



Delhi Policy Group

Advancing India's Rise as a Leading Power



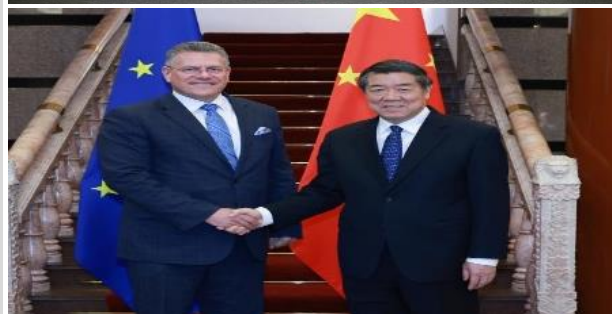
ECONOMIC SECURITY AND RESILIENCE REVIEW

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Author

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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 is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

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Cover Images:

Indian Commerce Minister Piyush Goyal met US Trade Representative Jamieson Greer to discuss a mutually beneficial Bilateral Trade Agreement in Washington D.C., on March 14, 2025. Source: [X/@PiyushGoyal](#)

Minister of Trade, Industry and Energy of the Republic of Korea Ahn Dukgeun poses for photos with Japanese Minister of Economy, Trade and Industry Yoji Muto and Chinese Minister of Commerce Wang Wentao at the 13th Meeting of Economic and Trade Ministers of the three countries at the Korea Chamber of Commerce and Industry in Seoul's Jung-gu District, on March 30, 2025. Source: [X/@MOTIEKoreaEng](#)

European Commissioner for Trade and Economic Security Maroš Šefčovič met Chinese vice Premier He Lifeng, in Beijing, on March 27, 2025. Source: [European Commission](#)

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Economic Security and Resilience Review

by

V. S. Seshadri

Introduction

Uncertainty prevailed in the trading world over much of the month of March, 2025. The global tariffs of 25% on steel and aluminium imposed by the Trump Administration that came into force on March 12, followed by the announcement of tariffs on automobiles and auto parts on March 28, came as a blow to all exporting nations, even as the world awaited the announcement of 'reciprocal tariffs' on April 2 under President Trump's Reciprocal Tariff Plan.

This issue opens with the trade policy agenda for 2025 put out by the USTR Jamieson Greer on March 3, setting out the thinking behind President Trump's America First trade policy. Reciprocity and rebalancing of trade were highlighted, as against the prevailing concepts of comparative advantage and trade efficiency.

The Review then goes onto list the trade actions taken by the Trump administration in March 2025, including secondary sanctions on countries importing Venezuelan oil. While some economies like Canada, China and the European Union have retaliated on certain of the trade actions taken by the US, other countries are maintaining a wait and watch stance.

Some of the major trading nations have also been consulting amongst themselves on how to deal with the evolving trade uncertainty, while examining a reset of their trade relationships. The trade ministers of China, Japan and South Korea met in Seoul on March 30. The EU Commissioner for Trade and Economic Security, Maroš Šefčovič, held meetings in Beijing with his Chinese counterparts. President Xi Jinping met some 40 global CEOs to assure them that China will uphold "true multilateralism" and remain a promising destination for investors.

External Affairs Minister, Dr. S. Jaishankar, in his remarks at the Raisina Dialogue in New Delhi, dwelt on a possible pathway for India in navigating the growing weaponisation of trade that has been underway for over a decade. He underlined the importance of staying on the "right side of the weapon so you don't get hit" and finding more trustworthy partners that present fewer risks.

There were intensive discussions on trade between India and the US during the month, as a follow-up to PM Modi's summit meeting with President Trump last month. Commerce and Industry Minister Piyush Goyal visited Washington from March 4-6, and US Assistant USTR Brendan Lynch visited New Delhi from March 26-29. What resulted was a broad understanding of the next steps towards finalisation of the first tranche of a Bilateral Trade Agreement by the fall season this year. It appeared that India will likely be hit with 'reciprocal tariffs' to be announced by the US on April 2.

On the FTA front, some progress was made at the tenth round of the India-EU FTA negotiations held in Brussels from March 10-15, 2025. The decision to relaunch FTA negotiations with New Zealand was another development.

Finally, this issue covers developments related to India's industrial progress and infrastructure development. These included the Union Cabinet's approval for a PLI scheme on electronic component manufacturing, passage of legislation for oil and gas exploration, and the signing of separate deals by Indian telecom majors Bharti Airtel and Reliance Jio to bring Elon Musk's SpaceX satellite connectivity to India.

USTR lays out the Trade Agenda for 2025

In a brief 5-page document¹, USTR Jamieson Greer laid out the 'President's 2025 Trade Policy Agenda' on March 3, 2025 which sets out the thinking and vision behind 'The America First' Trade Policy announced by President Trump on January 20. It lays stress on making America a production and manufacturing economy and reshoring; underlines rebalancing of trade and the need for trade to be largely reciprocal; and calls for investigating the causes of the trade deficit, identifying unfair trade practices, and using leverage to open new markets for US exports.

The agenda calls for a rebalanced trade policy that prioritizes American interests, focusing on a production-based economy to increase manufacturing jobs and the share of manufacturing in the gross domestic product (GDP). It further underscores the importance of reviewing existing trade agreements to ensure they operate in the national interest, and in which third countries should not be permitted to free ride on US's trade agreements with other trading partners. Balancing trade as opposed to trade efficiency is a concept

¹<https://ustr.gov/sites/default/files/files/reports/2025/President%20Trump's%202025%20Trade%20Policy%20Agenda.pdf>

that had also been proposed by Robert Lighthizer, who was USTR under the previous Trump administration.

On China, the trade agenda recalls the Phase-1 agreement reached with China in January 2020, largely based on investigations on China's IPR and technology transfer practices, and notes that no action has been taken to enforce the agreement where China has not lived up to its commitments. Stating further that technology and IP-intensive sectors are hardly the only ones that were threatened by China's non-market behavior, the agenda affirms that the USTR will look broadly at the bilateral relationship to identify, and respond to, additional unfair practices. Moreover, the USTR is to assess the recent legislative proposals in the US Congress related to China's Permanent Normal Trade Relation (PNTR) status and "make recommendations regarding any proposed changes to such legislative proposals."

The report also has a five year assessment about WTO that is quite critical of its working. By focusing on rebalancing trade agreements, enforcing existing commitments, and advocating meaningful reforms within the WTO, the Trump administration aims to create a new global trading environment.

Trade Actions by the US Trump administration

The following trade actions were taken by the Trump administration during the month that could have a significant bearing on India's exports.

Tariff on imports of steel and aluminium

Imposition of tariff of 25% on US imports of steel and aluminium items from all sources without exception came into force on March 12, 2025.

Secondary sanctions on countries importing Venezuelan oil

Under the International Emergency Economic Powers Act, President Trump issued an Executive Order² on March 24, 2025 levying a 25% tariff on all goods imported into the US from any country that imports Venezuelan oil, whether directly from Venezuela or indirectly through third parties, on or after April 2, 2025.

² <https://www.whitehouse.gov/presidential-actions/2025/03/imposing-tariffs-on-countries-importing-venezuelan-oil/>

President Trump also has threatened to hit buyers of Russian oil as a way of pressuring Russia if he believes Russia was blocking his efforts to end the war in Ukraine.

Tariffs on Autos and Auto parts

President Trump issued a proclamation³ on March 26, 2025 invoking Section 232 of the Trade Expansion Act of the US to impose a 25% tariff on imports of automobiles and auto parts on grounds of their imports posing a critical threat to national security (similar to the reason for tariffs imposed on steel and aluminium items). The tariff will be applicable on imported passenger vehicles (sedans, SUVs, cross-overs, mini-vans, cargo vans) and light trucks as well as key auto parts (engines, transmissions, powertrain parts and electronic components), with processes to expand tariffs on additional parts as necessary.

While the new tariff goes into effect on April 2, 2025, when the precise customs codes of the affected items are expected to be spelt out, the tariff collection itself will start on the following day. Imports of autos from Canada and Mexico, the only two countries accorded some exemption, will face 25% tariff only on their non-US content for imports under the USMCA. Additionally USMCA compliant auto parts will remain tariff free until a process is established to apply tariffs to their non-US content.

Some countries retaliate while others hold back

Certain countries/economies like Canada, China and the EU have announced retaliatory tariffs on some of the tariff measures, but certain others like Mexico, the UK, Japan, South Korea and Brazil as well as India are following a more cautious, wait and watch, approach. There have also been instances of Canada and the EU sliding back somewhat on specific retaliatory moves, such as the Ontario province move on certain electricity exports to some US states or the EU's move to impose duties on bourbon whiskey, when President Trump has threatened them with counter retaliations.

Allies and friendly partners of the US have also made attempts to negotiate concessions with the US, sign oil and minerals deals, or made promises of investments in the US, with a view to getting exempted from application of 'reciprocal duties' under President Trump's 'Reciprocal Tariff Plan'.

³ <https://www.whitehouse.gov/presidential-actions/2025/03/adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states/>

A clearer picture on all this may emerge only after the scheduled announcement of the reciprocal tariffs by the Trump administration on April 2. This is particularly so since reports continue to indicate that the administration is still in the process of deciding on a methodology for framing the tariff reciprocity aspect, while keeping in mind the need for it to be easily implementable.

EU Trade Commissioner Visits China

The EU Commissioner for Trade and Economic Security, Maroš Šefčovič, visited China⁴ from March 26-28, 2025, this being the first visit by a representative of the new EU College of Commissioners to China. He had meetings with Vice Premier He Lifeng, Minister of Commerce Wang Wentao, and Minister for Customs Sun Meijung on how to improve and rebalance EU-China trade and investment relations.

An EU Commission read-out about the discussions stated that they covered long standing systemic issues, the need to level the playing field for European companies on the Chinese market, a number of key market access issues, as well as investments in electric vehicles supply chain. The EU regards the trade relations as unbalanced and notes that the trade deficit has been widening over the decade due to illegal Chinese subsidies. China's Commerce Ministry described the meeting as a frank and pragmatic exchange of views.

Commissioner Šefčovič and Minister Wang agreed to closely follow up on their discussions through regular contact to ensure adequate progress on all discussed areas, including the key market access issues raised by the EU. They also agreed to have a dialogue covering all trade and investment issues related to the electric vehicles supply chain, in order to ensure they provide greater contribution to long-term European competitiveness and quality jobs. Commissioner Šefčovič and Minister Sun agreed to set up a working group on agri-food market access, and to look into a potential roadmap for the revision of the 2024 EU-China Customs Cooperation and Mutual Assistance Agreement.

Meeting of trade ministers of China, Japan and Republic of Korea

At a time of global uncertainty regarding the international trading environment, and also just a few days before the announcement of 'reciprocal tariffs' by the US Trump administration, the Economic and Trade Ministers of

⁴ https://ec.europa.eu/commission/presscorner/detail/en/read_25_923

South Korea, China and Japan met in Seoul for their thirteenth meeting on March 30, 2025. In their joint statement⁵ they addressed several issues including recognising the need for ongoing trilateral economic and trade cooperation to effectively address emerging challenges and achieve tangible outcomes in key areas. They agreed to continue to work to ensure a global level playing field to foster a free, open, fair, non-discriminatory, transparent, inclusive and predictable trade and investment environment.

The Ministers also talked of speeding up negotiations for a Trilateral FTA with a view to realizing a free, fair, comprehensive, high-quality and mutually beneficial FTA with its own value. They further expressed their commitment to ensuring stable supplies for enhancing cooperation on supply chains.

As for regional and multilateral initiatives, they accorded importance to the transparent, smooth and effective implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement. In regard to the WTO, they supported the rule based multilateral trading system with the WTO at its core and emphasized the need to advance the necessary reform and strengthen all its functions, including negotiation, monitoring, deliberation and dispute settlement so that the organization can become more responsive and resilient in addressing current trade challenges. They also expressed their support for the ongoing plurilateral discussions at the WTO.

Chinese President Xi Jinping meets with international business leaders

President Xi Jinping of China met with more than 40 leaders of the international business community in Beijing on March 28, 2025. These included the President of FedEx, Chairman of the Mercedes Group, CEO of Sanofi Group, Chief Executive of HSBC Holdings, Executive Chairman of Hitachi, President of SK Hynix, and the President of Saudi Aramco.

The purpose of the meeting was reportedly⁶ to convey the message that China has been and will remain an ideal, secure, and promising destination for foreign investors, and that investing in China is investing in the future. He conveyed that China was advancing high-standard opening up and taking solid steps to expand institutional opening up, such as that of rules, regulations, management, and standards. He assured the business leaders that China's door

⁵ <https://www.korea.net/Government/Briefing-Room/Press-Releases/view?articleId=7931&type=O&insttCode=>

⁶ <https://english.news.cn/20250329/ffae17d0f1414955829448293d2a4c9e/c.html>

will only open wider. The policy of welcoming foreign investment has not changed and will not change.

President Xi reportedly conveyed to the business leaders that the third plenum of the 20th CPC Central Committee made a road map and timetable for further reforming the regulatory framework for inbound and outbound investment. China will open up wider by focusing on lowering the threshold of market access, ensure equal national treatment for foreign businesses and uphold fair market competition. He also assured that China will strengthen communication with foreign businesses, provide as much convenience as possible for them to trade and invest in China, and protect the legitimate rights and interests of foreign businesses in accordance with law. He affirmed that China upholds true multilateralism, promotes universally beneficial and inclusive economic globalization, actively participates in global economic governance, and is committed to building an open world economy.

EAM Jaishankar addresses trade and economic security issues

India's Minister for External Affairs, Dr. S. Jaishankar, dwelt upon the increasing resort to weaponisation of trade at the Raisina Dialogue on May 19, 2025 while making his remarks⁷ at a session on 'Commisars and Capitalists: Politics, Business and the New World Order'. He noted that tariffs, sanctions and export controls were a reality and all countries use them. However, the last decade had seen a much greater weaponisation of pretty much any kind of economic activity. In this reality, each country is fighting for its comprehensive economic power to which business makes an important contribution.

Dr. Jaishankar also pointed to several ways of dealing with the weaponisation of trade, including staying on the 'right side of the weapon so you don't get hit' and finding more trustworthy partners that present fewer risks. He added that the world today makes business decisions factoring in national security in a manner in which it did not do so before, especially in the digital era. Resilience, reliability, trust and transparency are being increasingly referenced in this regard.

Dr. Jaishankar further noted that India was engaged in negotiations on trade deals with the UK, the EU and the US as these are the country's growth markets and technology and connectivity partners, as well as regions where Indians travel for education and tourism.

⁷ <https://www.hindustantimes.com/india-news/raisina-dialogue-s-jaishankar-expresses-concern-over-weaponisationoftrade-101742385051398.html>

India-US Discussions on Trade Issues

The month witnessed intensive bilateral discussions on trade related matters between India and the US, with the Commerce and Industry Minister Piyush Goyal visiting Washington DC from March 4-6, 2025 and the Assistant USTR Brendan Lynch holding discussions in New Delhi from March 26-29, 2025.

During the visit of CIM Piyush Goyal to Washington, D.C. from 4-6 March 2025, he met his US counterparts – US Trade Representative Jamieson Greer and Commerce Secretary Howard Lutnick. The two sides also held video conferences thereafter.

These were followed by more detailed discussions with the US team led by Assistant USTR Lynch in Delhi, which ended with a 'broad understanding' of the next steps towards the finalisation of the first tranche of a bilateral multi-sector trade agreement by the coming fall season. It was also mentioned that sectoral expert-level engagements will begin virtually in the coming weeks, paving the way for an early in-person negotiating round. The Press Release issued⁸ further noted that these discussions have led to a productive exchange of views on deepening bilateral cooperation in priority areas including increasing market access, reducing tariff and non-tariff barriers and deepening supply chain integration in a mutually beneficial manner.

The discussions, however, provided no indication if the reciprocal tariffs that the US is working on under its 'Reciprocal Tariff Plan' would exempt India. President Trump's public statements have also conveyed mixed signals. On the one hand he has pointed to India's readiness to bring down its tariffs and stated that the discussions between the two countries were progressing well. At the same time, he has continued to characterise India as one of the highest tariffing nations.

Already, the 25 % tariffs on steel and aluminium by the US effective 12 March could affect around US\$ 5 bn of India's exports. Similarly, the 25 % tariffs on autos and auto parts, which will come into force from April 3 onwards, could hurt the prospects of India's exports to the US market of these items, currently estimated at around US\$ 7 bn (as per the estimates of Auto component Manufacturers Association - ACMA).

India has nevertheless tried to reduce some of the sore points flagged by US companies in its tariff and regulatory ecosystem. Apart from the reduction in duties in respect of certain items of commercial interest to the US in the Union

⁸ <https://pib.gov.in/PressReleasePage.aspx?PRID=2116613>

Budget for 2025-26 (covered in ESRR - February 2025), the amended Finance Bill that has since been adopted by the Parliament also eliminates the 6% equalisation levy on online advertisements that was affecting major US tech firms including Google, Meta and Amazon.

Tenth round of India-EU FTA negotiations

The tenth round of India-EU FTA negotiations took place in Brussels from March 10-15, 2025. This was the first round held after the visit of the College of Commissioners from the EU to India, during which Prime Minister Modi and EU Commission President von der Layen had jointly announced that both sides will aim to conclude the agreement by the end of 2025. As per a report from the EU Commission,⁹ all the negotiating groups met, with all core areas of the FTA receiving particular focus, including market access. Sector-specific sessions also took place for the first time, such as on automotives and medical devices. The next round is slated to take place in Delhi during the week beginning May 5, 2025.

As per the EU report, good progress was made on chapters dealing with SPS measures, sustainable development, customs and trade facilitation, intellectual property and dispute settlement. On the other hand, progress appeared limited in areas like market access, technical barriers to trade, rules of origin and government procurement.

India-New Zealand FTA negotiations revived

Promoting bilateral trade and investment was a key outcome in the joint statement issued¹⁰ during the visit of the New Zealand Prime Minister Christopher Luxon to India from March 16-20, 2025. The two Prime Ministers welcomed the re-launch of FTA negotiations for a balanced, ambitious, comprehensive, and mutually beneficial trade agreement to achieve deeper economic integration. They also agreed to designate senior representatives to steer these negotiations to resolution as soon as reasonably possible. Within the context of FTA negotiations, the leaders further agreed to discussions between respective authorities on both sides to explore early implementation of cooperation in the digital payments sector. It may be recalled that trade negotiations between the two countries had initially begun in 2010 but stalled after ten rounds in 2015 over disagreements on certain issues. That the two

⁹ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/836e1345-eda1-431b-82ff-f55d8b47ad14/details?download=true>

¹⁰ <https://www.mea.gov.in/bilateral-documents.htm?dtl/39197#:~:text=The%20Prime%20Ministers%20recognised%20that,based%20international%20order%20is%20upheld.>

countries were simultaneously involved in the RCEP negotiations, which India later exited, may have also contributed to what may have happened then.

Union Cabinet approves electronic component manufacturing scheme

To give a further boost to electronic manufacturing and to consolidate further the success of mobile phone making in India, the Union Cabinet approved¹¹ on March 28, 2025, a production-linked incentive scheme for attracting large investments (both global and domestic) in electronic component manufacturing ecosystem in the country. This will increase domestic value addition by developing capacity and capabilities and integrate Indian companies with global value chains. The targeted segments for investments include display model and camera module sub-assemblies, bare components like multi-layer PCBs, Li-ion cells for digital applications and capital equipment for electronics manufacturing.

The scheme, involving a subsidy funding of Rs. 23,000 crores, expects to attract investments of Rs. 59,350 crores, result in a production of Rs. 4,56,500 crores and generate direct employment of 91,600 persons and many more indirect jobs.

New legislation passed for oil and gas exploration sector

The Lok Sabha passed¹² the Oilfield (Regulatory and Development) Amendment Bill, 2024 on March 12, 2025. The Bill was earlier passed by the Rajya Sabha in December, 2024. This legislation reforms the legal framework to make the sector more attractive to investors.

While introducing the amendment Bill, the Minister of Petroleum and Natural Gas, Hardeep Singh Puri, stated that the present regime, which focused mainly on licensing, regulatory control and collection of royalties, needed reorientation to promote ease of doing business and collaboration between the Government and the contractors. Given the long gestation periods and very high project risks involved, investors needed a legal framework that was simple,

¹¹

<https://pib.gov.in/PressReleasePage.aspx?PRID=2116172#:~:text=The%20Union%20Cabinet%20chaired%20by,Atmanirbhar%20in%20electronics%20supply%20chain.>

¹²

[https://pib.gov.in/PressReleasePage.aspx?PRID=2111045#:~:text=Oilfield%20\(Regulatory%20and%20Development\)%20Amendment%20Bill%20passed%20in%20Lok%20Sabha&text=Lok%20Sabha%20today%20passed%20the,on%203rd%20December%2C%202024.](https://pib.gov.in/PressReleasePage.aspx?PRID=2111045#:~:text=Oilfield%20(Regulatory%20and%20Development)%20Amendment%20Bill%20passed%20in%20Lok%20Sabha&text=Lok%20Sabha%20today%20passed%20the,on%203rd%20December%2C%202024.)

stable, predictable and provided access to an efficient and expeditious dispute resolution mechanism.

The amendment also does away with the practice of putting mining and petroleum operations in the same basket. It introduced a single permit system, namely petroleum leases, which will replace the extant system which requires Contractors to take multiple licenses for carrying out various types of activities for different types of hydrocarbons. The Bill is also expected to facilitate development of comprehensive energy projects and adoption of new technologies like Carbon Capture utilization and sequestration (CCUS), green hydrogen etc.

Airtel and Jio sign separate deals to bring Starlink to India

India's two telecom majors, Bharti Airtel and Reliance Jio, signed separate agreements in quick succession during the month with Elon Musk's SpaceX to bring Starlink satellite internet services to India. This is even as both these Indian companies initially opposed SpaceX's entry into India. Both deals, however, hinge on SpaceX receiving the necessary regulatory approvals from the Indian government to operate Starlink commercially. Even as the two deals could involve use of different strategies by the two majors, they certainly mark a significant step towards expanding high-speed broadband coverage in the country, particularly in remote and underserved areas.

Gopal Vittal, Bharti Airtel's Vice Chairman and Managing Director, described the collaboration with SpaceX as a major milestone in Airtel's efforts to provide next-generation satellite connectivity in India. Meanwhile, Mathew Oommen, Group CEO of Reliance Jio, emphasised the importance of high-speed broadband reaching every Indian, stating that integrating Starlink into Jio's broadband ecosystem would enhance connectivity nationwide.



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