

Indian rice likely to gain from US tariff war with Mexico, Canada

KV Kurmanath

Hyderabad

Even as the US President Donald Trump's reciprocal tariffs send the world into a spin, India could look to tap an unlikely opportunity — export rice to Mexico, Canada and countries that import rice from the US.

The reciprocal tariff regime could impact rice exports and this could be a great opportunity for India, a rice-surplus country, according to Samarendu Mohanty, an acclaimed global rice expert.

Apart from Mexico, the US exports rice to Central and South America, Japan, the Caribbean region, Canada and the Gulf region. The US exports 6,38,000 tonnes of rice to Mexico and 2,50,000 tonnes to Canada, two countries most affected by increased trade tariffs.

“While tariffs generally have negative impacts, Trump's import tariffs on Canada and Mexico could benefit Indian rice exports. Canada and Mexico are large importers of US agricultural goods, including rice. If US rice becomes more expensive due to tariffs, Canada and Mexico might turn to Asian countries, such as India, Pakistan and Vietnam, for imports,” he said.

AFFLUENT CONSUMERS

Talking on how Trump's tariff war could boost the Asian sector at the Professor Jayashankar Telangana State Agricultural University (PJTSAU), he said any US tariffs on Indian imports, such as basmati rice, are unlikely to significantly reduce demand in the US because the primary consumers are relatively affluent.

Mohanty received the World Rice Industry Global



Service Award in 2023 for his contributions.

Stating that India has emerged as a major player in the global rice sector, he said exports had crossed 20 million tonnes, holding a share of 40 per cent of the 55-56 million tonnes (mt) of global trade in the staple grain.

WHEAT IMPACT

“India's rice production has become monsoon-proof over period of a time. In a doubt year, the production touched the 138 mt mark in 2023-24. The recent export ban was due to a shortfall in wheat production, not rice, and India currently has a large surplus of nearly 70 mt of rice stocks,” he said.

“With an expected production of 150 mt in 2024-25 and a domestic consumption of around 90 mt, the surplus is projected to grow to 40 mt by 2030,” he pointed out.

“This surplus signifies that rice is no longer just a food security crop for India but a potential cash crop for the export market. The current export strategy primarily focuses on low-priced, low-quality parboiled rice and raw rice to the African market,” he said. He felt India must shift focus to exporting rice to premium markets such as the Philippines and Indonesia.

Ironically, when India imposed a ban on rice exports, the US was one of the major beneficiaries.