



Delhi Policy Group

Advancing India's Rise as a Leading Power



GLOBAL HORIZONS

JULY 2026

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Volume IV, Issue 7



Delhi Policy Group

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www.delhipolicygroup.org



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Cover Images:

1. Prime Minister Shri Narendra Modi and H.E. Ms. Sanae Takaichi, Prime Minister of Japan, addressed the India-Japan Joint Economic Forum in New Delhi on July 2, 2026. Source: [MEA Photo Gallery](#)
2. Prime Minister Shri Narendra Modi was conferred the 'Bintang Adipurna of the Republic of Indonesia' Medal of Honour by H.E. Mr. Prabowo Subianto, President of Indonesia in Jakarta. Source: [MEA Photo Gallery](#)
3. Prime Minister Shri Narendra Modi received a grand ceremonial welcome and Guard of Honour on July 9, 2026, at Government House Victoria in Melbourne, Australia. Source: [MEA Photo Gallery](#)

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by

Nalin Surie

It was, to say the least, an eventful month punctuated with the idiosyncrasies of the policies flowing from Washington that accentuated the problems, created or strengthened, since President Trump assumed office last year. These stretch across international security arrangements, energy supplies, international trade and the undermining of international law. The process of developing countries and US allies seeking new plurilateral arrangements to ensure their security and economic needs intensified, while maintaining the fig leaf of utilising and abiding by existing arrangements to the extent feasible. These efforts covered, inter alia, Europe, Japan, Canada, Australia, ROK, India, Indonesia, the Gulf nations and the Philippines. Multipolarity continued to gain salience. China held its cards close to its chest while strengthening its maritime coercion of Taiwan and absorbing the lessons of the wars in Ukraine and Iran. The US meantime signalled that cooperation with China remained a priority for the present.

The fiasco created by the US war against Iran persisted. The so-called MOU of June was, not unexpectedly, non-functional. Iran successfully militarised its control over the Strait of Hormuz notwithstanding massive US attacks during the month. These attacks were suddenly called off by President Trump at the beginning of August, who claimed that this was being done at the request of Saudi Arabia, UAE, Qatar and Iran. According to him, Iran badly and quickly wants a deal that will keep the Strait open and it will give up its quest for nuclear weapons. This has been claimed before too, but not transpired. Besides, the US was said to be running short of critical munitions. Additionally, Iran denied that it has sought talks or is in talks with the US.

Iran has also clearly demonstrated that it can and will if necessary target US bases in the GCC countries, including Jordan, and their oil and gas facilities and infrastructure. The Gulf countries have evidently drawn the conclusion that the US can no longer effectively guarantee their security, and are expediting construction of facilities for shipping their energy supplies by avoiding the Strait. The alternative route via the Strait of Bab al-Mandap could face a Houthi threat. To manage this, Saudi Arabia established on July 30 a Multinational Maritime Defence Alliance with 14 founding nations namely Saudi Arabia, Bahrain, Bangladesh, Comoros, Djibouti, Egypt, Jordan, Kuwait, Sudan, Pakistan, Qatar, Somalia, Turkey and Yemen.

On the Iran war outcome, according to a former NATO Supreme Allied Commander General Wesley Clark in an interview to Piers Morgan on YouTube, the real thinking

in Washington is that success in this war and keeping the Strait open has become existential for American global power. Stopping is not an option for the US as that would damage American deterrence, weaken influence in Asia and undermine the security of Europe in one stroke. An MOU worse than the last one would signal American weakness to every rival watching.

It remains to be seen how the mercurial US Administration will cover its losses or whether it will again use its military power to try and impose a settlement on Iran. The latter, though, does not seem to be perturbed by the constant repetition of US threats to resume attacks. In the meanwhile, countries like India and others in the Global South will continue to pay a heavy developmental price for no fault of their own.

Irrespective, post the end of the war in Iran, the security and economic equations in the critical Gulf region will undoubtedly witness major reconfiguration. India can and should be a major partner in this process, that seems to be the intention if one assesses the recent and earlier high level engagement with the regional countries. The most recent example was the visits by EAM Jaishankar to Qatar, Bahrain, Kuwait and Oman in early July.

The war in Ukraine continued to drag on with no real appetite on the part of the US to bring it to an end. Trump's promise of Patriot missiles to Zelenskyy on the sidelines of the NATO Summit in Ankara, July 7-8 was inexplicably withdrawn later in the month. Ukraine is suffering for want of missile defence. Russia continued to attack civilian and other targets across Ukraine, including in Kiev, causing serious death and destruction. At the same time, reports suggest that Russia was unable to make any real territorial gains. On the other hand, Ukraine effectively utilised its drones etc to take the war to the heart of Russia, including Moscow. Russian oil refineries and consumer supply infrastructure were also successfully targeted, along with the dark fleet in the Crimea. The intention is for the Russian population to also feel the pain that Ukrainian civilians have been enduring for over four years now.

For the moment, the US has taken its eye off the Ukraine war and is focusing on Iran. US failure in Iran will reduce its ability to pressure President Putin on settling the Ukraine war. The onus on Europe to further assist Ukraine will grow. The EU adopted its 21st sanctions package on Russia on July 23 encompassing energy, financial services and crypto, tighter export controls on 51 entities. But without the US, Ukraine may not get the minimum deal it seeks.

The NATO Summit was held in Ankara on July 7-8. A minimalist six para Summit Declaration was issued that reaffirmed the commitment to collective defence under Article 5. The focus was on the role and activities of European allies and Canada going forward, including on enhancing their defence production and support to Ukraine.

President Trump did not disrupt the Summit, but spoke of Greenland without pushing the issue and lashed out at Spain and others for not supporting US operations against Iran.

NATO remains alive because the European allies need it at the current juncture and may still need the US nuclear umbrella once the European Defence and Security Identity becomes operational. Unless of course they do a deal with Russia. The US will continue to need NATO if it wants to retain influence and power in Eurasia. If the transactional approach of the Trump Administration persists post 2028 and the wars in Ukraine and Iran are not satisfactorily resolved, NATO may soon find itself past its use by date.

There was, arguably, some success for the Trump Administration on Gaza when on July 30 the Board of Peace announced that an agreement had been reached (worked out by Egypt, Turkey, Qatar and US) for the phased and complete disarmament of Hamas and other armed groups in Gaza. However, Israel has so far withheld endorsement of the full framework, suggesting that complete demilitarisation must take place before any real Israeli troop pullback can happen. It remains to be seen how much pressure the US will put on Israel for this framework to be implemented.

In the meanwhile, violence and encroachment by Israeli settlers continued in the West Bank. Additionally, during the month, the Israeli war cabinet approved over USD 430 million to establish 34 new settlements in the West Bank.

In the ongoing civil war in Sudan, the SAF announced that by late July it had regained control of the road connecting Khartoum to El-Obeid, broken the RSF siege of that city, and also retaken El-Gitaina. This was an important development for the SAF and could enable it to move towards West Kordofan to further consolidate the territory it controls. However, the RSF remains a potent force and the humanitarian situation in Sudan remained dire.

China conducted a SLBM Test on July 06 into the Pacific Ocean (its first test in international waters was in 2024, of a land based DF-31ICBM, also into the Pacific.) It reportedly carried a simulated non-nuclear training warhead over approximately 7,300 kms. and coincided with the start of its annual joint naval exercise with Russia. The launch marked an aggressive demonstration of capability on the eve of the PLAs 99th anniversary and Xi's planned visit to the US in September.

On the eve of the PLA's 99th anniversary, at a study session of the Politburo, Xi Jinping underlined the imperative of upholding and strengthening the Party's absolute leadership of the armed forces and enhancing political loyalty in the military in the so called new era. This is important in the context of the many high level purges in the PLA in recent months.

Xi also stressed that combat capabilities remain the ultimate objective and testing criteria for promoting the high-quality modernisation of national defence and the armed forces. He also called for enhancing military application of unmanned, intelligent technologies and advancing the development and application of the network information system to establish an intelligent military system. This identification of priorities is important and will need to be factored in by India's armed forces.

At its meeting on July 30, the Politburo also announced that the fifth session of the 20th CPC central committee will be held in October. The main agenda of the session will be to study major issues on advancing the Party's full and rigorous self governance. This has been proposed since the latter faces new circumstances and challenges amid profound changes in the international and domestic environments and in the conditions that the Party faces. Rumbblings within the Party undoubtedly need to be addressed.

In a wholly undisguised leadership move on a critical issue, Xi Jinping announced the creation, at the 2026 World AI Conference in Shanghai on July 17, of the World Artificial Intelligence Cooperation Organisation (WAICO) to help build a just and equitable system for global AI governance. Unsurprisingly, he linked it to his Global Governance Initiative and described the establishment of the organisation as a major move by China to answer the call of the Global South and for the international community to promote AI development and governance. China is to extend training opportunities, organise seminars and develop cooperation centres on AI with ASEAN, the African Union, SCO, BRICS, the League of Arab States and the Community of Latin American and Caribbean States. Chinese advances in AI are second only to those of the US.

Xi referred to four questions that must be addressed with respect to AI. How to get along with thinking machines? How to ensure security when an algorithm is part of decision-making? How to tackle ethical challenges by technologies through adaptive governance? And, how to realise AI for all when the divide keeps widening? To address these questions, he proposed, inter alia that all countries should adhere to the principle of openness, strengthen risk awareness and ensure that AI is secure, controllable and under human control, while opposing overstretching the national security concept in the field of AI and placing one country's security (i.e., the US) over that of others.

China is clearly preparing to challenge the United States and its allies on control over AI and agenda setting going forward. This is amongst the principal challenges facing the international community in the near future and may figure in the Trump-Xi talks in September. The intention also is to shape the agenda for international cooperation

on this issue and rope in the Global South. How far the Chinese move will gain traction remains to be seen, but it will probably be vigorously pursued. The reaction of the US and EU will in particular bear close scrutiny.

It was a busy month for India's foreign policy as the government continued with efforts to systematically respond, in a strategic and cohesive manner, to the sharply changed international political, economic and security environment and the war in Iran. Partnerships are being strengthened, fresh opportunities for cooperation identified, new ones established and secure supply chains and markets being explored and put in place. Partners who were earlier reluctant to move ahead in a determined manner and at a rapid pace are now more forthcoming for similar reasons.

The visits by EAM Jaishankar to the Gulf have to be seen in the above context. So too his subsequent visit to Brussels for the Third meeting of the India-EU Trade and Technology Council, where in addition to assessing the work of the three Working Groups, it was agreed to explore the establishment of a dedicated platform to work towards developing sector specific industrial clusters in strategic value chains, establish a Deep Tech start-up partnership, and explore the need to place greater emphasis on industrial partnerships and skills development within the TTC framework.

Jaishankar's visit to Manila, on July 22-23, to participate in Foreign Minister level meetings under the ASEAN framework also acquired special importance, for it was intended to further strengthen the India-ASEAN Comprehensive Strategic Partnership. 2026 is the ASEAN-India Year of Maritime Cooperation. Jaishankar called for India and ASEAN to together navigate the world which is in transition and would help keep the world safe and steady.

The QUAD Foreign Ministers also met on the occasion and issued a joint press release on cooperation with ASEAN on maritime and national security, economic prosperity and security, critical energy and emerging technologies, and humanitarian assistance & emergency response. The ministers reiterated that peace and stability in the Indo Pacific maritime domain underpins the security and prosperity of the region. This signalling would not have been lost on the participants at the ASEAN meetings, including China.

Perhaps even more significant were the visits by PM Takaechi of Japan to India on July 1-3 for the 16th Annual Summit, and PM Modi's visits to Indonesia, Australia and New Zealand, from July 6-11. These were all substantive visits with important outcomes.

Following the Takaechi visit, India and Japan inter alia, issued an important Joint Statement and a Joint Declaration on Economic Security; a Joint Statement on cooperation in AI; and a Joint Statement on Energy Resilience. Another 13 documents

covered Cooperative Biogas for Growth initiative, cooperation in the field of batteries, pharmaceuticals & medical devices, geology & mineral exploration, next generation mobility etc.

The joint statement issued identified three priority areas for advancing cooperation. These are: defence and security; economic partnership, including economic security, energy resilience, technology and innovation; & P2P exchanges.

The Takaechi visit built on PM Modi's visit to Japan for the 15th Annual Summit. In his briefing on the visit, India's Foreign Secretary noted that both leaders recognised that this is a relationship of exceptional trust. He conveyed that the substantial outcomes from the visit can be categorised under three crucial areas, namely, economic security, energy resilience and technology & innovation. He further noted that the strategic convergence reflected in the joint statement is backed by very robust institutional links that were finalised during the visit. The visit was described as having been extremely successful.

Likewise, PM Modi's outgoing visit to Indonesia was both substantive and successful. He was received with great courtesy and warmth. The visit built on the discussions and understandings arrived at when President Prabowo visited India as chief guest at India's Republic Day, January 26, 2025.

PM Modi stated that the growing trust between India and Indonesia is enabling strengthening of cooperation in the defence, security and maritime domains. The two sides, he noted, had agreed to further enhance collaboration in defence exchanges, disaster management and industrial cooperation. The coastguards of the two countries will work together to enhance maritime safety and security in the Indian Ocean, and cooperation will be deepened in the Blue Economy, port development and maritime trade. It has also been agreed to strengthen technology cooperation in AI, telecommunications and DPI. IIM Bangalore will establish an overseas campus in Indonesia. Supply chain resilience in critical minerals and steel will be strengthened.

A detailed Joint Statement was issued encompassing cooperation on political issues, defense and maritime, CT and security, economic and trade, health/pharma/food & energy security, infrastructure & connectivity, biodiversity conservation & sustainable development, S&T/space including critical and emerging technologies, culture/tourism & p2p exchanges, and regional and multilateral cooperation. Twenty MOUs, announcements etc. were part of the outcomes. It is anticipated that the implementation of agreements arrived at will also enable a substantial boost to bilateral trade and investment, which is below par.

There is to be cooperation on India's Brahmos missile system and air to air missiles. This will reportedly be progressed by the respective defense industries.

Indonesia expressed interest in the Great Nicobar Island project and India evinced interest in the development of Sabang port. These discussions will no doubt be followed up to ascertain feasible areas of cooperation.

In Australia too, PM Modi was received with great warmth and dignity. Outcomes again were substantive. A 28 para long joint statement was issued to reflect the outcomes of the Third India-Australia Annual Summit. It encompasses defence and maritime security cooperation; economic security and prosperity; energy/space/climate/technology cooperation; education/skills/p2p links; and a peaceful, stable and prosperous Indo-Pacific. Joint statements were also issued on energy security (including export of Australian uranium to India); partnership on cyber, critical technologies & supply chains; and on defense & security cooperation. A maritime security road map was also adopted. There were another 15 outcomes on various issues of common interest.

The visit to New Zealand was the first by an Indian PM in 40 years. The relationship was upgraded to a Strategic Partnership. Trade is to be doubled by 2030. The need for early implementation of the bilateral FTA was underscored.

A joint statement was issued and a Strategic Partnership Roadmap to 2030 adopted that includes defence and security cooperation. The focus, understandably, is on maritime issues. Over 15 other useful outcomes were arrived at.

The visit filled an important gap in India's relations with a distant maritime neighbour with which we are joined by cricketing, Commonwealth and of late diaspora and educational linkages.

India's external activities during the month were substantive. These are with old partners, many of them West oriented, but the drastic changes in international relations in recent years have made them all realise the need for more substantive interactions with old but less favoured partners like India. The onus, though, is on all sides to ensure that this rediscovery of mutual benefit and need to de-risk is successfully put to mutual benefit. This will require fresh, less dogmatic responses from all.

August has begun on a challenging note, for countries like India and the Global South in particular. This calls for greater good faith collaboration between US allies and nations of the Global South.



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