

ECONOMIQUITY

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Rare Earths, Rarer Certainty

In the first fortnight of October, attention was back on Washington and President Trump's fresh threat of tariffs on China, this time targeting its rare earth export controls. Parallely, during discussions in Committee Rooms at the World Trade Organisation (WTO), countries/blocs which have entered into interim tariff deals with the United States (UK, Vietnam, EU) unequivocally stated that the deals are "not binding legal agreements".

Overall, the message that has emerged since April, when the US first declared its unilateral tariff policy, is that of profound uncertainty. Countries are treading a fine path between pandering to US demands, preserving their own economic interests, and remaining wary of making unbalanced commitments. Even the sanctity of agreed deals remains dubious.

For its part, India has done well thus far to resist a one-sided trade deal with the US. The latest announcement by President Trump that India has promised to stop purchasing Russian oil seems like a new attempt to posture and gain leverage. As a fresh round of talks commence between the two sides, India must not cave in under pressure and continue to seek a fair and balanced deal.

In another development, China has initiated a WTO dispute against India, challenging India's subsidies for electric vehicles and batteries. The complaint comes days after India declared its intention of establishing a National Critical Mineral Stockpile to secure supply of rare earth elements, which was itself motivated by China's increasing export curbs on critical minerals. China's fresh action comes against the backdrop of a recent détente in India-China economic ties, and serves a fresh reminder to India that hitting the reset button is easier said than done.

Back home, the India-European Free Trade Association (EFTA) FTA has entered into force, providing a fresh vehicle for trade facilitation and an opportunity for Indian exporters to expand their footprint in the developed EFTA markets. Negotiations to finalise the India-EU FTA are also continuing, and the year-end deadline to seal the deal seems within range. In another welcome move, the NITI Aayog CEO has once again called for India to lower tariffs and non-tariff barriers, and open its markets to improve manufacturing competitiveness.

There has also been a change at the administrative helm, with Shri Rajesh Agrawal taking charge as the new Secretary, Department of Commerce, from October 1, 2025. CUTS wishes Shri Agrawal every success in his new role. This edition of *Economiquity* captures some of these stories, along with other prominent developments shaping the global trade landscape.

We are pleased to share that CUTS is curating a compilation of op-ed pieces in *The Economic Times* under a "Trade-Off" column, covering select priority trade policy topics. These pieces, which will be published by trade and policy experts over the next few months, are intended to generate actionable and implementable insights for the Government of India to bolster India's trade policy, enhance competitiveness and navigate the ongoing turbulence in global trade. The [first story in the National Trade section](#) is this edition's *Trade-Off* story, which calls upon India to recalibrate its trade policy to compete in a fragmented world economy.

International Trade		
1.	<i>Trump talks tough with China but holds out hope of truce in trade war</i> Financial Times October 11, 2025	Hours after Donald Trump threatened Beijing with “massive” tariffs over its export controls on rare earths, he appeared to put his words into action by imposing a 100 per cent levy on imports from China. But the US president’s move hinted at a more calibrated approach than some had expected. Instead of imposing the tariffs immediately, they will come into effect on November 1, two days after a scheduled meeting with President Xi Jinping.
2.	<i>India should lower tariffs and non-tariff barriers: Niti CEO BVR Subrahmanyam</i> The Economic Times October 7, 2025	India should lower tariffs and non-tariff barriers and open its markets to improve competitiveness in manufacturing. Subrahmanyam said India's merchandise trade is unbalanced and concentrated in a few products. He suggested policy interventions to ramp up the country's presence in intermediates, open up markets, diversify manufacturing, remove non-trade barriers and focus on trade within Asia.
3.	<i>From \$4 trillion to \$20 trillion: How the India-EFTA pact could turbocharge India’s growth story</i> The Economic Times October 5, 2025	The India-European Free Trade Association (EFTA, comprising Switzerland, Norway, Iceland and Liechtenstein) trade and economic partnership agreement (Tepa) entered into force from October 1. The Tepa has the potential to diversify India's trade basket, attract unprecedented levels of investment, generate employment at scale and accelerate India towards its 'Viksit Bharat' plans.
4.	<i>China files WTO complaint against India over EV subsidies, commerce ministry to examine</i> The Indian Express October 16, 2025	China has lodged a formal complaint against India with the WTO, challenging New Delhi’s subsidies for electric vehicles and batteries. China alleges that India’s measures violate multiple WTO obligations, including the principle of national treatment, and amount to prohibited import substitution subsidies which unfairly benefit India’s domestic EV industry and undermine China’s commercial interests.
5.	<i>The end of fair trade?</i> The Hindu BusinessLine October 11, 2025	The WTO’s future looks uncertain. The very powers that built the system are now weakening its foundations. Some argue that reform, not nostalgia, is the path forward. WTO rulebook certainly needs updating: subsidies, industrial policy, state-enterprises and transparency must all be disciplined anew. While a full-fledged dispute settlement system needs revival, members must first agree on the rules such a system will adjudicate.

Regional Trade		
1.	<i>Asia's Economic Growth Is Weathering Tariffs and Uncertainty</i> IMF Blogs October 15, 2025	Asia's economic growth next year is poised to hold up more than previously estimated despite weaker external demand, elevated tariffs, and persistent policy uncertainty. The region has proved unexpectedly resilient, aided by a front-loading of exports, technology investment, and policy support.
2.	<i>Sub-Saharan Africa trade value up 9.7% but tariffs to hit growth</i> African Business October 14, 2025	The value of Sub-Saharan Africa's goods trade grew by 9.7% in the first half of the year versus the first half of 2024, the world's fastest rate, but tariffs are likely to weigh on growth and intra-Africa trade still lags other regions. This year has seen tariffs ramped on African countries and the expiry of the US's longstanding African Growth and Opportunity Act, which provided tariff-free access to the US market for dozens of African countries.
3.	<i>ASEAN must help to fill the global leadership vacuum to protect its regional backyard</i> East Asia Forum October 5, 2025	In the medium term, regional resilience will be strengthened by boosting domestic markets and expanding regional trade in ASEAN and with neighbours, starting with existing agreements. RCEP, the world's largest free trade agreement that accounts for 30 per cent of global GDP and trade, provides the vehicle for doing that.
4.	<i>After five years, Africa needs to guard against AfCFTA complacency</i> LSE Blogs October 15, 2025	The end of 2025 will mark five years since trading officially commenced under the Agreement Establishing the African Continental Free Trade Area (AfCFTA). AfCFTA members need to ratify the Phase II Protocols. They also need to encourage their private sector to trade in bulk, to the extent of their capacities, under the AfCFTA, while addressing the challenges that limit intra-African trade and SMEs' participation.
5.	<i>South-East Asia is being swamped with Chinese goods</i> The Economist October 2, 2025	The best response to both Mr Trump's tariffs and cheap Chinese imports is greater ASEAN integration. Little over a fifth of South-East Asian exports are shipped within the region, a figure that has decreased over the past decade and remains well below the European Union (60%) and North America (29%). Intra-regional trade has been hindered by non-tariff barriers, infrastructure and lack of political will.

National Trade

1.	<i>From trade deals to supply chains: India must recalibrate its policy to compete in a fragmented world economy</i> The Economic Times October 13, 2025 	India needs to harmonise its trade and industrial policies to avoid overlaps and work with developed and developing countries to address unfair practices by non-market economies like China. This includes advocating for stricter transparency norms and punitive measures against trade-distortive policies. Domestically, India should consider specific legislation that allows imposition of tariffs on partners using unfair and trade-distortive practices.
2.	<i>ICAI mulling ways to help desi firms to gain financial strength to compete with big four audit, accounting & advisory firms</i> The Hindu BusinessLine October 12, 2025	In order to facilitate the government's vision for developing big desi firms to compete with the big four audit, accounting and advisory firms, the Institute of Chartered Accounts of India is studying ways to help such Indian companies in getting financial strength. Apart from finance, the process for desi firms to become big will require four more things - regulatory benefit, technology, mindset to change and training & capability.
3.	<i>Commerce Ministry relaxes compliances for exporters while export promotion mission awaits rollout</i> The Hindu October 16, 2025	The Ministry of Commerce and Industry has initiated a number of ease of doing business compliance measures over the last month to help domestic businesses. The Directorate General of Trade Remedies has also completed investigations on the dumping of 15 different product lines, including glass fibres, cold-rolled steel, certain antioxidants, solar cells, and soda ash.
4.	<i>DGFT mandates registration, end-use declaration of imported solar cells and modules</i> Merco Insights October 13, 2025	Importers of solar and wind energy components must register the items with the Renewable Energy Equipment Import Monitoring System before bringing them into the country and declare the intended end-use of the imported products, the DGFT has required as per the amended import policy. This will be effective from November 1, 2025.
5.	<i>DPIIT top brass huddles with etail, retail firms for inputs on FDI policy</i> The Economic Times October 14, 2025	The government has sought recommendations from the industry on easing FDI policies, especially where there are sectoral conditions that entail onerous compliance obligations. The talks come at a time when India is negotiating a broader trade deal with the US, which is expected to include talks on the inventory-led model for foreign-funded ecommerce platforms.



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