

Modi risks wrath of India's farmers with US trade talks

Smallholders vow to resist concessions amid fear imports could wreck their livelihoods

ANDRES SCHIPANI AND JYOTSNA SINGH PATIALA
KRISHN KAUSHIK — NEW DELHI

The last time Indian farmers descended on New Delhi, they dealt Narendra Modi a rare political blow, forcing him to backtrack on agricultural reforms.

Now, Daljinder Singh Haryao, who five years ago drove south to the capital from India's northern Punjab state, has said he will climb back on his tractor if the prime minister makes too many concessions on agriculture in trade talks with US President Donald Trump.

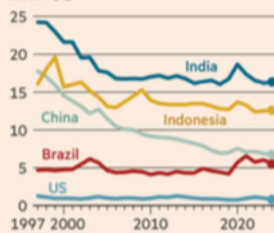
"Allowing crops and food products through a trade agreement will finish us," said Singh Haryao, one of 30,000 members of a powerful farming union in Punjab's agricultural heartlands.

Difficult trade negotiations with the US have thrust farmers' complaints to the centre of national debate, with the possibility of a flood of cheap US agricultural imports handing the opposition fresh ammunition to attack Modi.

New Delhi has historically excluded agriculture from trade pacts, arguing such moves would hurt millions of poor farmers, a powerful voting bloc. The prime minister is facing four regional elections within the next seven months and has said he would stand "like a wall" against any policy that threatens farmers' interests.

Agriculture accounts for a larger share of GDP in India than in other major countries

Share of GDP from agriculture, 2024 (%)



Sources: World Bank; OECD; Our World in Data

India has one of the world's biggest agricultural sectors in terms of workforce and output, notably of rice and milk, and successive leaders have been loath to reform the sector.

Agriculture minister Shivraj Singh Chouhan this month hailed agriculture as "the backbone of India's economy, and farmers are its soul; serving farmers is akin to worshipping God". Nearly half of the workforce in the world's most populous country are employed in agriculture, which accounts for almost one-fifth of Indian GDP.

So great was the anger at Modi's proposed reforms in 2020 that thousands of farmers, including Singh Haryao, camped out in New Delhi for nearly a year. The prime minister eventually reversed course on plans to deregulate the trade in agricultural commodities allowing private players to set prices.

This time round, Modi is facing increasing pressure from the Trump administration. US commerce secretary Howard Lutnick recently criticised India for not importing "a single bushel" of US maize. India imposes tariffs of 70-80 per cent on US rice, 15-50 per cent for maize and 30-60 per cent on dairy products from the country.

It is also hit hard by Trump's trade war, facing 50 per cent tariffs. Trump, who said the higher levies were in response to India's trade in Russian oil, has indicated Modi would reduce these purchases. Both leaders are expected in Malaysia for a summit of Asian leaders, which starts on Sunday.

People briefed on the negotiations in New Delhi acknowledge disagreements over US agriculture are a major "sticking point". Farming may have been a "red line" for India in other negotiations — including Australia in 2022, the UK this year and also the EU — but the US agricultural lobby is pushing particularly hard, said an Indian official familiar with the negotiations.

India might end up having to make some concessions, a person familiar with the discussions in New Delhi said after commerce minister Piyush Goyal's visit to Washington late last month.

While India is unlikely to open up the farming sector entirely, it could allow imports of some maize for ethanol production and set quotas for other products. The talks are com-



On the move: farmers protest on the outskirts of Amritsar in January. Below, Daljinder Singh Haryao is concerned about the trade talks
Narinder Narula/APP/Getty



plicated by the fact that most US maize and soyabean production is genetically modified and India has strict rules on GM output.

Agronomists in the 1960s and 1970s made Punjab a testing ground of improved seeds and better farming, transforming India into one of the world's largest food producers. But agriculture in India is largely artisanal with farmers having small, fragmented land holdings — the average Indian farm comprises just a little over one hectare, compared with more than 180 hectares in the US. In dairy, the average herd size in India is two to three animals per farmer, compared with 380 in the US.

If the government makes compromises, then voters will "drag it down", said Mohini Mohan Mishra, the general secretary of the Bharatiya Kisan Sangh, the farmers union linked to the Rashtriya Swayamsevak Sangh, the Hindu nationalist group and ideological parent of Modi's Bharatiya Janata party.

'India will never be able to compete with subsidised US' products

With almost 200,000 co-operative societies and employing some 80mn people, dairy is not only an important constituency. It is also sensitive because of concerns US cattle are fed with animal byproducts, contrary to Indian dietary and religious habits. Rupinder Singh Sodhi, president of the Indian Dairy Association, said: "India does not need dairy from outside. We are the world's largest milk producer."

Ajay Bhalothia of the All India Rice Exporters' Association has asked Indian trade negotiators to "put pressure on the US to remove tariffs on Indian rice, but they told us that America wants their rice to be made duty free in India — that is not viable for India".

For the chair of the Farmers' Forum India, Ajay Vir Jakhar, "India will never be able to compete with subsidised US" products, such as maize and milk, which would "destroy the livelihood of millions of small" Indian farmers.

Singh Haryao says "our livelihoods are at stake". If Modi opens India's market to subsidised US products, "we would hold a much bigger protest".

EU climate agenda Brussels offers to water down green legislation

Brussels is proposing several revisions to major pieces of its green legislation to placate EU leaders who meet to discuss the viability of the bloc's climate ambitions tomorrow.

The European Commission said yesterday it would exempt small farmers from the EU's landmark deforestation law for a year and vastly reduce their level of compliance with the rules.

It also said it would revise its carbon pricing system for houses and cars and consider watering down its 2035 combustion engine ban by allowing carmakers to make vehicles that run on carbon-neutral fuels and biofuels.

The moves come amid concerns from member states over the bloc's slowing economy. They are divided over the pace and scale of the transition to a cleaner economy, given the cost and administrative burden on companies.

French President Emmanuel Macron and German Chancellor Friedrich Merz have questioned several parts of the EU's Green Deal climate law, such as the combustion engine ban and its rules on chemicals and wastewater. They have called for the abolition of the bloc's due diligence law, which requires companies to root out environmental and social abuses in their supply chains. The Trump administration has also been lobbying the EU to change due diligence and deforestation rules.

According to a draft negotiating document for tomorrow's summit, EU leaders are expected to call for a more "pragmatic" transition and "to ensure Europe's industrial renewal and decarbonisation in a technologically neutral manner".

Scandinavian countries, alongside the Netherlands and Ireland, want the EU to uphold its climate ambitions, while Poland and the Czech Republic are pushing the commission to loosen rules. Slovakian prime minister Robert Fico has said he will not agree to the bloc's next round of sanctions on Russia at the summit unless the commission makes efforts to reduce energy prices.

European Central Bank president Christine Lagarde lashed out at "a growing denial of the climate crisis and a backlash against green initiatives".

Alice Hancock, Luxembourg