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# ECONOMIQUITY

*News Wrap – #1/July 2026*


## India-UK CETA Marks a New Chapter in Bilateral Trade

The entry into force of the India-UK Comprehensive Economic and Trade Agreement (CETA) marks an important milestone in their respective trade policy. By providing preferential market access to one of India's key trading partners, the Agreement is expected to boost two-way exports and deepen economic ties. Also, it reflects a broader shift in the global trading landscape, where countries are increasingly pursuing bilateral and regional partnerships alongside multilateral engagements so as to strengthen their economic resilience and secure strategic interests.

However, even as bilateral and regional trade agreements gain prominence, multilateral cooperation remains essential. WTO members are continuing their negotiations on fisheries subsidies while advancing discussions on institutional reforms aimed at strengthening the rules-based trading system. The joint engagement of the WTO, International Monetary Fund, World Bank Group, and International Energy Agency to address the economic consequences of the West Asia conflict further highlights the growing need for coordinated global responses. Similarly, the launch of the UN Principles on Consumer Product Safety reflects increasing international attention to common regulatory standards and safer, more resilient markets.

Across Asia, economic integration continues to gather momentum. Developing Asia remains the largest recipient of foreign direct investment among all developing regions, while businesses diversify production locations and governments compete for new industries. BIMSTEC (Bay of Bengal Multi-Sectoral Technical and Economic Cooperation) members are deepening cooperation on connectivity, trade and investment, reinforcing the importance of regional frameworks in supporting growth and resilience.

Against this backdrop, India faces both opportunities and challenges. While the India-UK CETA is expected to enhance export competitiveness, particularly through lower tariffs, businesses will need to comply with increasingly stringent standards and regulations to fully realise its benefits. Meanwhile, disruptions in the Strait of Hormuz have widened India's merchandise trade deficit, underscoring the vulnerability of global supply chains to geopolitical shocks. The government's continued support for affected exporters and its firm negotiating stance in ongoing trade discussions with the United States reflect India's efforts to balance immediate economic concerns with long-term strategic interests.

Taken together, these developments point to an evolving global trade architecture where resilience, trusted partnerships and regulatory preparedness are becoming as important as tariff-based market access. For India, sustaining export growth and strengthening its position in global value chains will require not only securing new trade agreements but also building institutional and industrial capacity needed to compete in an increasingly complex global economy.

| International Trade | | |
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| 1. | From 'Best Agreement' to Not Good Enough<br><br>**FP World Brief**<br><br>July 01, 2026 | The United States has declined to renew the USMCA in its current form, opting for annual reviews until 2036 that pave the way for renegotiation. The Trump administration aims to tighten rules to boost U.S. manufacturing and reduce trade deficits with Canada and Mexico. However, frequent reviews may create investment uncertainty and hinder efforts to diversify supply chains away from China. |
| 2. | *Joint Statement by the Heads of the International Energy Agency, International Monetary Fund, World Bank Group, and World Trade Organization.*<br><br>**International Monetary Fund**<br><br>July 08, 2026 | The Heads of the International Energy Agency (IEA), International Monetary Fund (IMF), World Bank Group (WBG), and World Trade Organization (WTO) met as part of the high-level coordination group established in April to maximize their institutions' response to the energy, trade, and economic impact of the war in the Middle East. |
| 3. | *Rules Negotiating Group Chair reports on fisheries subsidies negotiations, next steps*<br><br>**World Trade Organization**<br><br>July 08, 2026 | WTO members held consultations on reforming the dispute settlement mechanism, improving transparency, and enhancing developing-country participation. Ambassador Leslie Ramsammy of Guyana reported on WTO members' active participation and constructive engagement in three information and thematic sessions on fisheries subsidies negotiations held since the 14th Ministerial Conference (MC14). Delegates emphasized restoring confidence in the rules-based multilateral trading system. |
| 4. | *IMF lowers 2026 global growth forecast of 3% sees rebound in 2027*<br><br>**Reuters**<br><br>July 11, 2026 | The global lender said the world economy had dodged a sharper downturn, with demand for AI and other technologies helping to offset a sharp drop in energy supplies as a result of the war. Growth should rebound to 3.4% in 2027, but that is still below the average of 3.5% seen in 2024 and 2025. In April, the IMF had forecast 3.1% growth. |
| 5. | *UN Principles on Consumer Product Safety officially launched as world reaffirms commitment to fair and competitive markets*<br><br>**UNCTAD**<br><br>July 13, 2026 | The United Nations Principles for Consumer Product Safety were officially launched, providing a new global framework to strengthen cooperation on product safety. Development-oriented competition policies are needed to support food security and build more resilient markets. More than 400 participants from over 80 countries reaffirmed in Geneva the importance of international dialogue and peer learning to keep markets fair, competitive and safe. |

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| **Regional Trade** | | |
| 1. | *BIMSTEC Members Review Connectivity Projects, 2nd BIMSTEC Foreign Ministers Retreat.*<br><br>**BIMSTEC Secretariat**<br><br>July10, 2026 | The Retreat will present an opportunity for the Foreign Ministers of the BIMSTEC countries to discuss, in an informal setting, avenues to broaden and deepen cooperation across various sectors, including security, connectivity, trade and investment, and people-to-people contacts, in the Bay of Bengal region and littoral. |
| 2. | *Leather Consignment Flagged Off at Vijaypur Under India–UK CETA.*<br><br>Press Information Bureau<br><br>July 15, 2026 | With the India–UK Comprehensive Economic and Trade Agreement (CETA) coming into force, a consignment of leather products was flagged off at Sunjwan in Vijaypur on Tuesday. It was part of a similar nationwide event marking the implementation of the landmark agreement. Shri. Vivek Kumar Sabharwal, Assistant DGFT, RA Jammu, said that under the India–UK CETA, exporters will no longer be required to pay customs duty on eligible products exported to the United Kingdom. This would make Indian goods more competitive in the UK market. |
| 3. | *Developing Asia leads investment among developing regions as patterns shift within the region.*<br><br>**UNCTAD**<br><br>July 07, 2026 | Developing Asia attracted $644 billion in foreign direct investment (FDI) in 2025, remaining the world's largest developing-region recipient. South-East Asia overtook East Asia as the region's largest recipient subregion. At the same time, investment patterns within the region continued to shift as companies reassessed supply chains, governments competed for new industries, and investors looked for growth opportunities in an increasingly uncertain global economy. |
| 4. | *China And Japan Calibrating Trans-Caspian Trade Strategies – Analysis.*<br><br>**Eurasia news**<br><br>July 16, 2026 | A durable Armenia-Azerbaijan peace would open and secure the Middle Corridor trade route (bypassing Russia/Iran), benefiting China's Belt and Road diversification and Japan's supply chain de-risking. For Beijing and Tokyo, both of which have quietly built stakes in the region as an overland bridge between Asia and Europe, the election's outcome, which reaffirmed Prime Minister Nikol Pashinyan's authority, carries real geoeconomic weight. |
| 5. | *Keeping watch on West Asia developments, will support exporters if needed.*<br><br>**Economic Times**<br><br>July 14, 2026 | With a vigilant eye on West Asia's evolving situation, India emphasizes its support for exporters amidst rising challenges. An Inter-Ministerial Group is actively monitoring the trade and energy implications resulting from the ongoing crisis.<br>The UAE and Oman have registered positive growth. But it dipped by 29.75 per cent from Saudi Arabia. Indian exporters are using three ports (Duqm, Sohar and Salalah) in Oman to push exports to the region. |

| National Trade | | |
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| 1. | *Cabinet Approves New MSME Support Measures*<br><br>**Press Information Bureau**<br><br>July 05, 2026 | The scheme aims to provide credit guarantee coverage of 100% for MSMEs and 90% for non-MSMEs as well as airline sector, to Member Lending Institutions (MLIs) by National Credit Guarantee Trustee Company Limited (NCGTC) for the amount in default under the additional credit facility extended to the eligible borrowers to tide over any short-term liquidity mismatches in view of West Asia Crisis. |
| 2. | *'Most ambitious and aspirational of FTAs': India-U.K. trade deal set to come into force on July 15.*<br><br>**The Hindu**<br><br>July 14, 2026 | The India-U.K. Comprehensive Economic and Trade Agreement (CETA) and Double Contribution Convention (DCC) that are set to come into force on July 15 are a "gold standard" and one of the "most ambitious and aspirational free trade agreements" signed by India. In total, the India-U.K. Comprehensive Economic and Trade Agreement will see the U.K. remove or reduce tariffs on a total of 98.8% of its tariff lines and 99.5% of trade value |
| 3. | *India's goods trade deficit widens on Hormuz disruptions, weak exports.*<br><br>**Reuters**<br><br>July 13, 2026 | India's merchandise trade deficit widened to $30.43 billion in June as exports fell faster than imports, weighed down by shipping disruptions in the Strait of Hormuz linked to the Middle East conflict. |
| 4. | *India-UK CETA, not quite the king's ransom expected from a landmark trade deal*<br><br>**The Economic Times**<br><br>July 15, 2026 | Under the India-Britain CETA, Indian exporters could tap into new market avenues, with Britain's Department of International Trade predicting significant growth in trade by 2040. Nevertheless, small export businesses may struggle to comply with British regulations. Additionally, this agreement may restrict India's policy-making abilities concerning critical development aims, igniting worries over access to affordable medications and control over the digital economy landscape. |
| 5. | *An emboldened India holds out for better terms in US trade talks.*<br><br>**Reuters**<br><br>July 13, 2026 | India and the U.S. did not reach a consensus on a trade agreement in recent talks, with New Delhi holding out for a better deal as Prime Minister Narendra Modi draws confidence from new trading partners, eased economic risks and political gains at home, officials and analysts said. |

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