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*News Wrap – #2/July 2026*


## Navigating the New Waves of Global Trade and Energy Turmoil

The global economy seems to be adapting slowly but steadily to this challenging climate, with rising trade tensions, energy shocks, and shifting alliances hitting all at once. For countries like India, staying on track means learning to adapt quickly to these fast-moving global changes as against operating in isolation.

Energy markets are under serious strain. Conflict in the Middle East is disrupting key shipping paths like the Strait of Hormuz and the Red Sea. Many tankers are turning back and over six million barrels of oil meant for Asia are stuck or at risk. Rubbing salt on the wound, Yemeni Houthi blockades force Saudi tankers to reverse course and military exchanges are throttling Gulf exports, leaving global refiners with severe supply constraints.

Simultaneously, the European Union has adopted its twenty-first sanctions package against Russia, which further tightens pressure on Moscow’s energy sector after four years of Ukraine war. Together, these supply bottlenecks threaten to destabilise international fuel prices and complicate trade recovery.

In parallel, aggressive protectionist policies from major economies are reshaping global commerce. The United States has threatened to impose an additional 10% tariff under its Section 301 targeting imports from countries associated with forced labor allegations and structural overcapacity. For India, the impact will be partial: roughly 45% of its U.S.-bound exports remain exempt, while the remainder faces lower duties compared to other targeted nations.

In response to this instability, regional blocs are reinforcing localised economic ties. South America’s Mercosur is expediting trade negotiations with South Korea, while ASEAN (Association of Southeast Asian Nations) and the United Kingdom are advancing their strategic Indo-Pacific partnerships to build resilience against external shocks.

Against this volatile backdrop, India’s core macroeconomic metrics offer a buffer. Foreign exchange reserves recently expanded by US$1bn to reach US$676bn, anchored by US$551bn in foreign currency assets, helping to smooth rupee volatility amidst currency depreciation. Meanwhile, progress continues on the proposed India-U.S. Bilateral Trade Agreement (BTA), subject to competitive parity terms.

However, sustained growth demands rapid structural evolution. The World Trade Organization (WTO) notes that high trade costs, regulatory complexity, and infrastructure gaps remain key barriers to India's goal of becoming a developed country by 2047, the centenary of her independence. As the Indian Finance Ministry emphasises, navigating global uncertainty requires faster policy implementation, domestic reform, and deeper economic integration to attract long-term investment.

| International Trade | | |
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| 1. | *About 6 million barrels of crude per day that pass through the strait to Asia are now at risk, experts say.*<br><br>**ALJAZEERA**<br><br>July22, 2026 | Two tankers carrying Saudi crude to Asia have reversed course in the Red Sea after Yemen's Houthis announced a blockade of Saudi ports, raising fears that disruptions to another of the world's most important shipping routes could further restrict global oil supplies. The vessels, the Rodos and Xin Long Yang, were carrying a combined 2.8 million barrels of oil from Saudi Arabia's western port of Yanbu. |
| 2. | *EU struggles to adopt new round of economic sanctions against Russia*<br><br>**LE MONDE**<br><br>July23, 2026 | After several weeks of difficult negotiations, the European Union adopted a new package of sanctions against Russia on Thursday, July 23, the 21st round since the war in Ukraine began in February 2022. With this move, the EU further tightens the pressure on Russia's economy, severely strained by four years of conflict. The 27 member states are primarily targeting the energy sector. |
| 3. | *Trump slaps 10% tariff on India, no major impact seen*<br><br>**TIMES OF INDIA**<br><br>July25, 2026 | The US Trade Representative has announced 10% additional tariffs on India and several other countries for allowing import of goods using forced labour. The "permanent" levy after a Section 301 probe, which was on expected lines, will replace the "temporary" 10% import duty from Friday and is unlikely to have a big impact. Although lower than the proposed 12.5% for India, exports from the country face additional threat due to a second probe against over a dozen nations for structural overcapacity. |
| 4. | *Brazil, South Korea agree to advance talks for Mercosur trade deal*<br><br>**REUTERS**<br><br>July28, 2026 | Brazil and South Korea agreed to accelerate talks on a potential trade deal between the Asian nation and the South American bloc Mercosur, their presidents said on Monday during a ceremony in Brasilia.<br>Brazil has been seeking to expand deals alone or through Mercosur, which also includes Argentina, Paraguay and Uruguay to diversify trade at a time when it is being hit by tariffs from the U.S., one of its key commercial partners. |
| 5. | *Lithuania gives EUR 30,000 to help developing economies and LDCs improve trade skillset*<br><br>**WTO**<br><br>July28, 2026 | Lithuania is contributing EUR 30,000 (approximately CHF 28,000) in 2026 to finance training programmes for government officials from developing economies, including least-developed countries (LDCs). This contribution to the WTO Global Trust Fund will support these economies in deepening their expertise on WTO issues and help them participate more effectively in the rules-based multilateral trading system. |

| Regional Trade | | |
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| 1. | *Mideast war escalation threatens recovery in global oil refining*<br><br>**REUTERS**<br><br>July22, 2026 | Asian refiners, counting on steadier oil supply, had been expected to lead a recovery in global fuel production this quarter, but attacks between the U.S. and Iran have again throttled Gulf crude exports through the Strait of Hormuz, where a fifth of the world's oil previously passed before the war. Yemen's Iran-aligned Houthis have threatened to block Saudi Arabian exports from the Red Sea, which could force more than 3 million barrels per day of Saudi crude that were going to Asia |
| 2. | *ASEAN-UK issued joint ministerial statement on cooperation on the ASEAN outlook on the Indo-Pacific*<br><br>**TRADE TREASURY**<br><br>July24, 2026 | On 22 July 2026, the Member States of the Association of Southeast Asian Nations (ASEAN) and the United Kingdom (UK) gave joint statement at the ASEAN Post-Ministerial Conference in Manila to reaffirm and advance their partnership under the ASEAN Outlook on the Indo-Pacific (AOIP). The joint statement commends the adoption of the ASEAN-UK Plan of Action (2027-2031), which will guide cooperation efforts to realise AOIP objectives and reinforce ASEAN Centrality. |
| 3. | *Following Expansion in China, Regional Private Equity Faces New Scrutiny in Southeast Asia*<br>*An overreliance on China is one issue.*<br><br>**THE DIPLOMAT**<br><br>July29, 2026 | From Japan to India to China, private equity firms in some of the world's hottest markets are facing headwinds as they try to place experienced managers in the companies they buy. That is hampering the pace of investments at a time when the amount of dry powder that fund managers have to deploy is climbing again. |
| 4. | *Guyana explores partnership to develop future power infrastructure projects*<br><br>**CNG**<br><br>July 30, 2026 | Guyana is establishing a framework to identify, evaluate, and develop potential power-sector infrastructure projects through a new partnership between the Guyana Power and Light Inc (GPL) and Pacific and Auro Power Inc. The collaboration reflects GPL's commitment to pursuing strategic partnerships that support the expansion and modernisation of Guyana's electricity infrastructure. |
| 5. | *Asean's best defence against US tariff turmoil lies close to home*<br><br>**THE BUSINESS TIMES**<br><br>July30, 2026 | US TARIFF turmoil is far from over. The 10 per cent import surcharge on countries worldwide, imposed under Section 122, expired on Jul 24 – but trade uncertainty continues.<br>The US Section 301 proceedings concerning imports made with forced labour and alleged excess industrial capacity now point to the next phase. |

| National Trade | | |
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| 1. | *India's growth remains strong, but trade barriers threaten 2047 goal: WTO*<br><br>**TIMES OF INDIA**<br><br>July21, 2026 | India will need to address structural challenges such as high trade costs, regulatory complexity, infrastructure gaps and barriers to deeper global integration if it is to achieve its ambition of becoming a developed nation by 2047, according to the World Trade Organisation's (WTO) latest Trade Policy Review (TPR) report. |
| 2. | *45% of Indian exports to the U.S. will not face new 10% tariffs, says Commerce Ministry*<br><br>**THE HINDU**<br><br>July25, 2026 | About 45% of India's exports to the U.S. remain outside the purview of the new 10% tariff that Washington has levied on imports, the government said on Saturday. The remaining 55% will attract the new 10% 'forced labour' tariffs but lower than that imposed on most of the other countries that were investigated by the U.S. |
| 3. | *Forex reserves up by $1 billion to $676 billion*<br><br>**THE ECONOMIC TIMES**<br><br>July25, 2026 | Indias foreign exchange reserves increased $1 billion to $676 billion in the week ended July 16. Foreign currency assets increased $4.5 billion to $551 billion, despite the Reserve Bank of India selling dollars in the foreign exchange market to smoothen rupees volatility. The rupee weakened from 95.62 to 96.28 last week. The increase in foreign currency assets was countered by gold reserves, which decreased $3.5 billion to $101.7 billion. |
| 4. | *Will Trump's New Russia Oil Tariffs Impact India-US Trade Deal? Piyush Goyal Responds*<br><br>**NEWS 18**<br><br>July29, 2026 | Union Commerce and Industry Minister Piyush Goyal on Wednesday said the first tranche of the proposed India-US Bilateral Trade Agreement (BTA) is ready to come into effect once the United States ensures India enjoys a comparative advantage over competing countries. His remarks came as the US Senate advanced a bipartisan sanctions bill targeting Russia's energy revenues. |
| 5. | *Finance ministry calls for faster policy action to sustain growth amid global uncertainty*<br><br>**THE ECONOMIC TIMES**<br><br>July30, 2026 | The finance ministry on Wednesday stressed the need for faster policy responses and stronger implementation to attract both domestic and foreign investment, Times of India reported, saying India must "reinvent itself" to navigate mounting global uncertainties and sustain long-term economic growth.<br>https://economictimes.indiatimes.com/news/economy/finance/finance-ministry-calls-for-faster-policy-action-to-sustain-growth-amid-global-uncertainty/articleshow/132730789.cms |

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