



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## ECONOMIC SECURITY AND RESILIENCE REVIEW JUNE 2025

*Author*

V.S. Seshadri

Volume III, Issue 6



Delhi Policy Group

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

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## Economic Security and Resilience Review

Vol. III, Issue 6

June 2025

### 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.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

### Author

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

*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:

Leaders of the G7 countries at the 51st G7 Summit, at Kananaskis, Canada, on June 17, 2025. Source: [G7 Canada](#)  
Indian Prime Minister Narendra Modi at the G7 and Outreach meeting on the sidelines of the 51st G7 Summit, at Kananaskis, Canada, on June 18, 2025. Source: [G7 Canada](#)  
Indian Prime Minister Narendra Modi held a bilateral meeting with Canadian Prime Minister Mark Carney on the sidelines of the 51st G7 Summit, at Kananaskis, Canada, on June 18, 2025. Source: [X/@narendramodi](#)

© 2025 by the Delhi Policy Group

### Delhi Policy Group

Core 5A, 1st Floor,  
India Habitat Centre,  
Lodhi Road, New Delhi- 110003.  
[www.delhipolicygroup.org](http://www.delhipolicygroup.org)

# Economic Security and Resilience Review

Vol. III, Issue 6

June 2025

## Contents

|  |    |
|--|----|
| Introduction .....   | 1  |
| G-7 summit at Kananaskis in Canada .....                               | 2  |
| PM Modi at the G-7 summit .....  | 3  |
| EC President's address at the G-7 summit.....                          | 4  |
| Positions harden ahead of the next EU-China summit .....               | 5  |
| PM Modi's meeting with PM of Canada revives stalled FTA talks .....    | 6  |
| Lack of clarity surrounds US-China trade truce .....                   | 7  |
| Commerce Minister Goyal attends mini WTO ministerial .....             | 8  |
| Reserve Bank caution about protracted trade policy uncertainties ..... | 9  |
| India seeks suspension of rare earth agreement with Japan .....        | 9  |
| No rare earth nod yet from China for Indian automakers .....           | 10 |
| India taking up fertiliser exports with China .....                    | 10 |
| Chinese Vice Minister of Foreign Affairs visits India .....            | 11 |
| US hikes steel and aluminium tariffs further .....                     | 11 |
| Negotiations continue on finalisation of an India-US Trade deal.....   | 12 |
| Nippon Steel's acquisition of US Steel formally closes .....           | 12 |

# Economic Security and Resilience Review

by

V. S. Seshadri

## Introduction

The Group of 7 industrialised countries began their annual meetings 50 years ago with a view to addressing the common economic issues facing their countries and for coordination of their economic policies. Over time, they also began to address strategic and political issues. This issue looks at the outcomes of this year's G-7 summit held at Kananaskis in Canada from June 15-17, at a time of deep divisions among members on both strategic and economic issues, with President Trump declaring that throwing Russia out of the G-7 in 2014 over its invasion of Crimea was a big mistake. The summit ended without a joint communique and ducked issues like the Trump administration's initiative on reciprocal tariffs. It, however, managed to issue a few joint statements on some priority areas that on the economic side included critical minerals, AI and Quantum technology. A Chair's summary briefly dwelt upon the issues discussed.

Of particular interest on the economic front was a luncheon address on June 16 by the EC President Ursula von der Leyen, who urged greater cooperation among the G-7 in addressing what she called the new 'China shock'. She underlined the need to diversify and build resilience in critical supply chains, particularly for raw materials. She also sought close coordination of policies and tools in sectors like steel, pharma and semiconductors in which market distortions were high.

PM Narendra Modi was invited to participate in the outreach segment of the summit, as has been the practice for some years now. He addressed the summit on energy security, diversification, infrastructure and technology issues. His bilateral meeting with Prime Minister Carney of Canada resulted in an agreement to take steps towards restoration of normal ties and enhancing collaboration in a number of areas. The two leaders also decided to revive the stalled bilateral FTA negotiations.

This issue also tracks some evolving tensions and posturing between the EU and China as both sides are preparing to hold the next China-EU summit from July 24-25.

Restrictive export controls by China on rare earth magnets and critical minerals continued during the month. While the US and China arrived at a framework agreement that eases these export controls by China in return for some relaxation by the US on export of advanced semiconductor chips and software, details regarding the agreement reached have not been publicly shared by either side.

Meanwhile, uncertainty prevails regarding restoration of regular supplies of these magnets by China to India, even as approaches have been made from the Indian side. India has also asked state run Indian Rare Earths Limited (IREL) to suspend a 13-year old agreement on rare earth exports to Japan and safeguard supplies for domestic needs. India, moreover, continues to experience difficulties in securing fertiliser supplies from China.

Bilateral relations between India and China were reviewed when the Vice Foreign Minister of China Sun Weidong visited Delhi from June 12-13 and met with India's Foreign Secretary Vikram Mishri. The two sides agreed to hold certain functional dialogues, including in the economic and trade areas, to discuss and resolve specific issues of concern.

Negotiators from India and the US were engaged intensively during the month in trying to finalise the first tranche' of the bilateral trade deal. From several accounts, they seem close to the finish line, even as some challenges remained.

Meanwhile, the US further increased tariffs on steel and aluminium from 25% to 50% for all countries, further complicating the tariff conundrum. However, the Nippon Steel deal to take over US Steel was successfully concluded on June 16, with the Japanese company signing a national security agreement with the US government.

## **G-7 summit at Kananaskis in Canada**

The G-7 summit of industrialised countries hosted by Canada was held from June 15-17, 2025 in Kananaskis in the Alberta province, with the stated objective of building stronger economies by making communities safer and more secure, promoting energy security and accelerating digital transition as well as fostering partnerships for the future. Prime Minister Narendra Modi was invited to participate in the Summit as part of its outreach, along with leaders from Australia, Brazil, Mexico, Republic of Korea and South Africa.

While no overall joint communique or declaration was issued after the summit, reflective of the deep divisions among the G-7 members themselves on several issues (the last time no overall joint communique was issued after an in-person

summit was in 2007), and President Trump returned to the US a day earlier than planned, what was put out as the summit outcome was the Chair's 14-para summary<sup>1</sup>. Separately, however, there were a few joint statements issued on few priority areas of focus.

The Chair's summary mentioned that the G-7 summit considered ways to collaborate in global trade to boost productivity and grow their economies, but it was deafeningly silent about President Trump's reciprocal tariff plan that is significantly affecting practically all the other G-7 economies. Even on China's export controls on rare earth magnets that is roiling the automotive, clean energy and other manufacturing sectors, the reference was somewhat mild, perhaps with a view to giving time for the agreement reached between China and the US in London just a few days prior to the G-7 summit to work out.

On this topic of export controls, the summary confined itself to stating that more collaboration was required within and beyond the G-7. It went on to state that the leaders undertook to safeguard their economies from unfair non-market policies and practices that distorted markets and drove overcapacity in ways that were harmful to workers and businesses. Where the summary addressed China specifically by name, the leaders stressed the importance of stable relations with that country but also called upon Beijing to refrain from market distortions and harmful overcapacity.

From an economic security perspective, the adoption by the G-7 summit of statements on a critical minerals action plan, AI and quantum technologies were noteworthy. The action plan on critical minerals is to develop a roadmap to promote standards based markets for critical minerals, mobilise investments, support projects and promote innovation. The joint statement on critical minerals was also supported by India, Australia and Republic of Korea. A conference on critical minerals and materials chaired by the US is also to be held in Chicago in September 2025.

The statement on AI on the one side focussed on acceleration of AI adoption in the public sector and on the other was devoted to supporting SMEs to adopt and develop AI. Similarly, the statement on quantum technologies detailed ways in which cooperation among the G-7 countries could be enhanced.

## **PM Modi at the G-7 summit**

Prime Minister Modi addressed a session on 'Energy security, diversification, technology and infrastructure to ensure access and affordability in a changing

---

<sup>1</sup> <https://g7.canada.ca/en/news-and-media/news/chairs-summary/>



world' at an outreach event on June 17. He spoke about the nexus between technology, AI and energy. Noting that while AI has become a critical tool to promote efficiency and innovation, the technology itself was energy intensive. It was important to strategise how to make it sustainable through clean and green initiatives.

PM Modi underlined that any technology to be effective must bring value to the lives of the common people. He suggested that addressing AI related global governance was key to tackling concerns on AI and promoting innovation. He also emphasised that in the age of AI, it was important to have secure and resilient supply chains of critical minerals. Moreover, he noted, the quality and diversity of data which abound in India is critical for responsible development of AI.

## EC President's address at the G-7 summit

It was EC President Ursula von der Leyen who did some plain speaking at the G-7 working lunch on June 16 under the theme 'Economic growth, security and resilience'. While her address<sup>2</sup> did not refer to the tariff issue, her focus turned towards how China was using its quasi-monopoly on rare earth magnets and other items not only as a bargaining chip but also weaponising it to undermine competitors in key industries. Even if China loosens its restrictions, she warned, the threat remained from what she called a 'new China shock'. While the EU's approach was derisking, and not decoupling, the EU was also updating the frameworks for screening inbound and outbound investment to avoid fuelling the military and intelligence capabilities of systemic rivals. For it to be effective, she sought cooperation from other likeminded partners on three priorities:

- Diversify and build resilience in critical supply chains, particularly for raw materials. No single country should control 80-90% of essential raw materials and downstream products like magnets. It was also important to offer mineral rich countries partnerships that deliver goods and added value locally;
- Look at other key sectors where distortions were the highest, such as steel. That is why the EU is interested in creating a metals club, as well as for pharma. On semiconductors, it was necessary to prevent strategic dependencies from developing in less advanced semiconductors, even as export controls were necessary for the most advanced ones; and

---

<sup>2</sup> [https://ec.europa.eu/commission/presscorner/detail/it/statement\\_25\\_1522](https://ec.europa.eu/commission/presscorner/detail/it/statement_25_1522)

- Act together on non-market policies and practices. G-7 could jointly monitor what was happening in a few specific sectors and technologies to coordinate policies and tools. A common G-7 response increases the leverage in pressuring China to take more responsibility for the impact of its state-led growth model.

Reaction from China to von der Leyen's speech was swift. "We express strong dissatisfaction and firm opposition to those baseless and biased remarks that reflect double standards," Guo Jiakun, the spokesperson of the Chinese Foreign Affairs Ministry, said<sup>3</sup> on June 18 at a press briefing. He added: "The so-called overcapacity story is nothing but a pretext used by relevant countries to go protectionist, simply because they fear for their own competitiveness and market shares. The problem is not 'overcapacity', but 'over-anxiety'".

## Positions harden ahead of the next EU-China summit

The EU Commissioner for Trade and Economic Security, Maros Sefcovic, and China's Commerce Minister, Wang Wentao, held a meeting via video-link on June 19. A Xinhua report<sup>4</sup> mentioned that the two sides engaged in in-depth and professional consultations on economic and trade issues, including the anti-subsidy investigation concerning electric vehicles and other trade remedy cases, export controls and market access. They were making preparations on the trade and economic front for key agenda items for the EU-China summit meeting to be held on July 24-25.

Earlier in the month, the two ministers also physically met on the margins of the WTO mini-ministerial meeting on June 3 in Paris, where Sefcovic urged China to ease restrictions on rare earth materials. He was quoted as telling reporters then "I informed my Chinese counterpart about the alarming situation in the European car industry, but I would say industry as such because clearly rare earths and permanent magnets are absolutely essential for industrial production". Instead of China's current licensing regime, the EU trade chief said the bloc prefers a systematic solution, such as a general application once a year for each company, to avoid paperwork delays and stress applied to the industry.

While neither the subsidy issue relating to China's EV sales to the EU nor the export controls on rare earth materials appear resolved as of now, the EU took some further restrictive measures against China during the month, apart from

<sup>3</sup> <https://www.euronews.com/my-europe/2025/06/18/china-hits-back-at-ursula-von-der-leyens-baseless-biased-speech-at-g7-summit>

<sup>4</sup> <https://english.news.cn/20250620/6856cf9a00b342c28e01e8bb5a14007b/c.html>



imposing trade remedial measures on a few more products, including hardwood plywood and a food flavouring item.

One such measure<sup>5</sup> related to the EU Commission deciding on June 20 to exclude Chinese companies from EU government purchases of medical devices exceeding Euro 5 mn. This measure follows the conclusion of the first investigation under the EU's recent International Procurement Instrument (IPI) and allows no more than 50% inputs from China for successful bids. This measure, according to a EU Press Release, seeks to incentivise China to cease its discrimination against EU firms and EU made medical devices, and treat EU companies with the same openness as the EU does with Chinese companies and products (87% of public procurement contracts for medical devices in China were subject to exclusionary measures and practices against EU-made medical devices and EU suppliers as per a 2020 EU Commission report).

Second, the EU Commission also introduced a new surveillance mechanism<sup>6</sup> on June 5, to monitor and address disruptive surges due to possible trade diversions. The EU trade and economic security commissioner, Maros Sefcovic, said: "Recent disruptions in global trade have heightened the risk of trade diversion with products facing barriers in high tariff markets being redirected to Europe. This tool strengthens our ability to respond swiftly".

## **PM Modi's meeting with PM of Canada revives stalled FTA talks**

On the margins of the G-7 summit, PM Modi also held a bilateral meeting with Prime Minister Mark Carney of Canada on June 18. As per the Press Release issued by the Ministry of External Affairs,<sup>7</sup> the two leaders discussed opportunities for future collaboration in areas such as clean energy, digital transformation, artificial intelligence, LNG, food security, critical minerals, higher education, mobility, and supply chain resilience. They also reaffirmed their shared interest in promoting a free and open Indo-Pacific. The leaders further discussed the importance of restarting the stalled negotiations on the Early Progress Trade Agreement (EPTA), with a view to paving the way for a Comprehensive Economic Partnership Agreement (CEPA). They agreed to task their respective officials to engage further in this regard.

<sup>5</sup> [https://europa.eu/newsroom/ecpc-failover/pdf/ip-25-1569\\_en.pdf](https://europa.eu/newsroom/ecpc-failover/pdf/ip-25-1569_en.pdf)

<sup>6</sup> <https://www.cnbctv18.com/world/eu-launches-import-surveillance-tool-amid-global-trade-turbulence-initiates-dialogue-with-china-19616319.htm>

<sup>7</sup> [https://www.mea.gov.in/press-releases.htm?dtl/39689/Prime\\_Minister\\_meets\\_Prime\\_Minister\\_Mark\\_Carney\\_on\\_the\\_sidelines\\_of\\_the\\_G7\\_Summit](https://www.mea.gov.in/press-releases.htm?dtl/39689/Prime_Minister_meets_Prime_Minister_Mark_Carney_on_the_sidelines_of_the_G7_Summit)

## Lack of clarity surrounds US-China trade truce

US and China held another high level meeting from June 9-10 in London, following China's blockage of rare earth minerals and rare earth magnet exports which now require complicated export licenses. Following the meeting, which was again led by Chinese Vice Premier He Lifeng and US Treasury Secretary Scott Bessent, the two sides appeared to have reached agreement on a framework on how to implement the consensus reached by the previous round of talks in Geneva in May. The London meeting itself took place after a phone call between President Xi Jinping and President Trump on June 5. The agreement was to subsequently get the approval of both the Presidents after the delegations returned to their respective countries.

President Trump had said in a social media post<sup>8</sup> soon after the London meeting that 'our deal with China is done', adding that both countries agreed to ease export restrictions per the prior arrangement agreed upon in Geneva in May. The US will allow Chinese college students to attend American universities. (Secretary of State Marco Rubio had in May announced a plan to 'aggressively revoke' some Chinese student visas). US Commerce Secretary Howard Lutnick also told reporters in a separate briefing in London that China's restrictions on exports of rare earth minerals and magnets to the US will be resolved as a fundamental part of the agreement. He further mentioned that there were a number of measures that the US had put in place when the rare earths were not coming. These too would come off in a balanced way.

It took two further weeks for a confirmation to come about the agreement from the Chinese side. In a brief statement released<sup>9</sup> on June 27, China's Ministry of Commerce stated that China will review and approve export applications for items subject to export control rules, while the U.S. will cancel a range of existing restrictive measures imposed against Beijing. Analysts have pointed out that there was still a lack of clarity on which rare earth export curbs will be relaxed, barring magnets.

Moreover, as per a Global Times report<sup>10</sup>, Vice Premier He urged the US, during his London visit, to work with China to honour their words with actions, demonstrate sincerity in keeping commitments, and make concrete efforts to implement consensus so as to jointly safeguard the hard won outcomes of dialogue following the strategic consensus reached by the two heads of state

<sup>8</sup> <https://www.reuters.com/world/china/us-china-trade-talks-resume-second-day-2025-06-10/>

<sup>9</sup> See news report <https://www.cnbc.com/2025/06/27/china-us-agree-details-of-london-trade-framework-trade-agreement-beijing.html>

<sup>10</sup> <https://www.globaltimes.cn/page/202506/1335858.shtml>

on June 5. He said China's position on China-US economic and trade issues is clear and consistent. The essence of China-US economic and trade relations lies in mutual benefit and win-win.

## Commerce Minister Goyal attends mini WTO ministerial

India's minister for Commerce and Industry, Piyush Goyal, attended a meeting of around 25 trade ministers in Paris on June 4, which was held on the margins of the OECD ministerial meeting.

In his remarks at the meeting, CIM Goyal called for action to curb non-tariff barriers, address trade distortions caused by non-market economies, and restoration of a strong dispute settlement system in order to bring finality to issues and ensure discipline is maintained. The minister also pitched for the retention of the current consensus based approach at the WTO, for continuing the practice of extending special and differential treatment to LDCs and developing countries, and for bringing back focus on issues that have already been finalised and mandated at previous ministerial meetings.

Meeting the Press afterwards, Minister Goyal said<sup>11</sup> that all ministers had resolved to collectively to work strengthen the working of the WTO to ensure that the core principles are respected and work towards global good and global growth in trade. The participating countries also agreed to make an effort to bring back the 'mojo' into the organisation as all of them recognised the importance of multilateralism.

On the China-led proposal for an investment facilitation pact, he said that issues that have been mandated should get priority and should be the first to be resolved. Issues going beyond trade (such as investment) should not be brought into the WTO as it would create further differences between member countries. He added that India is against this proposal.

On whether the WTO is facing an existential crisis, he said that one should not jump to the conclusion that an existential crisis has been created. "Challenges will come and situations will arise. We have to address such challenges, face the situations within the ambit of the WTO framework", he said, adding "the WTO is now about 30 years old and what we need to do is to work with an open mind and unlock possibilities".

---

<sup>11</sup> <https://www.thehindu.com/news/national/india-calls-for-wto-action-on-non-tariff-barriers-ensuring-strong-dispute-resolution-mechanism/article69655498.ece>

## Reserve Bank caution about protracted trade policy uncertainties

In its June monthly bulletin,<sup>12</sup> RBI officials have in an article on the 'State of the Economy' expressed caution about the challenging global environment and trade policy uncertainty. After a detailed survey of recent economic activity in India, which it termed as resilient, it referred to the protracted trade policy uncertainties globally and rising trade barriers that pose the risk of significantly scarring the global economy. It was felt that the intensifying geopolitical tensions too may further debilitate the already weakened growth impulses. In this context, the article's assessment was that the trade policy outcomes in July, after the temporary tariff hiatus (the 90-day pause on reciprocal tariffs by the US) is over, and the future course of geo-political events, would likely shape the medium-term economic prospects.

The monthly economic review of the Finance Ministry which came out a couple of days later carried a similar assessment: "India's macroeconomic health is in a 'relative goldilocks situation', and although the risk of higher landed oil prices, due to insurance cost surges and closure of choke points due to the brief Israel-Iran war, has receded, it is too soon to sound the 'all clear' for the rest of the year". On the challenges facing India owing to rare earth elements 'export curbs imposed by China, it said this is a concerning phenomenon amidst the tariff and trade developments that is bound to hamper the development of industries such as electric vehicles, defence and renewable energy.

## India seeks suspension of rare earth agreement with Japan

India has asked<sup>13</sup> state run Indian Rare Earths Limited (IREL) to suspend a 13-year old agreement on rare earth exports to Japan and safeguard supplies for domestic needs. Under the agreement signed in 2012, IREL supplies rare earth oxides to Toyota Tsusho, which processes them after exporting them to Japan in the form of magnets. But circumstances have now changed amid uncertainty over permanent magnet supply from China and depleting domestic inventory. In the year 2024 alone, Toyota Tsusho exported over 1000 metric tons of rare earth materials (primarily neodymium) to Japan,

---

<sup>12</sup>

<https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULL250620253FFAAFCBB5BE4F39839D5E1B495A96AB.PDF>

<sup>13</sup> [https://www.business-standard.com/economy/news/india-moves-to- conserve-rare-earths-seeks-halt-to-exports-to-japan-125061300769\\_1.html](https://www.business-standard.com/economy/news/india-moves-to- conserve-rare-earths-seeks-halt-to-exports-to-japan-125061300769_1.html)

representing roughly one third of IREL's total output of 2900 metric tons. IREL is now focussing on domestic resource development and retention.

## **No rare earth nod yet from China for Indian automakers**

While the Indian automotive industry has been trying to get approvals from the Chinese government for issue of export licenses for rare earth magnets, reports indicate that as of date there is not much progress. Requests for a delegation from Indian automakers to visit Chinese authorities have also not borne fruit yet. When a question was posed on this issue at the weekly briefing by the Ministry of External Affairs, the spokesman stated<sup>14</sup> that the Ministry has been in touch with the Chinese side both in Delhi as also in Beijing on how we can streamline the supply chain issue on rare earths.

Meanwhile, the Union Minister of Heavy Industry, H.D.Kumaraswamy, was reported as saying<sup>15</sup> that India is currently in talks with Japan and Vietnam for rare earths in response to Chinese restrictions. Additionally, the country plans to introduce an incentive scheme for processing rare earth oxides into magnets which is expected to take two years to implement. A decision regarding the scheme will be taken shortly.

## **India taking up fertiliser exports with China**

India is taking up the matter of reduced fertiliser supplies with the China, a senior official from Ministry of External Affairs was reported as saying in response to<sup>16</sup> questions on reports that China has curtailed its exports of chemicals that are used in the manufacturing of fertiliser in India.

India used to import around 1-2 million tonnes of urea from China, out of total imports of around 6-7 million tonnes. Additionally, India imported around 18% DAP requirements from China, which in the previous year accounted for almost 39% of its DAP imports.

China's export curbs on fertiliser exports was put in place in June 2024 to cut domestic prices to help farmers and bolster food security. While there are

---

<sup>14</sup> [https://www.mea.gov.in/media-briefings.htm?dtl/39718/Transcript\\_of\\_Weekly\\_Media\\_Briefing\\_by\\_the\\_Official\\_Spokespers\\_on\\_June\\_26\\_2025](https://www.mea.gov.in/media-briefings.htm?dtl/39718/Transcript_of_Weekly_Media_Briefing_by_the_Official_Spokespers_on_June_26_2025)

<sup>15</sup> [https://www.business-standard.com/industry/news/india-rare-earth-imports-japan-vietnam-incentive-scheme-electric-vehicles-125062400604\\_1.html](https://www.business-standard.com/industry/news/india-rare-earth-imports-japan-vietnam-incentive-scheme-electric-vehicles-125062400604_1.html)

<sup>16</sup> [https://www.business-standard.com/industry/agriculture/will-take-up-fertiliser-export-curbs-by-china-as-required-says-mea-125062601243\\_1.html](https://www.business-standard.com/industry/agriculture/will-take-up-fertiliser-export-curbs-by-china-as-required-says-mea-125062601243_1.html)

reports that China may relax the limits on exports this year, exports to India could still remain restricted.

## Chinese Vice Minister of Foreign Affairs visits India

China's Vice Minister for Foreign Affairs, Sun Weidong, visited New Delhi on June 12-13 and held discussions with India's Foreign Secretary, Vikram Misri. On the economic side, the two sides agreed<sup>17</sup> to expedite the resumption of direct air services, with Foreign Secretary Misri hoping for the early conclusion of an updated Air Services Agreement. The two sides also agreed to hold certain functional dialogues, including in the economic and trade areas, to discuss and resolve specific issues of concern.

## US hikes steel and aluminium tariffs further

The Trump administration further hiked the already steep 25% tariff on steel and aluminium items to 50%, effective from June 4. The only exemption provided against the increase was for UK in view of the US-UK Economic Prosperity Agreement.

The argument advanced<sup>18</sup> for effecting the increase was that even as the earlier hike provided critical support to the steel industry, it has still not enabled these industries to develop and maintain the rates of capacity production utilisation that was necessary for the industries' sustained health and projected national defence needs. It was further argued that increasing the tariffs will provide support to these industries and eliminate the national security threat posed by imports of steel and aluminium articles and their derivative products.

The US move was widely criticised. The European Union voiced strong concerns over the United States' decision to double tariffs on steel and aluminium imports, warning that the move risks derailing ongoing trade negotiations and damaging global commerce. China condemned the latest tariff hikes on steel and aluminium products imposed by U.S. President Donald Trump and warned of impact on global supply chains.

The Federation of Indian Export Organisations (FIEO) also raised concerns about potential disruption to India's steel and aluminium exports. They particularly fear that the exports of value-added and finished steel products and

---

<sup>17</sup> [https://www.mea.gov.in/press-releases.htm?dtl/39664/Meeting\\_of\\_Foreign\\_Secretary\\_with\\_Vice\\_Minister\\_of\\_Foreign\\_Affairs\\_of\\_the\\_Peoples\\_Republic\\_of\\_China](https://www.mea.gov.in/press-releases.htm?dtl/39664/Meeting_of_Foreign_Secretary_with_Vice_Minister_of_Foreign_Affairs_of_the_Peoples_Republic_of_China)

<sup>18</sup> <https://www.whitehouse.gov/presidential-actions/2025/06/adjusting-imports-of-aluminum-and-steel-into-the-united-states/>



auto-components, stainless steel pipes, and structural steel components could be impacted. India had sought consultations with the US even on its 25% tariffs on these items, treating them as safeguard measures. In response, the US said in a submission that these actions were not safeguard actions but security measures to protect national security, but it was ready to consult with India at the WTO.

## **Negotiations continue on finalisation of an India-US Trade deal**

Negotiations between India and the US on an interim trade deal continued during the month. A US delegation led by Assistant USTR Brendan Lynch visited New Delhi from June 5-10 and an Indian delegation led by Special Secretary Rajesh Agrawal continued these discussions in Washington DC from June 27 onwards. As per reports, these are still continuing and at a critical stage, with both sides showing keenness to conclude an agreement.

## **Nippon Steel's acquisition of US Steel formally closes**

Further to our report on this issue in the ESRR for May 2025, Nippon Steel's acquisition of US Steel closed on June 16, after a deal was reached with the US government. Under the deal, Nippon bought 100% of US Steel at US\$ 55 per share, but concluded a new national security agreement between the company with the US administration, which gives the latter the authority to name a board member while also securing a non-economic golden share. The latter will provide the US government veto authority over a range of corporate decisions including with respect to idling plants, culling production capacity, moving jobs overseas, name change, relocation of the Pittsburgh headquarters and any future acquisition of a rival business.

\*\*\*



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

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)