

Navigating US Tariffs: A Strategy for Indian Shrimp Exports



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India is consolidating its position as a major global economic power. The International Monetary Fund (IMF) projects India's GDP to reach \$4.19 trillion in 2025, making it the world's fourth-largest economy, ahead of Japan, and on track to surpass Germany within three years. This sustained momentum is driven by robust domestic demand, heavy government investment in infrastructure, and a dynamic services sector. India's young population, with a median age of under 29, provides a demographic dividend that further fuels growth. Nearly 65% of citizens are under 35, creating a powerful engine for the economy, though it also presents the challenge of creating enough jobs and opportunities.

Amidst this wider economic rise, the fisheries sector has quietly become a pillar of resilience and global influence. In 2023–24, India's fish production reached 18.4 million tonnes, with inland aquaculture contributing nearly three-fourths. The sector adds ₹1.65 trillion to Gross Value Added—1.12% of national GVA and over 7% of agricultural GVA. Government initiatives such as the Pradhan Mantri Matsya Sampada Yojana (PMMSY), Fisheries and Aquaculture Infrastructure Development Fund (FIDF), Blue Revolution, and PMMKSSY have been central to this transformation.

A Pillar of Economic Resilience

India is now the world's second-largest fish producer, contributing about 8% of global output. Production has more than tripled in 20 years, thanks to advances in aquaculture, traditional fishing, and policy support. The sector directly sustains nearly 30 million fishers and fish farmers, while millions more benefit through processing, storage, transport, and retail. Its role in livelihoods, nutrition, and foreign exchange is immense.

In 2023–24, seafood exports hit a record 1.78 million tonnes, valued at \$7.38 billion. Though less than 1% of India's \$778 billion

in total exports, seafood's strategic value lies in sustaining coastal jobs and securing foreign exchange.

Shrimp: The Star of Exports

Frozen shrimp dominates India's seafood basket. In 2023–24, shrimp accounted for 40% of export volume and nearly two-thirds of export earnings. India's shipments to the US alone were worth \$2.5 billion, overwhelmingly composed of frozen shrimp—over 90% of the seafood basket sent there. The high demand for black tiger and vannamei shrimp reflects the strength of Indian aquaculture and the central role of shrimp in India's seafood economy.

This heavy reliance on one product and one market, however, has now become a vulnerability.

Escalation of US Tariffs

In August 2025, the US imposed a 25% duty on Indian shrimp imports, citing India's oil purchases from Russia under Executive Order 14257. This was soon doubled to 50%. These new tariffs come on top of existing US levies, including a 2.49% anti-dumping duty and a 5.7% countervailing duty. The combined tariff burden has now risen to 58.26%—the highest imposed on any Asian shrimp exporter.

For an industry that ships \$2.5 billion worth of shrimp annually to the US, this is a severe blow.



Competitive Disadvantage

The tariff shock has left Indian shrimp uncompetitive compared with rivals like Ecuador, Vietnam, and Indonesia. Ecuador, in particular, enjoys a powerful advantage: tariffs of only around 15%, coupled with lower freight costs. Indian exporters, already working on tight margins of 5–6%, now find it nearly impossible to compete.

The immediate fallout has been a steep fall in farm-gate prices, eroding profits, and fears of widespread shutdowns—particularly among smaller exporters. Industry experts warn that if India loses its foothold in the US market, competitors could permanently capture market share, especially in segments such as value-added headless shrimp.

Adding to the crisis is the fact that around 2,000 containers of shrimp already in transit to the US are now subject to higher tariffs, creating an estimated immediate burden of ₹6 billion. Exporters who had priced their shipments under slimmer margins now face unexpected and devastating costs.

Human Impact on Coastal India

The tariffs are not just an economic setback but a social crisis. Andhra Pradesh, India's shrimp powerhouse, cultivates shrimp worth ₹200 billion and supports around 650,000 farmers and 300,000 workers. Odisha and Kerala face similar risks. In total, 30–40 million people are linked to the shrimp value chain—fishers, farmers, processors, transporters, and traders.

The tariff shock thus threatens to devastate livelihoods across coastal communities and destabilise a key pillar of India's agricultural economy.

A Way Forward: Resilience Measures

Addressing this crisis requires both immediate relief and long-term structural changes.

Diplomatic Engagement

India must urgently engage the US government in direct dialogue. A temporary relaxation of tariffs—perhaps for six months—could provide breathing space for exporters. This is not unrealistic, given the US seafood market's dependence on Indian shrimp. India, in return, could consider reciprocal trade concessions.

The government must cushion the blow through concessional loans, freight equalisation, subsidised power, and duty drawbacks. Reports suggest a dedicated committee has already been formed to explore financial packages. Such support is crucial to prevent widespread closures and protect employment.

Diversification and Market Expansion

For long-term resilience, India must reduce its heavy reliance on the US market. Exploring new destinations such as Ireland, Romania, Oman, Israel, Singapore, and Qatar could help. More importantly, trade agreements with China (under APTA) and Japan, where many shrimp lines already enjoy duty-free access, should be fully leveraged.

Efforts are also underway to expand exports to the EU and BRICS nations. The EU's approval of 102 additional Indian fisheries for export, raising the total to 604, reflects confidence in India's food compliance standards and helps widen market access.

Moving Up the Value Chain

India must also focus on value-added shrimp products. Currently, only 10–20% of exports are in this category. Premium, branded products such as marinated, peeled, and deveined shrimp can capture higher margins in global markets. Achieving this will require stronger international certifications and eco-labels to position Indian shrimp as sustainable, safe, and traceable.

Strengthening the Domestic Market

Developing a strong domestic market can act as a buffer against global shocks. A "National Seafood Campaign" could popularise shrimp as an affordable, nutritious food. Investments in cold storage, e-commerce platforms, and institutional procurement could boost access and demand. This would stabilise incomes for farmers and processors while ensuring India's premium seafood benefits its own citizens.

Conclusion

India's rise as a global economic power is mirrored in the growth of its fisheries sector, especially shrimp exports. But the unprecedented US tariffs have exposed the risks of overdependence on a single market. With a combined tariff burden of 58.26%, Indian shrimp faces its gravest challenge yet.

The crisis threatens not just exporters but the livelihoods of millions along India's coasts. A swift mix of diplomatic negotiation, domestic financial aid, market diversification, and a pivot to value-added products is essential. Building a stronger domestic seafood market will further insulate the industry from global volatility.

Indian shrimp exports have powered the country's seafood trade for decades. With resilience, adaptability, and strategic policy support, the sector can weather this storm and emerge stronger—continuing to sustain millions of livelihoods while securing India's place in global seafood markets.