

ECONOMIQUITY

News Wrap – #1/June 2026



Trade Fragmentation Meets Regional Integration

Global trade is encountering a period of growing uncertainty. Recent developments suggest that countries are increasingly relying on unilateral measures and strategic trade policies to protect domestic interests. At the same time, regional blocs are accelerating efforts to deepen economic integration and strengthen supply chains.

The United States' proposal to impose tariffs based on concerns about forced labour has sparked debate over the future of the rules-based trading system. Critics argue that such actions bypass established multilateral mechanisms and risk creating new trade tensions. Meanwhile, the WTO has reported early signs of a slowdown in merchandise trade growth, even as demand for technology-enabled products continues to support global commerce. Discussions on climate-related trade measures and carbon accounting further highlight the challenge of balancing sustainability objectives with an open and predictable trading environment.

Against this backdrop, regional integration initiatives are gaining momentum. Across Africa, the AfCFTA (the African Continental Free Trade Area) is advancing ambitious targets for intra-African trade through trade facilitation measures, improved payment systems, and stronger logistics networks. Similarly, ministers of the SADC (the Southern African Development Community) bloc have reaffirmed their commitments to industrialisation, regional value chains, and closer economic cooperation. In North America, preparations for the review of USMCA (the US-Mexico-Canada agreement) reveal growing concerns over tariff circumvention and supply chain resilience, underscoring the strategic importance of regional trade agreements.

For India, these developments carry important lessons. While merchandise exports remain resilient, strong import demand has widened the trade deficit. Rising wholesale inflation also points to continued cost pressures for industry. At the same time, India is actively advancing trade negotiations and implementing recently concluded agreements. Discussions with the United States, progress on FTAs, and efforts to safeguard the domestic industry reflect a strategy that combines greater global engagement with economic resilience. For instance, the India-UK Comprehensive Economic and Trade Agreement (CETA) will come into force on July 15, 2026, which will grant 99 percent of Indian exports duty-free access to the British market and will significantly reduce tariffs on British goods entering India.

The broader message is clear. Trade is becoming more complex, shaped by geopolitics, sustainability concerns, industrial policy, and supply chain security. In such an environment, countries that can successfully balance openness with competitiveness will be best positioned to benefit from emerging opportunities. For India, strengthening trade partnerships, improving domestic competitiveness, and integrating more deeply into global and regional value chains will remain central to achieving its long-term growth ambitions. This calls for the establishment of a Supply Chains Resilience Fund, keeping the imperatives of economic security as its central pillar and with special emphasis on implementation.

International Trade

1.	<p><i>The US opens a new trade front, citing forced labour to trigger tariffs</i></p> <p>Third World Network</p> <p>June 05, 2026</p>	<p>The USTR announced impending 10–12.5% unilateral tariffs on multiple nations for forced labour violations. Critics argue weaponizing ILO conventions outside the WTO framework directly breaches multilateral trading rules.</p>
2.	<p><i>WTO sees extended LDC transition period as opportunity for Bangladesh to accelerate reforms</i></p> <p>Business Standard</p> <p>June 06, 2026</p>	<p>The World Trade Organisation (WTO) has underscored the importance of utilising any extended transition period for Least Developed Country (LDC) graduation to strengthen productive capacity, improve competitiveness, diversify exports and prepare for operating under standard WTO rules.</p>
3.	<p><i>Carbon Accounting, Standards and Trade: How International Cooperation Can Reduce Fragmentation</i></p> <p>TESS Forum</p> <p>June 02, 2026</p>	<p>During WTO Trade and Environment Week, China and Australia co-hosted a formal session evaluating the WTO’s role in harmonizing climate-related trade measures, reducing compliance costs, and preventing supply chain fragmentation.</p>
4.	<p><i>US cites forced labor concerns as grounds for new tariffs</i></p> <p>Reuters</p> <p>June 03, 2026</p>	<p>The U.S. proposed tariffs of up to 12.5% on imports from 60 economies, arguing that inadequate action against forced labour creates unfair competition. The move could reshape global supply chains and trigger fresh trade disputes.</p>
5.	<p><i>Signs global trade in goods is starting to slow, WTO says</i></p> <p>Reuters</p> <p>June 05, 2026</p>	<p>The WTO reported early signs of slowing merchandise trade growth despite resilience in early 2026. Geopolitical tensions and transport disruptions remain concerns, although strong demand for AI-related electronics continues to support global trade volumes.</p>
6.	<p><i>US and EU near deadline on \$11.5 billion tariffs in long-running aircraft dispute</i></p> <p>Reuters</p> <p>June 11, 2026</p>	<p>Washington and Brussels approached a critical deadline on suspended tariffs linked to the Boeing-Airbus subsidy dispute. Negotiators worked to prevent the return of retaliatory duties worth \$11.5 billion and preserve transatlantic trade stability.</p>

Regional Trade

1.	<p><i>Tunisia well positioned to expand its exports across Africa, says AfCFTA S-G</i></p> <p>Trading View</p> <p>June 15, 2026</p>	<p>AfCFTA Secretary-General Wamkele Mene concluded a working visit to Tunisia, outlining a strategic joint action plan focused on trade facilitation, localized logistics, and private sector engagement to accelerate intra-African regional trade.</p>
2.	<p><i>AfCFTA eyes annual trade volume of \$250bn</i></p> <p>APA News</p> <p>June 14, 2026</p>	<p>Secretary-General Wamkele Mene announced that the continental trade bloc is firmly on track to hit an annual regional trade volume of \$250 billion, leveraging operational tools like the Pan-African Payments system.</p>
3.	<p><i>Produce Coalition for USMCA Launches to Protect Tariff-Free Agriculture Trade</i></p> <p>Produce Business</p> <p>June 02, 2026</p>	<p>A broad cross-border alliance of produce companies officially launched a coalition to advocate for continued food security and tariff-free agricultural shipments among the US, Mexico, and Canada.</p>
4.	<p><i>USMCA Debate Heats Up as Transshipment Data Soars</i></p> <p>Reshoring Initiative E-News</p> <p>June 08, 2026</p>	<p>US trade officials testified before Congress regarding surging tariff circumvention route volumes topping \$300 billion, sparking regional friction ahead of the high-stakes USMCA formal joint review.</p>
5.	<p><i>Visit of the delegation from United States for discussions on Bilateral Trade Agreement</i></p> <p>PIB Delhi</p> <p>June 04, 2026</p>	<p>A senior USTR delegation visited New Delhi from June 1–4 to advance the India - US Bilateral Trade Agreement. Discussions spanned non-tariff measures, customs facilitation, and mutual economic security alignment.</p>
6.	<p><i>SADC ministers of trade reinforce regional cooperation to promote trade and industrialisation</i></p> <p>Southern African Development Community (SADC)</p> <p>June 12, 2026</p>	<p>The Southern African Development Community (SADC) Trade and Regional Integration Ministers met virtually on 12 June 2026 to review progress on regional trade, industrialisation, and economic integration. They reviewed implementation of the SADC Industrialisation Strategy and trade initiatives, approved key trade instruments, and emphasized alignment with the AfCFTA, digital transformation, climate resilience, and sustainable industrial development to enhance regional competitiveness and economic growth.</p>

National Trade

<p>1. <i>India's May merchandise trade deficit at \$28.21 billion, Reuters calculation shows</i></p> <p>Reuters</p> <p>June 15, 2026</p>	<p>Commerce Ministry data revealed cumulative exports hit \$162.69 billion for April–May. Heavy domestic demand drove merchandise imports to \$73.41 billion, leaving a \$28.21 billion standalone merchandise deficit.</p>
<p>2. <i>India's wholesale inflation rises to 9.68% in May on high fuel, food prices</i></p> <p>Business Standard</p> <p>June 15, 2026</p>	<p>Surging global fuel import prices pushed India's wholesale price inflation to 9.68% in May, intensifying input cost pressures for industrial manufacturers and exporters.</p>
<p>3. <i>US-Iran peace deal may help boost India's exports, stabilise rupee</i></p> <p>Business Standard</p> <p>June 15, 2026</p>	<p>The government accelerated domestic policy updates to execute newly signed FTAs with the EU and EFTA, aligning customs infrastructure to fulfil the country's long-term export expansion roadmaps.</p>
<p>4. <i>India protecting industry from unfair trade practices of certain countries: Piyush Goyal</i></p> <p>Economic Times</p> <p>June 11, 2026</p>	<p>India is committed to dialogue and cooperation to address global trade challenges. Commerce and Industry Minister Piyush Goyal stated that countries, including India, protect their domestic industries. India is working to safeguard its economy from unfair trade practices. The nation is also focused on promoting innovation and research, with ongoing discussions on investments under the EFTA free trade agreement.</p>
<p>5. <i>India must expand international trade ties to reach \$30 trillion economy vision by 2047: Piyush Goyal</i></p> <p>Economic Times</p> <p>June 12, 2026</p>	<p>Union Minister Piyush Goyal stated that India must expand international engagement to achieve its USD 30 trillion economy goal by 2047. He highlighted that developed nations' demographic challenges present opportunities for India's skilled workforce and that strategic partnerships will complement, not compete with, Indian industry.</p>



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