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EDITORIAL ANALYSIS

# India's Farm Exports After Trump: Resilience or Mirage?

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## Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

# India's Farm Exports After Trump: Resilience or Mirage?

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**INTERVIEW ANGLE**

*"Is India's agri resilience a structural shift or a fragile detour around US tariffs?"*

**EDITORIAL SUMMARY:**

The Indian Express examines how Indian agricultural exports expanded after the second Trump administration's April 2025 reciprocal tariffs, which placed an effective 50 per cent burden on a range of Indian goods. The editorial argues that diversification into West Asia, ASEAN and Africa, plus rupee depreciation, cushioned the shock – but warns that opening dairy and food grains in any future US trade deal still risks the livelihoods of crores of small farmers.

## THE TARIFF SHOCK AND THE NUMBERS AFTER IT

In April 2025, the Trump administration imposed reciprocal tariffs averaging roughly 26 per cent on Indian merchandise exports, escalated further on select categories to an effective 50 per cent burden once secondary penalties on Russia-linked trade flows were factored in. Indian agricultural exports – basmati rice, buffalo meat, marine products, spices, sugar and oilseed meals – were expected to take a sharp hit.

A year later, the headline numbers tell a more complex story. Total agricultural exports for FY2025-26 grew rather than contracted, anchored by:

- **Basmati rice**: West Asia (Saudi Arabia, UAE, Iran, Iraq) absorbed the diverted volumes; basmati exports crossed previous records.
- **Buffalo meat**: Vietnam, Malaysia and Egypt expanded their share; the US was never the largest market.
- **Marine products**: ASEAN-EU dual diversification cushioned the shrimp segment, though margins compressed.

- **Spices and processed foods**: West Asia and Africa expanded.
- **Rupee depreciation**: the Indian rupee's slide against the dollar in 2025 widened the cushion for exporters denominated in USD.

The resilience is real. The question is whether it is structural.

## THE THREE SOURCES OF CUSHION

1. **Market diversification**: The Agricultural and Processed Food Products Export Development Authority (APEDA) accelerated buyer-seller meets across West Asia and Africa from mid-2025. Government-to-government rice and wheat arrangements with Egypt, Indonesia and the Philippines absorbed excess capacity.
2. **Currency hedge**: A weaker rupee mechanically raises rupee realisation per dollar earned. For exporters with rupee-denominated costs, this offset a significant share of the tariff incidence.
3. **Tariff arbitrage**: Importers in some markets re-routed Indian goods through third-country processing – a pattern that boosted apparent diversification while remaining sensitive to enforcement.

Each cushion is conditional. Currency cycles reverse. Diversified buyers re-price contracts after the first year. Trans-shipment arbitrage invites compliance scrutiny.

## THE DAIRY QUESTION IN A FUTURE DEAL

Trade conversations between New Delhi and Washington in early 2026 have repeatedly returned to the same line items: dairy products, soybean meal, almonds, apples, walnuts and ethanol. The United States Trade Representative has long argued for dairy market access. India has held the line.

The political economy is non-negotiable. Dairy supports over eight crore rural households; cooperative networks anchored by Amul, Mother Dairy and state federations are the backbone of women-led rural enterprise. Opening dairy to subsidised US imports would not merely reduce producer prices – it would dismantle a livelihoods architecture that no compensatory package can reasonably replace. The same logic applies, with smaller numbers but equal political weight, to pulses and edible oils.

## THE STRUCTURAL RISKS BEHIND THE RESILIENCE

- **MSP exposure**: Open trade in cereals risks transmitting world-price volatility into India's MSP regime, raising fiscal cost or producer distress.

- **Concentration risk**: Roughly 70 per cent of agricultural exports remain concentrated in a dozen commodities; a single disease outbreak (avian flu, blue ear) can disrupt entire export categories.
- **Climate exposure**: Erratic monsoons and heat stress can swing exportable surplus by 15-20 per cent year-on-year, undermining contractual reliability.
- **Logistics**: Farm-to-port turnaround for perishables remains 30-40 per cent slower than for ASEAN competitors; the Sagarmala upgrades have not yet decisively closed the gap.

## UPSC MAINS ANALYSIS

**GS Paper 2 – India and bilateral trade / GS Paper 3 – Agricultural marketing, food security**

**Key arguments:**

- Indian agri exports proved unexpectedly resilient to Trump-II tariffs through diversification (West Asia, ASEAN, Africa) plus rupee depreciation cushion.
- The political economy of dairy, pulses and edible oils prohibits substantive concessions in any future India-US trade deal.
- Resilience is real but conditional on currency cycles, climate stability and commodity concentration.

**Counterarguments:**

- Continued tariff exposure raises the long-run case for a calibrated, sector-by-sector India-US trade deal that opens limited non-sensitive agri categories.
- A blanket "no concessions" posture risks ceding ground in non-agri sectors (textiles, gems, IT services) that bear greater tariff incidence.

**Keywords:** Trump reciprocal tariffs 2025, APEDA, basmati rice, buffalo meat, MSP, Amul cooperative model, India-US Trade Policy Forum, Sagarmala, rupee depreciation, agricultural export diversification.

> *The Indian Express's view is sober. The post-tariff resilience of Indian agri exports is a tactical success, not a structural transformation. The next India-US trade conversation will test whether resilience is treated as a foundation for confidence or as a licence for complacency. On dairy, the line should not move. On everything else, the case for selective, well-negotiated openness is stronger than the current rhetoric admits.*

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