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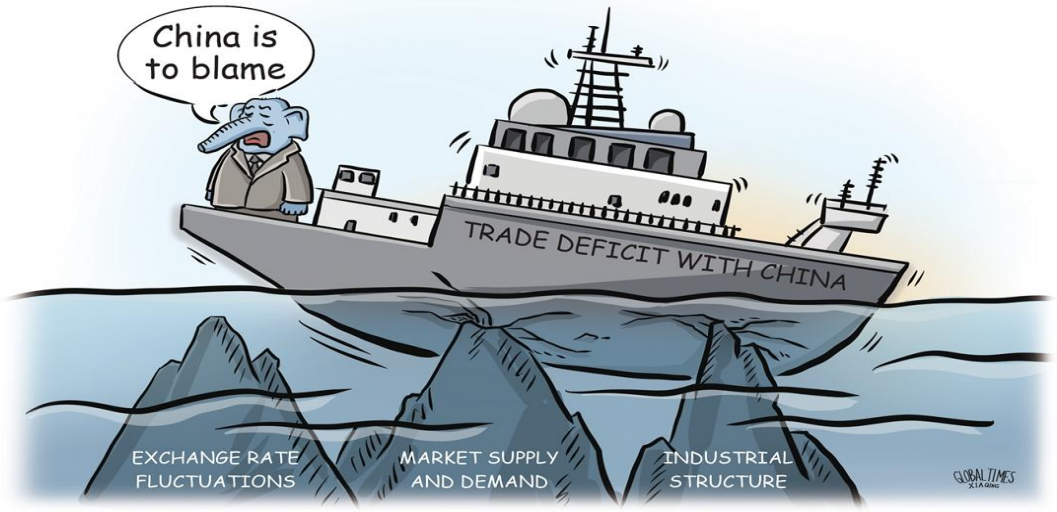




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India's widening trade deficit with China should not be blamed on Beijing



The volume of bilateral trade between China and India has steadily expanded, and India's trade deficit with China has long remained at an elevated level. This imbalance has emerged as a central topic in Indian political discussions regarding bilateral economic relations. Recently, several senior Indian officials have pointed their finger at Beijing on international forums and at multilateral summits, attributing the trade imbalance to China.

However, an objective examination across multiple dimensions - industrial structures, exchange rate mechanisms, and market supply and demand - reveals that India's trade deficit with China is essentially the inevitable outcome of its **own structural economic shortcomings. Unilaterally shifting the blame outward will do nothing to resolve the trade imbalance.**

India's fragile manufacturing base and insufficient export supply capacity represent the most fundamental structural root cause of this chronic trade deficit. World Bank statistics show that manufacturing value-added as a percentage of India's GDP has hovered between 13 percent and 15 percent for a decade, falling far short of the 25 percent target set by the Modi administration's "Make in India" initiative. India's industrialization has been stymied by inadequate infrastructure, rigid labor markets, and fragmented supply chains.

Looking at the bilateral trade composition, China-India trade exhibits classic traits of a vertical division of labor: Indian exports to China are heavily concentrated in resource-based and primary goods, with high-value-added manufactured goods accounting for a very low share. Meanwhile, Chinese exports to India are dominated by industrial intermediate and finished goods. This discrepancy in value chain positioning dictates that the array of products India can offer China remains limited, whereas India's own industrialization process continuously generates massive import demand for manufactured goods, naturally forming a structural pattern of "importing much and exporting little."





Moreover, exchange rate fluctuations within the dollar-dominated global trade denomination framework have further magnified the nominal bookkeeping size of India's trade deficit with China. The Indian rupee has continuously weakened against the US dollar in recent years. Rupee depreciation directly inflates the local currency purchasing cost of all dollar-denominated imported goods, thereby driving up the nominal import value of Chinese goods entering India.

At the same time, although the primary commodities India exports to China are likewise priced in dollars, commodity price cycles fluctuate significantly. The theoretical export price advantage brought by a depreciating rupee is frequently offset by global commodity market trends, making it difficult to effectively stimulate a rapid surge in India's exports to China. Yet, certain Indian politicians tend to deliberately ignore exchange rate factors when discussing trade issues, directly pinning the entire growth of the deficit on Chinese trade policies.

The exceptional cost-performance ratio and indispensable nature of Chinese supply chains perfectly match India's massive domestic demand for consumption and industrialization, sustaining high levels of Indian imports from China. Backed by a vast population base, India is advancing urbanization and industrialization simultaneously, creating robust domestic demand for industrial components, basic equipment and daily consumer goods.

Yet, due to insufficient domestic manufacturing capacity and incomplete product categories, many intermediate products cannot be stably supplied locally. Leveraging large-scale production and complete supply chain ecosystems, China provides industrial products across all tiers, holding pronounced competitive advantages in pricing, delivery lead time and product reliability.

Even as the Indian government attempts to promote supply chain diversification by encouraging alternative sourcing from regions like Southeast Asia, many countries in those regions are themselves heavily reliant on Chinese intermediate goods, meaning their final products lack comparative advantages in cost and delivery schedules. The Indian smartphone industry serves as a telling case study.

Administrative restrictions cannot eliminate the Indian market's inelastic demand for Chinese products, and the trade deficit has failed to narrow as anticipated. Instead, trade

protectionism has raised production costs for domestic Indian enterprises, driven up consumer prices and damaged India's long-term international business image.

Trade imbalances are the joint product of comparative advantages, industrial capabilities and market choices. If India wishes to fundamentally shrink its trade deficit with China, the focus should not lie in accusing another country of trade barriers, but rather in remedying its own manufacturing deficits, upgrading supply chain ecosystems and expanding its exports of high-value-added products. Politicizing economic issues and blindly pursuing trade protectionism will only cause India to miss opportunities for industrial upgrading, offering zero benefit to its long-term economic development.

Source: Global Times-

Global hotel CEOs identify India as a major source of travel growth

India is emerging as one of the most important source markets for international hotel demand, with half of global hotel brand CEOs expecting the country to drive travel growth in 2027, according to a new report by Global Hotel Alliance (GHA).

India ranked second only to the United States, cited by 53% of respondents, while 50% identified India as a major source of future international demand. China and the United Kingdom followed at 40% each, ahead of the Middle East at 37% and Southeast Asia at 30%.

The findings highlight India's growing influence on the global hospitality industry as rising incomes and an expanding outbound travel market create opportunities for hotel groups seeking new sources of international business.

The *GHA Hotel Brand CEO Outlook 2027*, titled Growth, Disruption and the Forces Reshaping Global Hospitality, surveyed 30 chief executives of hotel brands within the alliance in August 2026. It examines the markets, technologies and commercial priorities expected to shape the hotel industry over the coming years.

India's position is particularly strong in the Asia-Pacific outlook. Among hotel operators in the region, 64% identified India and Southeast Asia as leading sources of international growth, followed by China at 55%.

For Middle East and Africa operators, India and the United Kingdom jointly ranked as the leading anticipated source markets, each cited by 56% of respondents.

(Source: Travel Daily Media)

Airport wants all flights to 14 destinations to move to Navi Mumbai

Navi Mumbai-Amid stiff resistance from foreign airlines to shift some international flights from the Mumbai airport to the Navi Mumbai airport, the former's operator has informed the government that it plans to suspend all flights to 14 international destinations in the 2027 summer schedule, which means that these destinations would be served only from the new airport some 50 km away, according to sources.

The 14 destinations identified by Mumbai International Airport Ltd (MIAL) are the ones that Indian airlines IndiGo, Air India group, and Akasa Air have decided to serve from Navi Mumbai instead of Mumbai. Both Mumbai and Navi Mumbai airports are operated by Adani group entities. The 14 destinations are **Bahrain, Dammam, Dhaka, Doha, Fujairah, Jakarta, Jeddah, Kathmandu, Kuwait, Madinah, Muscat, Ras Al Khaimah, Riyadh, and Sharjah.**

India’s FTA

EU and India conclude negotiations on association to Horizon Europe



India and the European Commission have completed negotiations for India’s association with Horizon Europe. The agreement is expected to enhance scientific cooperation between Europe and India significantly.

Researchers from India will gain access to Horizon Europe funding and can lead joint projects addressing pressing global challenges. This association aims to facilitate collaboration in various fields, including health, climate, and energy.

The European Commission and India have successfully concluded negotiations on India's association with Horizon Europe, the EU's €93.5 billion flagship research and innovation programme.

DGFT invites applications for vehicle import quotas under India-UK FTA



The government of India has opened applications for importers seeking duty concessions under the India-UK trade pact. This initiative relates to a quota of 24,500 passenger cars and 2,750 transport vehicles. The applications are accepted from November 6, 2026 to November 21, 2026, according to the Directorate General of Foreign Trade. The Comprehensive Economic and Trade Agreement allows reduced tariffs on vehicle imports between the two nations.

The government Friday sought applications from importers seeking quotas to avail of duty concessions under the India-UK trade pact for 2027 for specified vehicles such as passenger cars.

The applications are for a quota of 24,500 cars with different engine capacities and 2,750 transport vehicles, the Directorate General of Foreign Trade said in a public notice.



International Business

India and Poland Explore AI, Semiconductors, and Business

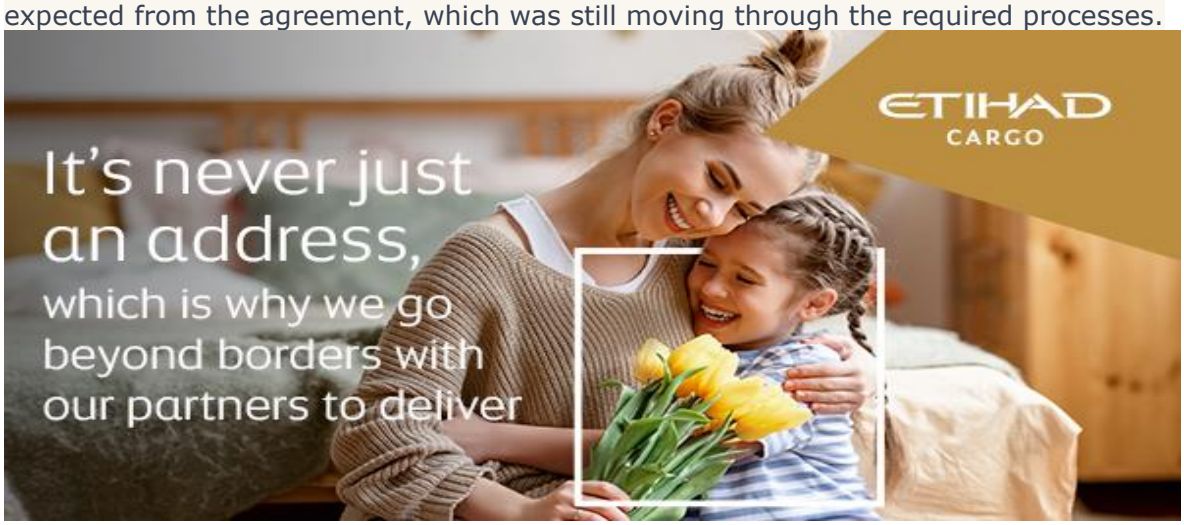


India and Poland explore new partnerships in AI, semiconductors and critical minerals.

India and Poland explored cooperation in AI, semiconductors, critical minerals, data centres and cybersecurity during Minister of State Jitin Prasada's November 2–3 visit. Accompanied by a delegation representing 12 Indian companies, he held meetings with Polish ministers and addressed the India–Poland Business Forum in Warsaw to encourage stronger trade, investment and technology partnerships.

The two sides also discussed startup partnerships, technology research and stronger industrial engagement. The November visit by Jitin Prasada continued this engagement through meetings with Polish government representatives, companies and potential investors.

The India–EU Free Trade Agreement was another important subject of discussion. At the time of the November visit, businesses were being encouraged to prepare for opportunities expected from the agreement, which was still moving through the required processes.



Special Report

India's probe of Scotch imports from Britain rattling liquor majors?



NEW DELHI- An investigation by India into bulk Scotch whisky imports has shaken up a $65 billion market, spotlighting a landmark India-UK trade pact celebrated after New Delhi agreed to halve tariffs on the products.

Here is an explainer on the first significant dispute over the India-UK free trade agreement since it took effect in July. Whisky tariffs were a sticking point during the years of protracted negotiations leading up to the deal's July 15 implementation.

Under the historic trade pact, India agreed to slash import taxes on certain Scotch imports to 75% from 150% immediately, and to 40% over 10 years.

The British government said "iconic UK products" including whiskies and gin would benefit from India's tariff changes. Though Indian state taxes and other levies are high and vary across the nation, the duty cut was still seen bringing some price relief on whisky products.

WHAT IS INDIA'S THINKING AND WHY ARE COMPANIES WORRIED?

The Indian government is arguing privately with companies — from Diageo (DGE.L), opens new tab and Pernod (PERP.PA), opens new tab to Radico Khaitan (RADC.NS), opens new tab and Allied Blenders and Distillers (ALLE.NS), opens new tab — that their bulk Scotch imports do not qualify for the lower 75% tariff, Reuters has reported.

While imported bottled Scotch, like The Glenlivet, gets the reduced duty, Indian officials argue the benefit does not extend to bulk Scotch, which is often used to make popular whisky brands in India, even though the pact's tariff schedule also covers Scotch imported in bulk.

Tax officials, who searched offices of many companies in recent weeks as part of the investigation, have asserted a new customs classification introduced earlier this year for "compound alcoholic preparations of a kind used for the manufacture of beverages" is the one that applies to such bulk imports, and attracts the old 150% tariff.

The industry disagrees.

"Compound alcoholic beverages are essentially flavoured or modified alcohols, whereas bulk Scotch Whisky is a distilled alcoholic beverage produced with malted barley and water," said Rajnish Singh, founder of India's Yaana Advisors, which advises liquor companies on regulation. The Indian government is due to hold talks with the industry to discuss the issues.

WHY DO BULK SCOTCH IMPORTS MATTER SO MUCH?

India is Scotch whisky's largest export market by volume, with the equivalent of more than 220 million bottles exported there in 2025, according to the UK-based Scotch Whisky Association.But around 80% of Scotch whisky imports from Britain by volume arrive in bulk to be used to make popular brands, industry estimates show.

Most of those imports go into so-called Indian-Made Foreign Liquor, or IMFL whisky, created by mixing some Scotch with other spirits and ingredients. Pernod, Diageo and many Indian companies have popular offerings created this way.

Pernod's Blenders Pride, for example, is described on Pernod's website as a blend of Indian grain spirit and imported Scotch malts from Chivas Brothers, "tailored to the tastes of this nation of whisky enthusiasts".

HAS ANY GOVERNMENT INTERVENED?

After the Reuters report last month on the scrutiny of companies in India, a spokesperson for the UK government said, "We are working with the government of India to resolve this issue to ensure UK businesses can export under the tariffs agreed in the trade deal."

Scotland's leader John Swinney also raised the treatment of bulk Scotch whisky exports with the Indian government during a visit that ended last week.

The Indian government has so far not commented on the matter.

WHAT IS THE INDUSTRY VIEW?

The International Spirits & Wines Association of India, a group representing Pernod, Diageo and other major firms, has said privately the classification issue risks undermining an important market-access benefit negotiated between India and the UK.

The Confederation of Indian Alcoholic Beverage Companies, a domestic trade group, has joined the protest by flagging a hit to domestic manufacturing.

Excluding bulk Scotch from the tariff cut could encourage imports of finished whisky over local production, running counter to India's domestic manufacturing push, it has said.

Allied Blenders said in an investor presentation last week it is "one of the largest bulk Scotch importers" and the UK pact would improve its "luxury portfolio accessibility".

(**Source:Aditya Kalra-Thomson Reuters)**





India to Grant New Zealand a Preferential Quota of 35,000 Tonnes of Apples: Polish Exporters Still Face a 50% Tariff



New Zealand has secured more favourable terms for apple exports to the Indian market. Under a free trade agreement with India, exporters will be able to ship 35,000 tonnes of apples in 2027 at an import tariff of 25%, instead of the standard 50%. This creates new competitive conditions for Polish exporters, who continue to face India's 50% tariff, EastFruit reports, citing the Polish publication Sad24.

Preferential Period Aligns with New Zealand's Export Season

The free trade agreement between New Zealand and India entered into force on 20 October 2026. In 2027, the preferential apple quota will amount to 35,000 tonnes. The reduced tariff of 25% will apply from 1 April to 31 August, coinciding with New Zealand's export season.

To qualify for the preferential rate, the import value of apples must be at least $1.25/kg, or approximately PLN 4.93/kg, including transportation and insurance costs. Shipments exceeding the quota will be subject to the standard tariff.

In subsequent years, the quota will gradually increase, reaching 45,000 tonnes annually. New Zealand's industry organisation New Zealand Apples & Pears announced that it will begin accepting applications for the allocation of the 2027 quota on 2 November.

Poland Already Ships Tens of Thousands of Tonnes of Apples to India

According to Eurostat, Poland exported 23,000 tonnes of fresh apples to India between January and July 2026. During the first five months of the year, exports totalled 20,500 tonnes, up 87% from the same period in 2025, when shipments amounted to less than 11,000 tonnes.

From September 2025 to July 2026, total Polish apple exports to India exceeded 44,000 tonnes. Thus, the Indian market remains an important destination for Polish exporters, although New Zealand suppliers will gain an additional price advantage.

However, a lower tariff does not necessarily mean that New Zealand apples will be cheaper than Polish apples. New Zealand's products have a higher import value, meaning Polish exporters still have opportunities to compete on price.

Separately, Sad24 notes that negotiations on a free trade agreement between the EU and India concluded on 27 January 2026. The agreement provides for a reduction in the tariff on EU apples from 50% to 20% under an overall quota initially set at 50,000 tonnes per year. The quota will gradually increase to 100,000 tonnes from the eleventh year of the agreement's implementation.(**Source: East Fruit)**

India's oilmeal exports fall 28.5% as cheaper Brazilian, Argentine soymeal squeezes shipments

India's oilmeal exports fell 28.51% year-on-year to 12.82 lakh tonnes in April-August FY27, dragged by a 73% plunge in soybean meal shipments. Higher domestic demand, Red Sea shipping disruptions and elevated freight costs added pressure, while cheaper supplies from Brazil and Argentina eroded India's competitiveness in global markets.

India's oilmeal exports declined 28.51% year-on-year to 12.82 lakh tonnes in April-August of the current fiscal year, hit by a steep fall in soybean meal shipments as cheaper supplies from Brazil and Argentina eroded the country's competitiveness in international markets, industry body Solvent Extractors' Association of India (SEA) said on Monday.

Oilmeal exports stood at 17.93 lakh tonnes in the corresponding period last fiscal year. Total shipments for the full 2025-26 fiscal year were 37.68 lakh tonnes, according to SEA data. Soybean meal exports plunged 73% to 2.05 lakh tonnes during April-August, from 7.57 lakh tonnes a year earlier.

India highlights export potential to BRICS community

India reportedly has 1,782 products with export opportunities within the BRICS community, but holds only an 8.4 percent share of that market.

The research, reported by ANI, highlighted that India has the second-highest number of products with export potential among BRICS members, only trailing China.

The news agency noted that its relatively low export share underscores a gap between the country's export competitiveness and its actual presence in the bloc's markets. The report identified pharmaceuticals, petroleum products, automobiles and components, and engineering goods as some of India's primary export strengths, categorizing them as having "established, high potential."

It further noted that opportunities to expand trade among BRICS members extend across several sectors, including manufacturing, technology, energy, and industrial products.

(Source: Prensa Latina)

Compiled by Dr.Sham Choughule through various sources for private circulation

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