

Mixed bag for domestic agri sector

GOOD AND BAD. Rice and cashew will enjoy an advantage, while seafood could be affected

Prabhudatta Mishra

New Delhi

Proposed US tariffs on Indian products will have a mixed impact on the Indian agriculture sector, including allied ones such as fisheries. The proposals brought smiles on the face of rice and cashew exporters but left the seafood and gherkin exporters worried.

An agri business industry veteran said, "There are two aspects to it (tariffs). At least we now know the quantum of the tariff and we have visibility. We stand to gain because our tariff rate is way lower than our competitors from Asia. The other aspect is that we must remember that these rates are only transient."

"Hope our government will be able to negotiate the issue during trade negotiations and arrive at a better rate. We think that it (the levy of the tariffs) is an aggressive posture to bring countries to the discussion table. It is only a negotiating stance. I think we will have a better picture after 3-6 months," he said. The gov-



WEEDING OUT COMPETITION. India is at an advantage as 30% tariff has been levied on Pakistan PTI

ernment does not foresee any immediate adverse impact. It hopes to implement the India-US bilateral trade agreement (BTA) within the next 6 months, which could take care of the tariff situation.

BASMATI RICE

Most of the agri products exported to the US were earlier subject to import duties of 0-10 per cent import duty, which will now be 27 per cent, excluding the anti-dumping duty wherever levied, sources said. The US had the largest share of 16.32 per cent among all export

destinations in all the agri products that India exported worth \$24.74 billion in 2023-24. India will enjoy a clear advantage in the non-basmati rice segment, too, particularly in premium grades since Pakistan, Thailand and Vietnam have attracted higher tariffs.

Ashwani Arora, MD & CEO, LT Foods said, "While we are still understanding the impact, the good thing is that our only competitor is Pakistan and a 30 per cent tariff has also been levied on them. So we are not at a disadvantage."

"There is a 3 percentage

point advantage for India," said a New Delhi-based trade analyst.

The tariff proposal raised hopes of a revival in the cashew industry.

Bola Rahul Kamath, President, All India Cashew Association, said the US has levied a tariff of 46 per cent on Vietnam. As a result, Indian cashew will be 20 per cent cheaper compared to that of Vietnam in the US. About 90 per cent of US cashew imports are from Vietnam.

WORST HIT

Spices exporters voiced concern over the tariffs as it could impact the sector's export competitiveness, supply chain economics, and long-term trade relationships. Exports of gherkins (pickled cucumbers) are likely to be worst hit. Gherkins already face a 9 per cent duty in the US, also their largest market.

An agri products' exporter, speaking on the condition of anonymity, said packed cereals and pulses, particularly targeting the Indian Diaspora, will get pricey. Indian exporters will have to pass on the burden to

consumers, which could lead to higher process for consumers, he said.

India, which is a leader in the production of products like gherkins and mangoes, might face a challenge. "India is a major exporter of gherkins and mangoes to the US.

It could be a burden for the exporters handling products like these," he said. He hoped the country could arrive at a better levy by engaging with them in trade talks.

Exporters fear that the tariff will make the Indian gherkins uncompetitive in the US when compared to other countries such as Mexico, Canada and even Turkey.

The trade expert said India could gain in agricultural products on the price and quality front as trade could shift her from East and South-East Asia.

"As we saw during Covid, there will be change in traditional and conventional pattern of trade. The US tariffs will re-engineer them," he said.

(With inputs from Vishwanath Kulkarni, Bengaluru, and V Sajeer Kumar, Kochi)