD 51.48 bn in the previous year. As a result, the net FDI inflow was USD 40.94 bn in 2025-26.

The situation on the portfolio investment front, however, turned negative during the year. As against a net inflow of USD 3.56 bn in 2024-25, there was a net outflow of USD 16.7 bn in 2025-26.

India's investments overseas also saw a significant expansion, rising to USD 33.29 bn in 2025-26 as against USD 28.2 bn in 2024-25.

As a result of all these developments, total net foreign investment inflow into India during 2025-26 turned negative - an outflow of around USD 9 bn as against a net inflow of USD 4.52 bn in 2024-25.

As per another news report<sup>12</sup>, 162 Indian companies spent more than USD 18bn on outbound acquisitions in 2025 - a 34% increase from the previous year. These included Tata Motors' USD 4.4bn acquisition of Turin-based vehicle maker Iveco, IT company Coforge's USD 2.35bn purchase of Silicon Valley-based AI firm Encora, and the Bajaj Group buying a 23% stake in global insurance giant Allianz SE earlier in 2025. And what is more, such purchases could cross USD 15bn in deal value in just the first half of 2026. Topping this list is India's Sun Pharmaceuticals, which has agreed to pay USD 11.75 bn to acquire New York-listed women's health and biosimilars firm Organon & Co.

During his recent visit to India, the US Secretary of State also alluded to how, in the last few months, there have been USD 20bn of Indian investments entering the US.

While Indian corporates investing overseas can bring significant strategic and other advantages including access to technology, market and entry into supply chains, there are nevertheless also concerns particularly since investments by Indian corporates in India itself has been disappointing. This lament was voiced by the chief economic advisor Anantha Nageswaran who noted<sup>13</sup> that this was despite the fact that post Covid corporate profits of India's top 500 companies grew at 30.8% per annum.

Is this the result of a growing disaffection<sup>14</sup> regarding the business environment in India despite reduction in tax rates, other reforms taken in recent times, as also launch of production linked incentive schemes in a wide variety of sectors? Several noted economists have in the last few weeks attributed a variety of reasons<sup>15</sup> for this deteriorating trend, with some also drawing linkages with the sharp depreciation of

<sup>12</sup> <https://bbc.com/news/articles/cwy21x20q23o>

<sup>13</sup> <https://indianexpress.com/article/business/top-500-companies-profits-grew-30-post-covid-but-no-investments-cea-10668167/>

<sup>14</sup> Harsh Goenka, chairman of RPG Enterprises listed policy uncertainty, regulatory fears and changing business priorities among the key reasons why private capital expenditure in India remains weak despite strong corporate profits. See <https://www.businesstoday.in/latest/economy/story/why-is-private-capex-still-weak-harsh-goenka-lists-whats-stopping-india-inc-531315-2026-05-13>.

<sup>15</sup> [https://www.business-standard.com/opinion/columns/not-bop-but-structural-why-india-s-medium-term-real-growth-prospects-dim-126052601907\\_1.html](https://www.business-standard.com/opinion/columns/not-bop-but-structural-why-india-s-medium-term-real-growth-prospects-dim-126052601907_1.html)

the Indian rupee, structural weaknesses on the merchandise export front, excessive dependance on fuel imports, high levels of subsidisation on the farm, fertiliser and fuel fronts etc. Some have also attributed this to deficiencies in monetary management and India's continued hesitation in moving forward with bilateral investment protection agreements that provide adequate investor guarantees. Several have called for deeper economic reform and further efforts towards ease of doing business.

A question also needs to be asked if the shift in investment trends is partly in response to the FTAs that India is concluding with some of the trade majors, that are making Indian investments in those countries attractive aimed at pushing exports to India? The Trump administration is, moreover, pressurising countries like India and their companies to make investments in America. The AI boom there is also sucking out much investment from other options.

Whatever may be the pulls and pressures, it is very important that the matter receives priority and in-depth attention by the government and suitable remedial measures are taken after consulting various stakeholders.

### **New Zealand and Singapore sign an agreement on trade in essential supplies**

In a first of its kind move, New Zealand and Singapore signed an agreement on essential supplies (AOTES) May 4, 2026 which commits both countries to not impose export restrictions. The Agreement includes binding provisions preventing both governments from imposing export restrictions on an agreed list of goods, and does not undercut any existing commercial arrangements. Some of the essential supplies identified by New Zealand and Singapore include food, fuels, pharma items, medical equipment and construction materials. AOTES will be incorporated into the bilateral FTA between the two countries. It is possible that other countries could try and frame similar agreements as an economic security measure, including for critical minerals, for preventing supply disruptions during a crisis or other unforeseen developments.

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