

# Govt to meet exporters, shipping firms today

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The commerce ministry has convened a meeting of exporters, shipping lines, freight forwarders, and officials from other ministries on Monday to assess the impact of escalating tensions in the West Asia region on India's trade, an official said.

The government is closely monitoring the evolving situation in West Asia amid concerns over potential disruptions in global shipping routes. "Right now, the situation is volatile, and we are keeping a watch on available shipping routes and the potential disruption," a senior commerce department official told *Business Standard*.

Conflict in the West Asian region escalated over the weekend after the United States (US) and Israel launched an attack on Iran, killing its Supreme Leader Ayatollah Ali Khamenei. Iran retaliated, launching attacks targeted at other countries in the Gulf region, including the United Arab Emirates (UAE), Bahrain, Kuwait, and Qatar.

The inputs from exporters will help the government evaluate whether any policy response is required. "It is too early for any government intervention at the moment," the official cited above said.

Exporters said the ongoing conflict has already begun to disrupt established global logistics channels. If the situation worsens, it will impact trade not only with Gulf countries but also with Europe and the US, they said.

Exporters have to resort to the longer route via the Cape of Good Hope to send shipments to European countries and the US. This will increase voyage time and substantially raise freight costs, at a time when exporters are grappling with trade-

related challenges and uncertainty due to protectionist policies imposed by the US.

India exported goods worth \$50 billion to 13 countries in the West Asian region during April-December, accounting for 15 per cent of its total outbound shipments. Imports stood at \$116.45 billion in April-December, accounting for a fifth of India's total inbound shipments, government data showed.

The region includes countries that are part of the Gulf Cooperation Council (GCC) – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE – and other countries such as Iran, Iraq, Yemen, Israel, Jordan, Lebanon, and Syria.

Ajay Sahai, director-general and chief executive officer of Federation of Indian Export Organisations, said the ongoing geopolitical developments are creating a complex risk environment for Indian exporters.

"At this stage, we do not foresee an immediate structural disruption to India's overall exports, but sustained escalation could increase transaction costs and delay shipments," Sahai said.

However, the Gulf region remains one of India's largest export destinations, covering engineering goods, food products, textiles, pharmaceuticals and services. If uncertainty prolongs, exports and construction-linked supplies in the region may see temporary caution, he said.

Aditi Nayar, chief economist at Icra, said the situation in West Asia is unfolding and to the extent that it prolongs and widens, it would have a bearing on India's macros, including the impact of fuel prices on inflation and the twin deficits, as well as remittances.