

ECONOMIQUITY

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Trade in an Age of Uncertainty: Why Caution Is Replacing Openness

Global trade is changing fast. It is no longer just about efficiency or lower costs. Countries are now thinking about risks—energy shocks, supply disruptions, and geopolitical tensions. The rules of trade are being quietly rewritten. Nations are choosing partners more carefully and building safeguards into their trade strategies.

The World Trade Organization (WTO) sits at the centre of this shift. As Pascal Lamy points out, trade is moving from “protectionism to precautionism.” In simple terms, countries are not just protecting industries; they are managing uncertainty. But the global response has been uneven. The United States has grown more sceptical of the WTO. At the same time, smaller trade deals are becoming more common. These may work in the short term, but they risk weakening the global system. A fragmented system could hurt developing countries the most.

India’s experience shows both strength and vulnerability. Goods exports hit a record \$442 billion. That is no small achievement. But imports are rising faster, widening the trade deficit. Dependence on China, especially for industrial goods, remains high. This exposes structural weaknesses. On the positive side, Free Trade Agreements are helping. Nearly 29% of India’s trade now comes through FTA partners. This is helping diversify markets.

Geopolitics is the bigger concern. The Middle East conflict and tensions in the Strait of Hormuz are disrupting supply chains. Energy prices are rising. Freight costs are going up. These pressures are not abstract. They are hitting small businesses and the informal sector. The government’s policy tweaks, like cutting export duties on fuel, show how difficult the balancing act has become.

At the regional level, countries are still building partnerships. India’s deal with New Zealand and cooperation between the EU and Africa point to deeper integration. So, trade is not slowing down. It is just changing shape.

International Trade

1.	<p><i>WTO must adapt as global trade shifts from protectionism to precautionism:</i> Pascal Lamy</p> <p>IANAS</p> <p>April 30, 2026</p>	<p>Experts warned that unregulated plurilateral trade deals could fragment the WTO system. They supported WTO reform but stressed safeguards, inclusivity, and balanced rules. Despite tensions, they said the WTO remains essential for global trade and developing countries' interests.</p>
2.	<p><i>At \$442 billion, India's goods exports hit record high in 2025-26</i></p> <p>Times of India</p> <p>April 16, 2026</p>	<p>India's goods exports reached a record \$442 billion in FY26, driven by gold, silver, and manufacturing shipments. However, rising imports widened the trade deficit, reflecting strong demand but also external dependency on global inputs.</p>
3.	<p><i>The WTO Can Be a Good Supporting Actor on Trade</i></p> <p>Straits Times</p> <p>April 23, 2026</p>	<p>U.S. Trade Representative Jamieson Greer has sharply criticized the WTO as ineffective and outdated, highlighting concerns over its decision-making, developing country status, MFN rules, and dispute settlement system. He argues the institution cannot address modern trade challenges, signalling a shift in U.S. strategy toward pursuing trade policies and agreements outside the WTO framework.</p>
4.	<p><i>India economy resilient but faces rising risks from Mideast war, government report says</i></p> <p>Reuters</p> <p>April 29, 2026</p>	<p>India's economy remains strong but faces trade risks due to Middle East conflict disrupting energy supplies and exports. Rising freight costs and supply chain issues are weakening external trade performance despite overall macroeconomic resilience.</p>
5.	<p><i>Healthy rise in exports in April so far: Goyal</i></p> <p>Economic Times</p> <p>April 30, 2026</p>	<p>India's exports grew in April despite geopolitical tensions in West Asia. Commerce officials highlighted that free trade agreements and diversified markets are supporting exporters, while logistics adjustments are helping sustain trade flows across key regions.</p>

Regional Trade

1.	<p><i>India-China trade gap widens: Over 30% industrial goods imported from Beijing; GTRI flags concerns</i></p> <p>Times of India <i>April 15, 2026</i></p>	<p>China became India's largest trading partner, with trade reaching \$151.1 billion and a widening deficit. The development highlights structural dependence on Chinese imports and ongoing challenges in balancing regional trade flows.</p>
2.	<p><i>FTA partners drive India's trade surge as reliance on non-FTA countries dips, says NITI Aayog report</i></p> <p>The Print <i>April 21, 2026</i></p>	<p>India's trade with FTA partners has risen sharply over two decades, now accounting for nearly 29% of total trade. The report highlights FTAs as key drivers of regional integration and export expansion across Asia, Europe, and the Middle East.</p>
3.	<p>The UAE exits OPEC but Brent surges to \$117. This time the wolf is here!</p> <p>Matein's Substack <i>Apr 29, 2026</i></p>	<p>This analysis argues that a severe geopolitical crisis in the Strait of Hormuz has triggered an unprecedented global energy shock, driving oil prices higher and worsening inflation. It highlights the economic strain on oil-importing regions, limits on U.S. monetary policy, and uncertainty around conflict resolution. It also frames the UAE's exit from OPEC as part of broader institutional fragmentation in global energy governance.</p>
4.	<p>India's Press Note 3 Gamble: Opening the FDI Door to China</p> <p>Carnegie India <i>April 28, 2026</i></p>	<p>On March 10, 2026, India's Union Cabinet approved amendments to Press Note 3, a regulation that mandated government approval on all foreign direct investment (FDI) from countries sharing a land border with India. This amendment raises questions primarily about whether its stated benefits will materialize and if the risks have been adequately weighed.</p>
5.	<p>European Union and AfCFTA Secretariat strengthen their partnership to promote intra-African trade and investment</p> <p>Press and information team of the Delegation to the African Union <i>April 21, 2026</i></p>	<p>The European Union (EU) and the African Continental Free Trade Area (AfCFTA) Secretariat signed a Memorandum of Understanding (MoU), strengthening their partnership to accelerate the AfCFTA, the world's largest free trade area. The EU-AfCFTA partnership ambitions to boost regional and continental economic integration on the African continent and to align European and African interests along strategic priorities.</p>

National Trade

1.	<p><i>India's stable growth masks stress in informal economy, economists warn as US-Iran war persists</i></p> <p>Reuters</p> <p><i>April 28, 2026</i></p>	<p>Economists highlighted that India's informal sector is under stress due to rising fuel costs and supply disruptions. Small businesses are facing operational challenges, revealing hidden domestic trade pressures despite stable macroeconomic growth projections.</p>
2.	<p><i>India cuts export duties on diesel and jet fuel, leaves domestic duties unchanged</i></p> <p>Reuters</p> <p><i>April 30, 2026</i></p>	<p>India reduced export duties on diesel and aviation turbine fuel amid rising crude prices. The move aims to support refiners and stabilise domestic supply, balancing export incentives with internal market needs and controlling inflationary pressures in the domestic trade ecosystem.</p>
3.	<p><i>India, U.S. conclude 'constructive' in-person talks on trade deal, but no word on deadline</i></p> <p>The Hindu</p> <p><i>April 25, 2026</i></p>	<p>India and the US held constructive talks in Washington focusing on market access, non-tariff barriers, and technical standards. The discussions aim to finalise an interim trade agreement, strengthening Indo-Pacific economic cooperation and expanding bilateral trade flows.</p>
4.	<p><i>India-New Zealand trade pact cuts fruit tariffs, boosts exports, visas</i></p> <p>Reuters</p> <p><i>April 27, 2026</i></p>	<p>India and New Zealand signed a major FTA reducing tariffs on 95% of goods. It boosts exports in textiles, pharmaceuticals, and agriculture while expanding investment flows and easing visa mobility, marking a strategic diversification of India's trade partnerships.</p>
5.	<p><i>India economy resilient but faces rising risks from Mideast war, government report says</i></p> <p>Reuters</p> <p><i>April 29, 2026</i></p>	<p>A government report highlighted India's economic resilience but warned that Middle East disruptions are impacting energy imports and trade flows. Rising costs and supply chain shocks are affecting regional trade stability and export performance.</p>