

ECONOMIQUITY

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As 2026 Dawns, Trade Rules Face a Defining Test

As 2025 ends, global trade finds itself in a paradoxical moment: multilateral rules are under visible strain, yet trade itself has proved remarkably resilient. The World Trade Organisation (WTO) remains the central arena where these tensions play out. Its crisis reflects not institutional irrelevance but a political retreat from rules, driven largely by major powers. US-led reform proposals contain some constructive elements, greater transparency and curbs on vetoes, but also challenge foundational principles such as MFN, consensus, and development flexibilities, risking a drift toward power-based bargaining.

These pressures are increasingly evident in trade disputes. China’s decision to challenge India at the WTO over ICT tariffs and solar subsidies goes beyond narrow legal questions. At stake is India’s localisation strategy and PLI-driven industrial policy, highlighting how trade litigation is now being used to contest policy space.

With the WTO’s dispute settlement system weakened by the continued paralysis of the Appellate Body, interim arrangements such as the MPIA are emerging as the new normal. India’s hesitation to join reflects concerns about long-term reform, yet the absence of a functioning mechanism has already altered the landscape of global trade disputes.

Connectivity and geopolitics increasingly intersect with trade. IMEC reflects India’s effort to diversify EU trade routes away from the vulnerable Red Sea–Suez corridor, while deeper engagement in the Horn of Africa and calls for stronger G20 leadership underline the search for collective solutions amid global uncertainty. Domestically, India’s expanding FTA network has brought customs reform to the forefront. Rationalising tariffs, fixing inverted duty structures, clarifying rules of origin, and calibrating non-tariff measures are essential to translate FTAs such as ECTA, which grants duty-free access to Australia from January 2026, into sustained export competitiveness.

Taken together, these developments show that while global trade endures, its governance is fragile. Whether adaptation reinforces multilateralism or accelerates fragmentation will depend on choices made in the coming year.

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 are being published by trade and policy experts over the past 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 explains why India, despite concerns, should join MPIA to uphold a two-tier dispute settlement system and reaffirm its commitment to a rule-based multilateral trade framework amid growing US unilateralism.

International Trade

1.	<p><i>China moves WTO against India over ICT tariffs, solar subsidies: What's at stake</i></p> <p>Financial Express</p> <p>December 19, 2025</p>	<p>China has moved the WTO against India, challenging tariffs on ICT products and subsidies in the solar sector, alleging violations of WTO rules. Beijing argues India's localisation and PLI-driven manufacturing push harms Chinese exporters. The dispute targets India's industrial policy space, with consultations as the first step before possible litigation.</p>
2.	<p><i>WTO reforms test the future of rules-based global trade</i></p> <p>Policy Circle Bureau</p> <p>December 23, 2025</p>	<p>The WTO's crisis reflects political retreat from rules, not institutional obsolescence. US-led reform proposals challenge core principles like MFN, development flexibilities, and consensus, risking a shift from multilateral discipline to power-based bargaining. While the WTO still anchors global trade, unresolved issues such as state subsidies, digital trade, climate measures require adaptation, not fragmentation. Its survival depends on major powers recommitting to common rules.</p>
3.	<p><i>2025: When multilateralism weakened, but global trade remained resilient</i></p> <p>Business Standard</p> <p>December 28, 2025</p>	<p>In 2025, multilateral trade rules weakened as the US raised tariffs; yet, global trade remained resilient, led by strong supply chains, China's leverage, and India's adaptive policy response. China demonstrated its dominance over critical minerals and advanced technologies, while India responded to external shocks by deregulating selectively and boosting domestic consumption.</p>
4.	<p><i>Trump's proposed reforms of the WTO: Some good, some not</i></p> <p>PIIE</p> <p>December 19, 2025</p>	<p>The US has re-engaged with the WTO and proposed reforms, some of which are constructive, including ending vetoes on new agreements, narrowing special treatment, and improving transparency. However, it also challenges core principles like MFN, expands national-security exceptions, and seeks to limit the Secretariat's role. These moves risk undermining non-discrimination and multilateral discipline rather than strengthening the trading system.</p>
5.	<p><i>How 2025 turned global trade into a test of endurance, not just rules</i></p> <p>Business Standard</p> <p>December 24, 2025</p>	<p>Global trade in 2025 was shaped by persistent US unilateralism, unstable bilateral deals, limited retaliation, and China's continued export dominance. Supply chains are realigning through alliances like Pax Silica, while CPTPP is emerging as a key rules-based alternative amid WTO paralysis.</p>

Regional Trade

1.	<p><i>Japan seems to be betting on India—why the timing matters</i></p> <p>Livemint</p> <p>December 25, 2025</p>	<p>Japanese investment in India surged in 2025, driven by strong growth prospects, demographic advantages, and shared strategic concerns over China and US uncertainty. While momentum is strong, sustaining it depends on India easing regulatory hurdles and translating capital inflows into long-term manufacturing and supply-chain partnerships.</p>
2.	<p><i>How India secured RCEP’s advantages without exposing itself to the ‘China risk’</i></p> <p>The Hindu</p> <p>December 27, 2025</p>	<p>By staying out of RCEP, India avoided a free trade pact with China while securing bilateral FTAs with all other RCEP members, including New Zealand. This “RCEP minus China” strategy has delivered market access, preserved tariff autonomy, and reduced risks of Chinese import surges through indirect trade routes.</p>
3.	<p><i>From Addis to Berbera: India’s strategic pivot in Horn of Africa</i></p> <p>Addis Standard</p> <p>December 29, 2025</p>	<p>India’s deepening partnership with Ethiopia is driving a strategic reorientation toward the Horn of Africa. The article argues that phased recognition of Somaliland would secure maritime access via Berbera, strengthen India’s Indo-Pacific and SAGAR strategies, hedge against China-Pakistan-Egypt influence, and reinforce India’s role as a stabilising democratic maritime power.</p>
4.	<p><i>IMEC’s relevance to India and its chokepoints</i></p> <p>Business Line</p> <p>December 31, 2025</p>	<p>IMEC is driven less by rivalry with China and more by India’s need to diversify EU trade routes. Heavy reliance on the Red Sea–Suez corridor has exposed Indian trade to blockages and security crises, raising costs, delays, and uncertainty for exporters.</p>
5.	<p><i>Chinese-built logistics hub in Tanzania streamlines regional trade across East Africa</i></p> <p>Xinhua</p> <p>December 22, 2025</p>	<p>The Chinese-built East Africa Commercial and Logistics Center in Dar es Salaam is reshaping regional trade by integrating showrooms, warehousing, logistics and customs services. It connects African traders with Chinese suppliers, attracts regional buyers, reduces bottlenecks, and promotes a more efficient, platform-based model for expanding China–Africa trade.</p>

National Trade

<p>1. <i>The new normal in global trade disputes — and India’s stake in it</i></p> <p>The Economic Times</p> <p>December 15, 2025</p>		<p>The WTO Appellate Body has been dysfunctional since 2019 due to US obstruction, weakening dispute settlement. The MPIA offers a functioning interim appellate mechanism and is emerging as the new normal. India, despite concerns, should join MPIA to uphold two-tier dispute settlement and reaffirm commitment to rule-based multilateral trade amid growing US unilateralism.</p>
<p>2. <i>Roadmap for customs reform in the FTA era</i></p> <p>Hindustan Times</p> <p>December 29, 2025</p>		<p>As India expands FTAs since 2020, customs reforms are crucial to boost competitiveness and exports. Key priorities include rationalising tariffs to fix inverted duty structures, improving rules of origin, and aligning non-tariff measures like QCOs with trade goals. Integrated customs reform is essential for leveraging FTAs, attracting FDI, and integrating into global value chains.</p>
<p>3. <i>India stands firm against inclusion of investment pact in WTO framework</i></p> <p>Business Line</p> <p>December 30, 2025</p>		<p>India continues to block incorporation of the Investment Facilitation for Development Agreement into the WTO, arguing it is non-mandated, undermines developing countries’ policy space, and sets a precedent for bypassing consensus, diverting attention from core development issues like agriculture.</p>
<p>4. <i>Elevate India-Africa partnership on defence and security</i></p> <p>ET Contributors</p> <p>December 28, 2025</p>		<p>The alliance between India and Africa is gaining momentum in defence cooperation. Prime Minister Modi's visit serves as a pivotal moment for deeper collaboration. With a focus on counter-terrorism and maritime security, the two sides are working to uplift Africa's defence capabilities</p>
<p>5. <i>All exports to get duty-free access to Australia from Jan 1: Piyush Goyal</i></p> <p>Times of India</p> <p>December 30, 2025</p>		<p>From January 1, 2026, Australia will grant duty-free access to all Indian exports under ECTA, boosting labour-intensive sectors, agri and manufacturing exports. The agreement has strengthened trade growth, supply chains, and India’s Indo-Pacific economic engagement.</p>



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