Delhi Policy Group

Advancing India's Rise as a Leading Power

ECONOMIC SECURITY AND RESILIENCE REVIEW

JULY 2026

Author

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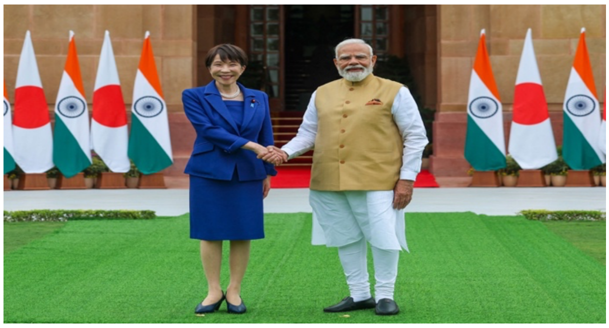

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Delhi Policy Group

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Economic Security and Resilience Review

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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 an independently funded 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.

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ECONOMIC SECURITY AND RESILIENCE REVIEW

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

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:

1. *On 2 July 2026, Prime Minister Narendra Modi held bilateral talks with Japanese Prime Minister Sanae Takaichi in New Delhi during the 16th India–Japan Annual Summit. Source: PMO Gallery*

2. *Prime Minister Narendra Modi held bilateral talks with Indonesian President Prabowo Subianto at Istana Merdeka in Jakarta on July 7, 2026. Source: PMO Gallery*

3. *Prime Minister Narendra Modi met Australian Prime Minister Anthony Albanese on the sidelines of the India–Australia CEOs Forum in Melbourne on 9 July 2026. Source: PMO Gallery*

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by

V. S. Seshadri

Introduction

India's engagement on economic security issues with some of its strategic partner countries in the Indo Pacific received further stimulus during July 2026. This issue of Economic Security and Resilience Review (ESRR) captures the key outcomes from the visit of Japanese Prime Minister Sanae Takaichi to India from July 1-3, 2026 as also from the foreign visits by PM Narendra Modi to Indonesia, Australia and New Zealand that took place from July 6-11.

A key outcome of the discussions held between PM Narendra Modi and PM Takaichi was a Joint Declaration on Economic Security Cooperation that promoted project based collaboration and public private partnerships in five identified sectors - semiconductors, critical minerals, information and communication technology (ICT), clean energy and pharmaceuticals. This ESRR tracks some of the key projects identified in these areas. Other relevant outcomes included joint statements on energy resilience and on AI. It was further disclosed that since the bilateral summit in 2025, more than 120 B2B MoUs have been signed between the two countries 'companies amounting to an aggregate investment commitment of around USD 10 bn.

Two concrete moves were made during PM Modi's visit to Indonesia on strengthening cooperation in the areas of critical minerals and strategic metals. One was a tripartite MOU signed between Non-Ferrous Materials Technology Development Centre (NFTDC), Midwest Ltd, and PT PERMINAS on development of rare earth magnets. Another was a strategic joint venture announced between Steel Authority of India (SAIL) and Pt. Krakatau Steel for a Stainless-Steel Slab manufacturing facility in Indonesia that is rich in nickel.

During PM Modi's visit to minerals rich Australia, an important move made was the conclusion of an administrative arrangement for the supply of uranium from Australia to India that builds on the earlier agreement on civil nuclear cooperation signed between the two countries in 2014. Critical minerals and critical technologies were also focussed upon during the visit further strengthening the existing cooperation in these areas.

PM Modi's visit to New Zealand had its own significance considering that this was a visit by an Indian PM to that country after 40 years. New Zealand has also now been elevated as a strategic partner for India. Stronger economic cooperation between the countries can now be expected with the already concluded bilateral FTA due to come into force soon and New Zealand's commitment therein to make investments by their companies in India to the tune of USD 20 bn in 15 years time. Strengthened cooperation has also been decided upon during the visit on dairying and animal husbandry in which New Zealand is a market leader.

The India-EU Trade and Technology Council (TTC) meeting chaired at ministerial level was held in Brussels on July 15 following the holding of the first India-EU Business Forum meeting in India in June. Discernible progress was made this time with more concrete moves on each of TTC's three work strands - digital connectivity and strategic technologies, clean and green technologies, and trade, investment and resilient value chains - propelled also by the momentum following the conclusion of the India-EU FTA and the finalisation of a comprehensive bilateral strategic agenda till 2030.

On the domestic front, two important initiatives were announced during the month in promoting electronics manufacturing in the country. One was the Union Cabinet decision to launch Semicon 2.0 mission for the further development of India's semiconductor design and manufacturing ecosystem. Another was the grant of customs duty exemption on a number of capital goods and inputs used in electronics manufacturing.

India's energy and fertiliser security also received impetus during the month. A Phase-2 programme towards building India's strategic petroleum oil reserve will be implemented raising the reserve level of crude and petroleum oils in the country to around twenty days of domestic demand. A new fertiliser investment policy was also announced that would facilitate eight or nine more more urea plants being set up in the country. Third, a new deep sea oil and gas exploration policy was adopted by the Union Cabinet.

This issue of ESRR also carries details of outcome from the USTR's Section 301 investigations on 60 countries including India on grounds of alleged import of goods produced using forced labour. It also covers the announcement by President Trump on phased imposition of tariffs on generic pharmaceutical imports.

Finally the ESRR draws attention to the announcement by President Macron of France and Chancellor Merz of Germany regarding a joint roadmap being drawn up by the two countries on dealing with China's trade practices.

PM Takaichi's visit to India further deepens bilateral strategic ties

Prime Minister Sanae Takaichi paid an official visit to India from July 1-3, 2026 at the invitation of Prime Minister Narendra Modi for the 16th annual bilateral summit meeting. The two leaders held talks in New Delhi on July 2 and also addressed the India Japan Business Forum. Around 150 Japanese business leaders formed part of PM Takaichi's delegation.

Economic security and the importance of resilience were among the key themes that featured prominently during the discussions. The two PMs reiterated their grave concerns over the use of economic coercion and non-market policies and practices, including arbitrary export restrictions that may lead to supply chain disruptions particularly in critical minerals and critical industrial sectors, and price manipulation. They also underscored the importance of diversified, resilient and reliable global supply chains, a fair competitive global environment, and the need to avoid reliance on any one country. There was also, on the whole, a recognition that economic security interests were increasingly more and more intertwined with overall national security interests.

The Summit outcome documents included a Joint Declaration on Economic Security Cooperation, a Joint Statement each on Energy Resilience and AI cooperation, apart from the Summit's annual statement[1] itself.

Economic Security was emphasised in the joint declaration[2], as a foundational pillar of the bilateral Special Strategic and Global partnership that was also underpinned by mutual trust, shared values and aligned interests. Seeking to provide strategic and practical guidance the two sides committed to promote project based collaboration and public private partnerships in five identified sectors - semiconductors, critical minerals, information and communication technology (ICT), clean energy and pharmaceuticals - apart from also agreeing to promote such opportunities on critical and emerging technologies.

Among the more specific aspects in the five areas were the invitation to Japanese companies to participate in greater numbers in the recently approved India Semiconductor Mission 2.0, promoting greater technical cooperation between Geological Survey of India and Japan's JOGMEC in mineral exploration, establishing a landmark clean Ammonia plant in Odisha, expand the availability and use of biogas in India, and explore alternative supply chains in Active Pharmaceutical Ingredients (APIs) and Key Starting Materials (KSMs). An interesting Economic Security Fact Sheet[3] 2.0 that was released indicated a list of ongoing government and business engagements in each of these areas.

The joint statement on energy resilience inter alia mooted bilateral cooperation in the areas of strategic stockpiling ecosystem for crude oils and petroleum products, strengthening the voice of energy consuming countries internationally and maritime energy transport system. The two sides also decided to have more focussed

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[1] https://www.mea.gov.in/press-releases?dtl/41391
[2] https://www.mea.gov.in/bilateral-documents?dtl/41395/IndiaJapan_Joint_Declaration_on_Economic_Security_Cooperation
[3] https://www.mea.gov.in/bilateral-documents?dtl/41396/Fact_Sheet_20_IndiaJapan_Economic_Security_Cooperation

discussions on all these issues under the platform - India Japan Joint Working Group on Petroleum and Natural Gas - under the broader aegis of the India-Japan Energy Dialogue.

The two countries also announced a bilateral initiative on use of biogas. Japan will partner with India in setting up 1,000 biogas plants all across India by leveraging the vast network of dairy cooperatives that already exists in the country. These plants will produce bio-CNG and organic fertilisers.

The joint statement on AI reaffirms the convergence between the vision of the two countries on the future of AI - of safe, secure, and trustworthy AI that contributes to security and prosperity for all. It includes cooperation across the entire AI stack, from the necessary physical infrastructure to developing AI applications for public good. Some concrete cooperation proposals have also been signed between institutions and companies in the two countries . These include an MOU between IIT Bombay's BharatGen and Japan's National Institute of Informatics that will focus on multilingual scientific LLMs and enhanced scientific reasoning. Similarly, India's Sarvam AI and Japan's Preferred Networks have established a framework for cooperation across the full AI technology stack, including foundational models.

It was further revealed that since the bilateral summit in 2025 more than 120 B2B MoUs have been signed between the two countries' companies reflecting an aggregate investment commitment of around USD 10 bn. These included Japan's MUFG Bank taking the largest ever cross-border investment in India's financial sector with a Rs.40,000 crore stake in Shriram Finance, Sumitomo Chemical's collaboration with Tata Electronics on the local manufacturing of semiconductor materials, building on the already existing partnership between Tokyo Electron and Tata Electronics and the agreement between IHI Corporation of Japan and India's Acme Group to jointly produce 400,000 tons of green ammonia annually in Odisha with an investment of around Rs. 20,000 crores.

PM Modi's visits to Indonesia, Australia and New Zealand

Prime Minister Narendra Modi visited Indonesia, Australia and New Zealand from July 6-11, 2026. Coming soon after the Japanese PM's visit to India, they marked a month of bilateral summit meetings with several key partner countries in the Indo-Pacific. Each of them also carried outcomes of significant accretion to India's evolving cooperative initiatives with countries in the region geared to bolstering India's economic security.

Outcomes in Indonesia

In Indonesia two concrete moves were made on strengthening cooperation in the areas of critical minerals and strategic metals. One was a tripartite MOU signed between

Non-Ferrous Materials Technology Development Centre (NFTDC) which is under India's Ministry of Mines, Midwest Ltd, a vertically integrated Indian private mining company., and PT PERMINAS which is a state owned Indonesian organisation on development of rare earth magnets. Another was a strategic joint venture announced between Steel Authority of India (SAIL) and Pt. Krakatau Steel for establishment of Stainless-Steel Slab manufacturing facility in Indonesia.

It was also clarified that the agreement on rare earth magnet making was to take advantage of the heavy rare earths that are available in Indonesia. The project to be located in Indonesia, along with technology transfer from India, will enable making rare earth magnets in Indonesia for the global market. Similarly the proposed collaboration on stainless steel seeks to leverage the complementary strengths of the two companies. Indonesia possesses one of the world's largest reserves of nickel, a critical raw material for stainless steel production, while Steel Authority of India Limited brings more than five decades of expertise in steel manufacturing, project execution and the operation of large integrated steel plants.The project would contribute towards developing resilient supply chains and enhancing resource security that would inter alia help meet India's growing demand for stainless steel.

Apart from these two specific moves there was also an MOU signed between the two sides in the field of minerals and technology of steel supply chain. MOUs were also signed between respective agencies from the two sides on cooperation in respect of medical products regulation, agriculture and allied sectors, research and innovation and telecom technology and services. Another area in which work is ongoing including in terms of technology integration, and which may see operationalisation soon, is the integration of India's United Payments Interface (UPI) with Indonesia's payment system.

Outcomes in Australia

Advancing economic security was also a key focus[4] during the Australia visit when PM Modi held talks with Prime Minister Anthony Albanese and also had interactions with businesses from both countries.

Among the outcomes, an important move was the conclusion of an administrative arrangement for the supply of uranium from Australia to India that builds on the earlier agreement on civil nuclear cooperation signed between the two countries in 2014. This administrative arrangement now puts in place the necessary reporting and accounting steps in compliance with relevant IAEA safeguards. With this the entities

[4] https://www.mea.gov.in/bilateral documents?dtl/41426/Third_India__Australia_Annual_Summit_Joint_Statement

involved on both sides can proceed with concluding commercial contracts for uranium supply.

The two sides also decided to quickly progress towards concluding the Comprehensive Economic Cooperation Agreement (CECA) on which several rounds of negotiations have already taken place. They clearly want to enlarge further on the expansion seen already in bilateral trade by 55% since the India–Australia Economic Cooperation and Trade Agreement (ECTA) was signed in 2022

On critical minerals, the two PMs underscored the importance of partnerships between Indian and Australian government agencies, public and private companies and research institutions to promote investment, secure long-term supply and off-take arrangements, and support the development of processing and value-addition capabilities. The Leaders affirmed that transparent, secure and resilient supply chains are central to each other's economic security.

Another area that received attention was on critical technologies. The two sides agreed on a structured Australia-India Partnership on Cyber, Critical Technologies and Supply Chains (PACTS) that provides for enhancing cooperation under five inter related pillars - supply chain resilience and diversification, critical technologies, cyber security, digital resilience, and defence research. The Partnership will be chaired at a senior level by the Australian Deputy Secretary International and Security Group, Department of the Prime Minister and Cabinet and the Indian Deputy National Security Advisor. The Chairs will set the priority areas and identify opportunities for mutually beneficial cooperation.

The two sides further released a joint statement on energy security that inter alia saw them commit to support the continued flow of energy products towards further enhancing bilateral energy trade. Australia is an important supplier of coal and LNG to India and India in turn is an important supplier of refined petroleum products to Australia.

Outcomes from the New Zealand part of visit

Both PM Modi and PM Luxon of New Zealand decided[5] to elevate bilateral relations to that of a strategic partnership and the two sides also agreed on a roadmap in this regard upto 2030 comprising seven pillars. Of particular relevance to this report is what they agreed under the trade and economic cooperation pillar which is an aspirational goal to double the two-way trade in goods and services to NZ$ 7 bn (Rs. 35,000 crores). In this regard they also agreed to work together on next steps for the entry into force and effective implementation of the already concluded India-New

[5] https://www.mea.gov.in/bilateral-documents?dtl/41445/IndiaNew_Zealand_Joint_Statement_July_11_2026

Zealand FTA. Another identified action was to operationalise the 2025 Authorised Economic Operators Mutual Recognition Arrangement (AEO-MRA) under the aegis of the 2024 Customs Cooperation Arrangement (CCA) to simplify customs processes and facilitate trusted trade.

In his speech to the business community in Auckland on July 11 PM Modi referred to the investment commitment of USD 20 billion in India by New Zealand over the next fifteen years under the bilateral FTA. He said this reflected not only a commitment to investment but also a commitment to being a partner in India's growth journey. Thereafter the PM outlined the various opportunities available for investment in India and invited the New Zealand businesses to become part of the manufacturing momentum.

Among the various MOUs and cooperation agreements signed was also one on dairying, an area in which New Zealand is a market leader, between the Ministry of Fisheries, Animal Husbandry and Dairying of India and the Ministry of Primary Industries of New Zealand. This cooperation agreement created a framework for enhanced cooperation in animal husbandry and dairying through technical collaboration, knowledge exchange, and best practices.

Third meeting of the India-EU Trade and Technology Council

The third meeting of the India-EU Trade and Technology Council was held in Brussels on July 15, 2026 co-chaired on the EU side, by European Commission Executive Vice-President for Tech Sovereignty, Security and Democracy Henna Virkkunen, Commissioner for Trade and Economic Security Maroš Šefčovič and Commissioner for Startups, Research and Innovation Ekaterina Zaharieva. On the Indian side, it was co-chaired by External Affairs Minister Dr. S. Jaishankar, Commerce and Industry Minister Piyush Goyal, and Minister of State for Electronics and Information Technology Jitin Prasada.

The meeting acquired greater importance considering that it was the first meeting held after the announcement of the conclusion of the India-EU FTA and after it was also decided that the bilateral TTC would be further strengthened as per the decision taken at the 16th India-EU Summit held in New Delhi on January 27, 2026. The TTC was designated a key arm to overview the implementation of the strategic agenda and it was also decided to add a business dimension to it.

The meeting reviewed progress under the TTC's three work strands: digital connectivity and strategic technologies; clean and green technologies; and trade, investment and resilient value chains. In terms of specifics the two sides reached agreement on the following:

- Start formal negotiations on India's association with EU research and innovation programme Horizon Europe, with the aim of concluding before end 2026;
- Establish the first EU-India Innovation Hub on electric vehicle charging technologies and testing;
- Launch an EU-India Startup Partnership focused on deep tech clean technologies;
- Step up cooperation on semiconductors, high-performance computing, quantum technologies, artificial intelligence and 6G;
- Strengthen work on resilient value chains in agri-food, active pharmaceutical ingredients and clean energy technologies.

Additionally on digital and strategic technologies India and the EU agreed to deepen cooperation on artificial intelligence, exploring best practices for AI innovation. They committed to supporting the mobility of skilled ICT professionals, following the launch of the European Legal Gateway Office pilot in India in February 2026, as well as intensifying coordination on global standards, including on 6G. The two sides will also reflect on further collaboration in high-performance computing,.

On clean technologies, the parties also agreed to create a dedicated Innovation Hub on electric vehicle charging technologies and testing, and to launch a Deep-Tech Startup Partnership to support market access and commercialisation pathways for startups. The meeting took stock of joint research supported by € 60 million over four years, including projects on waste-to-hydrogen, marine pollution and electric vehicle battery recycling.

On trade, India and the EU confirmed their shared commitment to strengthening cooperation on resilient value chains in agri-food, active pharmaceutical ingredients and clean energy technologies. They further reaffirmed the importance of achieving concrete outcomes for industry on respective technical regulations.

Prior to the TTC meeting, the first India-EU Tech Business forum was held in New Delhi on June 4 under the TTC umbrella. Over 100 European and Indian tech companies took part in discussions on areas of advanced technologies including semiconductors, artificial intelligence (AI), cybersecurity, data governance and digital public infrastructure, focusing on how to boost private sector collaboration. Participants explored ways to strengthen interoperability, cooperate on standards, and facilitate market access, aiming to unlock new opportunities for businesses in both regions. The forum also emphasised the importance of co-creation across industry, research, and innovation ecosystems, marking the beginning of a more action-driven phase of TTC cooperation.

Government approves Semicon 2.0 scheme

Generated by the success of Semicon 1.0 the Union Cabinet gave its approval[6]for Semicon 2.0 for the further development of India's semiconductor design and manufacturing ecosystem with a budgetary outlay of Rs. 1,27,500 crores. This expansion is intended to holistically build the ecosystem under six different pillars - Design, Machines and Materials, setting up more fabs, further strengthening the ATMP/OSAT industry, R&D and talent development.

It needs also mentioning here that under the Semicon 1.0 scheme set up with an outlay of Rs. 1.64 lakh crores what has been accomplished are one Silicon fab, one Silicon Carbide fab, an integrated Gallium Nitride Micro LED Display Fab and nine (9) packaging units expected to cater to chip requirements of sectors such as consumer appliances, industrial electronics, automobiles, power electronics, telecommunications, aerospace, etc. Out of 12 approved proposals, three companies, Micron, Kaynes and CG Semi have started commercial production and one more is expected to start in 2026. In addition, 24 semiconductor design projects from start-ups and MSMEs have been approved for financial support, while 105 start-ups/MSMEs have been granted access to industry-standard Electronic Design Automation (EDA) tools.

Government exempts duty on certain capital goods and inputs used in electronic manufacturing

The Government of India has exempted[7] till March 2029 customs duty on 85 items that include capital goods for lithium-ion cell manufacturing and inputs used in the manufacture of display assemblies and inductor-coil modules for wireless charging in cellular mobile phones. The items exempted from customs duty include backlight units, frames, anisotropic conductive film, cathode and anode extrusion coating machines, powder dryers and slurry transfer systems. These exemptions were reported as intended to provide an impetus to domestic manufacturing of display assemblies used in the automotive, medical and industrial sectors.

Phase 2 of strategic petroleum reserve programme

The Minister of State for Petroleum and Natural Gas Suresh Gopi stated in Parliament[8] on July 23 that the second phase of the strategic petroleum reserve programme will be implemented at an estimated cost of Rs 14,527 crores under a public-private

[6] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2284796&reg=48&lang=2

[7] https://www.india-briefing.com/news/india-customs-duty-exemption-electronics-till-2029-45983.html/

[8] https://www.thehindu.com/business/Economy/india-plans-phase-2-of-strategic-petroleum-reserves-under-ppp-model-at-estimated-14527-crore/article71259198.ece

partnerships model with government viability gap funding capped at 60% of the total project cost. The Phase-II expansion will add 6.5 million tonnes of commercial-cum-strategic crude oil storage capacity through two facilities in Odisha (4 million tonnes) and Karnataka (2.5 million tonnes). Current SPR capacity level is only around 5.33 million tonnes estimated to meet nine and half days of domestic demand. These are however distinct from inventories maintained by refiners and fuel retailers that typically extend to over 60 days of consumption demand.

Union Cabinet approves a scheme to boost offshore exploration

The Union Cabinet approved[9] on July 31 an offshore exploration scheme called 'Samudra Manthan' aimed at unlocking India's offshore energy potential. It provides for seismic data acquisition, processing and interpretation, alongside accelerated deep water and ultra-deep water exploratory drilling. It further will support scientific drilling in frontier basins, the development of shared offshore production and evacuation infrastructure and the establishment of an integrated Oil & Gas manufacturing and Services Zone. The Government will provide financial support of up to 50% of the cost of drilling deepwater exploration wells, thereby reducing exploration risk, encouraging investment, and accelerating the development of India's offshore hydrocarbon potential.

The broad idea is to reduce geological uncertainty, derisk exploration and lay the foundation for future discoveries. Subject to exploration success, the government expects the Samudra Manthan scheme to increase India's domestic oil and gas production from around 62 million metric tonne equivalent (MMTOE) to 80 MMTOE annually and expand the country's hydrocarbon resource base from 1.6 billion TOE to 2.2 billion TOE.

Investment policy for setting up new urea factories

The Union Cabinet has also approved[10] a new investment policy aimed at promoting the setting up of new urea manufacturing factories that can help achieve self-sufficiency. The key changes incorporated to the earlier investment policy on urea includes the separation of fixed and variable costs for greater transparency, introduction of a viable Return on Equity (RoE) band with a floor at 12% and a ceiling at 16%, and mitigation of foreign exchange risk through conversion of fixed cost into INR after four years based on prevailing exchange rates. The expectation is there will be an addition of 8 to 9 gas based manufacturing plants under the new policy adding 10 million tonnes of fresh urea capacity. India's demand for urea is growing at around 5% annually and is projected to reach 40 million tonnes (mnt). In comparison, the country's current domestic urea production stands at about 30 mnt, leaving a

[9] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2292841&reg=48&lang=1
[10] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2284801&reg=6&lang=1

substantial gap between production and consumption. As per the Fertiliser Association of India the country currently imports approximately 26% of its annual urea requirement.

Trump administration imposes tariffs on 60 partner countries on forced labour grounds

The Office of USTR announced[11] on July 23 imposition of a 10% or 12.5% tariff on imports coming 60 trading partners except on some exempted products. Countries that have made commitments to adopt, and effectively enforce, forced labor import prohibitions will have a 10% tariff, and trading partners that have failed to adopt a forced labor import prohibition will have a 12.5% tariff rate.

Interestingly there is also a provision whereby the USTR can establish TRQs for Bangladesh, Cambodia, Indonesia, and Malaysia based on each of these economy's importation of US inputs.

The new rates are to become applicable immediately presumably to come in place of an interim tariff of 10% imposed by the administration in February this year following the US Supreme Court striking down the administration's reciprocal tariffs introduced last year under International Economic Emergency Powers Act.

For the 60 economies that the Office of USTR investigated the following are the ascribed different effective rates of duty:

EU and Taiwan: 10% or MFN tariff rate whichever is higher;

Japan, Republic of Korea or Switzerland : 12.5% or MFN rate whichever is higher;

Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, the United Kingdom, and Trinidad and Tobago : 10% plus applicable MFN tariff

All others investigated : 12.5% plus applicable MFN tariff.

The reduction of duty from 12.5% to 10% in India's case presumably was in response to an amendment in India's Foreign Trade Policy on July 14 that notified a prohibition on import of goods produced or manufactured using forced labour. Also, the 301 duty will not be applied on exempted products such as generic pharmaceuticals and smartphones. Similarly it will also not apply to products already subject to Section 232 measures which include steel, aluminium and auto parts. One estimation[12] is that these exempted items account for around 45% of India's exports to the US. In effect

[11] https://ustr.gov/sites/default/files/files/Press/Releases/2026/FLIP 301 Investigation Final Action FRN 7-23-26 FINAL.pdf
[12] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2289348&reg=3&lang=1

therefore the additional 10% duty will be applicably on only the remaining 55% of the goods.

The foregoing 301 action is however only on forced labour grounds. The outcome of the ongoing 301 investigations on account of alleged overcapacity is still unknown.

President Trump announces phased tariffs on generic drugs

President Trump said[13] on a Truth Social post on July 21 that all generic drugs being brought into the US will, starting from August 1, 2026, continue to face zero tariffs for two years but after that it will be raised to 100% for one year and to 200% thereafter. This is intended to pressure companies, both local and foreign, to build production facilities in America within the stated period of time. Already in the month of April the US administration has imposed[14] 100% tariff on branded pharmaceuticals imported into the US unless manufacturers agreed to government drug pricing deals or commit to making their products domestically.

AITIGA Review meetings held in New Delhi

The 13th meeting of the ASEAN-India Trade in Goods Agreement (AITIGA) Joint Committee (JC) meeting was hosted by India in New Delhi from July 6-10, 2026. Apart from the JC itself, meetings of three of the eight sub-committees - dealing with national treatment and market access, rules of origin and customs procedures and trade facilitation - were also held during this period. The JC Is reported[15] to have provided strategic guidance to the Sub-Committees in their respective areas of work and urged them to expedite the finalisation of the outstanding chapters under the AITIGA Review. To maintain the momentum of negotiations, the Sub-Committees were assigned time-bound deliverables and encouraged to work closely towards achieving tangible outcomes within the agreed timelines.

Franco-German roadmap for dealing with China

The German Chancellor Friedrich Merz has called for a dialogue with China over its monetary policy. During a speech he gave at the Adenauer School of Government at the University of Cologne on July 13, Merz argued that the European Union could not win against a competitor that artificially manipulates its currency. He was also quoted as saying, "We are now trying to steer the dialogue with China toward a solution ... an attempt to persuade China to allow its own currency to float freely, including in the context of competition in the capital markets”. Interestingly, only a month ago, at the

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[13] https://www.reuters.com/business/healthcare-pharmaceuticals/trump-says-generic-drugs-face-no-us-tariffs-2-years-before-rates-100-200-later-2026-07-21/

[14] https://www.whitehouse.gov/presidential-actions/2026/04/adjusting-imports-ofpharmaceuticals-and-pharmaceutical-ingredients-into-the-united-states/

[15] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2282336&reg=48&lang=1

EU leaders summit held in Brussels on June 18 Germany was among those countries that advocated a restraint when the summit was considering taking new and tougher measures to curb the growing trade deficit with China.

A few days later President Emmanuel Macron of France, while speaking at a joint press conference with Merz near Cologne after meetings between the French and German governments, said that "right now we are being shaken" by China's trade practices. Paris and Berlin want "to have a Franco-German roadmap on this issue by September,". Elaborating further he said "We are going to push again very strongly to reinforce the mandate given to the European Commission to move much faster on market investigations and on these instruments to protect our industries". Macron added. "We want to protect our companies and our industries. We've seen it in chemicals, we see it in machine tools, in the automotive sector and in many others".

Reacting to these statements the Chinese Foreign Ministry spokesman Lin Jian reportedly said "China is not the root cause of Europe's economic and trade difficulties, but a partner that can help solve them". Lin also reiterated that China-EU economic and trade differences should be resolved through dialogue, not confrontation, and called on France and Germany to play a constructive role in advancing mutual cooperation.

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