

ECONOMIQUITY

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The Future of Global Trade: A Turning Point

Is the WTO going to be extinct? What awaits the future of the multilateral, trading-based system amidst this global turmoil? The answers are becoming quite evident. Developing nations can no longer afford to be mere onlookers. They must lead reforms - not only to revitalise the WTO but also to safeguard their interests in this new-age trading system. Upcoming developments in the next few days will foretell the future.

Meanwhile, the India-US relationship has hit an all-time low, with the US imposing a 50 percent tariff - the highest among all. While prolonged negotiations are expected, and experts anticipate a reduction in these rates, the Indian export industry is facing some nervous moments. Sectors like electronics, textiles, auto parts, defence components, and jewellery are among the worst hit.

To cope with this challenge, India is reviving the good old Swadeshi movement. Indian manufacturers can tap into the vast domestic consumer base. At the same time, import pressure will be reduced. Well-targeted policy support, along with consumer awareness, can help pull India out of this trouble.

On the brighter side, the African Continental Free Trade Area (AfCFTA) is expected to increase the continent's total exports by 29 percent by 2035, according to the World Bank. This could prove crucial for poverty eradication and income growth in the region.

Another major free trade area, RCEP, is set to take a big step forward - Malaysia plans to host a summit. This new regional agreement is expected to promote prosperity through fair trade, data flows, digital platforms, and sustainable energy transitions. Will these promises help India change its mind? Only time could tell.

This edition of the Economiquity News Wrap captures these stories and other prominent developments across the global trade landscape.

International Trade		
1.	<p><i>How the world is witnessing WTO's last stand</i></p> <p>India Today</p> <p>August 20, 2025</p>	<p>It is in this bleak context that CUTS International's new policy note, authored by Rajesh Aggarwal, a former trade diplomat, becomes strikingly relevant. Titled 'Reclaiming Multilateral Trading System', it offers not nostalgia for the WTO's golden age but a roadmap for its survival. The blunt thesis: if developing and mid-sized economies do not lead reforms, rules will be written elsewhere and their interests marginalised.</p>
2.	<p><i>Why Jagdish Bhagwati isn't overly worried about world trade</i></p> <p>Livemint</p> <p>August 27, 2025</p>	<p>Bhagwati says that exporters in Japan and the EU are suffering "terms of trade" pressures as firms cut margins to stay competitive. But, by not trying to retaliate, neither will European and Japanese consumers suffer price hikes across the board, nor will their companies get addicted to tariff protection and form lobbies that would make it difficult to reduce tariffs later. This is too often the case in the US today and has long been true in India.</p>
3.	<p><i>The U.S.-India breakup: A personal dispute with global implications</i></p> <p>Josh Rogin's blog</p> <p>August 21, 2025</p>	<p>U.S.-India relations have sharply deteriorated as a result of stalled trade negotiations and a 25 percent reciprocal tariff on Indian exports that is set to double. That move, ostensibly over Russian oil purchases, would make India among the highest-tariffed countries. Both Washington and New Delhi are dug in, and a protracted stalemate seems likely, with broad economic consequences in several key sectors.</p>
4.	<p><i>Call to action: Survey findings on business priorities for WTO reform</i></p> <p>Hinrich Foundation</p> <p>August 26, 2025</p>	<p>The results from the Hinrich Foundation's survey indicate that business respondents overwhelmingly do want the WTO, but they want a WTO that functions effectively and sets rules that help them prepare for the future. At the same time, they recognize that the WTO is an expression of collective will. The longer they wait to effect reform, the faster the WTO will slide into irrelevance, a place to talk about trade but decide nothing.</p>
5.	<p><i>The New Economic Geography</i></p> <p>Foreign Affairs</p> <p>August 29, 2025</p>	<p>Asking whether the United States or China will remain central to the world's economy - or looking primarily at trade balances - yields a dramatic underestimate of the scope and impact of Trump's changed approach and how comprehensively the prior U.S. framework undergirded the economic decisions made by almost every state, financial institution, and company worldwide.</p>

Regional Trade

1.	<p><i>The EAC single bond is a leap for trade prosperity in the region</i></p> <p>The East African</p> <p>August 28, 2025</p>	<p>The recently launched EAC Regional Bond Guarantee Scheme marks a pragmatic step towards tackling inefficiencies that have long constrained the region's trade corridors. By replacing multiple national transit bonds with a single regional guarantee, the scheme reduces duplication, lowers costs, and accelerates cargo movement between member states. Its value lies in converting the aspiration of regional integration into an operational system.</p>
2.	<p><i>Trump's Trade War is devastating, but the African Continental Free Trade Area can be a panacea</i></p> <p>London School of Economics</p> <p>August 27, 2025</p>	<p>The African Continental Free Trade Area could function as the proverbial engine of growth for African economies, absorbing potential losses in exports from the trade wars and structurally transforming economies. But only if the financing of infrastructure is accelerated in parallel with easing trade restrictions and procedures.</p>
3.	<p><i>Asia must double down on regional trade liberalisation to overcome the cost of Trump's trade chaos</i></p> <p>East Asia Forum</p> <p>August 24, 2025</p>	<p>Asian and Pacific economies cannot wait for order to be restored from outside. The best defence against a zero-sum world is to choose rules over deals, and integration over fragmentation. If the region uses its own institutions to keep markets open, it can go a long way towards preserving the multilateral system through this rough passage and help take the lead in rebuilding it.</p>
4.	<p><i>Malaysia to host RCEP summit in October alongside 47th ASEAN summit</i></p> <p>Asia News Network</p> <p>August 28, 2025</p>	<p>As Asean Chair, Malaysia intends to convene the RCEP Summit. The aim is to demonstrate that Asia can still lead the cause of openness even as others turn inward. Anwar said that while RCEP remains the largest free trade area in the world, covering 30% of the global gross domestic product, it must not remain a legal text on paper but must be renewed with political energy.</p>
5.	<p><i>Can new ECOWAS leadership revive/sustain bloc?</i></p> <p>Premium Times</p> <p>August 23, 2025</p>	<p>ECOWAS has focused on trade liberalisation and free movement, but implementation has been inconsistent and hampered by diverse economic structures and political will. Intra-regional trade within ECOWAS represents a meagre 10 per cent of the bloc's total trade activity and a negligible 0.3 per cent share of global commerce. This limited internal exchange impedes deeper economic integration.</p>

National Trade		
1.	<i>US tariff impact on India: Ministry says won't have 'long-term loss'; to expedite export promotion</i> Times of India August 28, 2025	The commerce ministry said it is working on expediting the rollout of an export promotion mission to support exporters, adding that the 50% tariffs imposed by the Trump administration on Indian goods will not be a “very long-term loss” .
2.	<i>India plans to double down on Swadeshi movement</i> Livemint August 27, 2025	The Centre is doubling down on locally made products to counter a likely drop in overseas shipments, as hefty US tariffs kick in and President Donald Trump vows to punish countries targeting US technology firms. A campaign will be launched to promote swadeshi goods, with states being asked to encourage people to buy India-made products.
3.	<i>Wide ranging, creative policy reforms needed to counter US trade shock</i> Business Standard August 28, 2025	With the recently signed FTA with the UK, India has a template to constructively move forward with both the EU and CPTPP. With the EU inclined to deepen its economic integration with the CPTPP, the expanded 39-economy trade bloc could well become the dominant rule-maker for global trade .
4.	<i>How to cope with the Trump tariffs</i> The Sanjaya Report August 21, 2025	What can be done to weather the challenges created by Donald Trump's tariff onslaught against the world, in general, and India, in particular? The solution can't be US-specific. Rather, it should be broad-based strengthening of India's industrial base , combined with major procedural reform in government and industry.
5.	<i>Navigating Trade Headwinds: India's Strategic Imperative</i> The Diplomat August 20, 2025	As the U.S. turns tariffs into a blunt instrument of foreign policy, India needs to chart its own path through diversification, diplomacy, and domestic reform . Sustained domestic structural reforms, particularly in labour, taxation, and ease of doing business, among others, will be crucial to enhancing India's export competitiveness and boosting productivity at home, offering an essential, albeit incomplete, remedy to the emerging global order.



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