

As the Iran war intensified, disrupting Gulf shipping lanes and unsettling energy and equity markets, the Union government activated a multi-ministry war room to stabilise trade and ease port congestions. Alongside, India stepped up efforts to protect its people in West Asia. Among the steps, the civil aviation ministry announced 10 evacuation flights to be operated by IndiGo, from Jeddah

Govt moves to shield trade as Iran war chokes sea routes

SHREYA NANDI & SHINE JACOB
New Delhi/Chennai, 2 March

With the Iran war escalating sharply and crisis deepening in the global energy market, India on Monday unveiled a coordinated plan to support exporters and shippers caught in the fallout.

In New Delhi, officials moved to set up a multi-ministry support desk to help exporters and importers manage disruptions in trade flows, after industry representatives warned of cargo pile-ups at ports and mounting logistics challenges linked to the conflict.

The escalation followed joint strikes by the United States and Israel on Iran that killed its Supreme Leader, Ayatollah Ali Khamenei, and prompted retaliatory attacks by Iran and allied armed groups on Israel, US military targets and several Gulf nations. Israel widened its campaign to include Hezbollah-linked sites in Lebanon. The intensifying exchanges have affected shipping lanes, energy infrastructure and regional airspace, with oil prices rising and airlines cancelling or rerouting flights.

India's trade exposure to West Asia is significant. Between April and December, India exported goods worth about \$50 billion to 13 countries in the region, accounting for roughly 15 per cent of total outbound shipments. Imports stood at \$116.45 billion during the same period, nearly a fifth of overall inbound trade. The region spans Gulf Cooperation Council members — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — as well as Iran, Iraq, Israel, Jordan, Lebanon, Syria and Yemen.

Export disruption

During a meeting with senior government officials on Monday to review the emerging geopolitical situation, ex-



(Top) The heavily damaged Gandhi Hospital in Tehran. (Above) Israelis take cover while air-raid sirens warn of incoming missiles launched by Iran, in Beit Shemesh on Monday

«THE CURRENT SITUATION IN WEST ASIA IS A MATTER OF GRAVE CONCERN FOR US... WE WILL CONTINUE TO WORK WITH ALL COUNTRIES TO ENSURE THE SAFETY OF ALL INDIAN CITIZENS PRESENT IN THIS REGION»

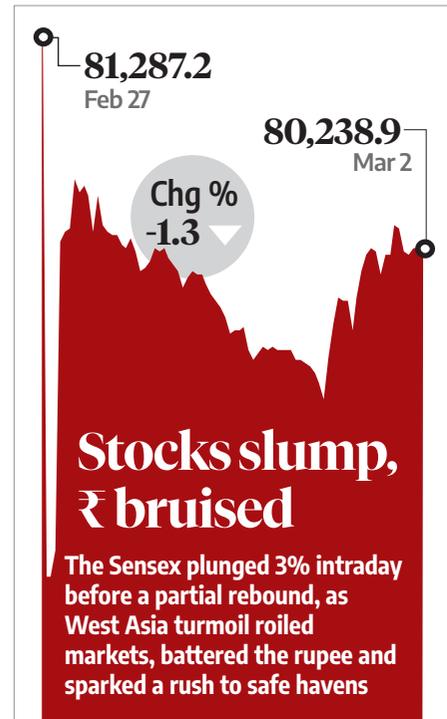
Narendra Modi, Prime Minister

porters warned of a looming crisis as cargo bound for West Asia piled up at domestic ports, alongside growing logistics-related challenges.

The meeting was chaired by Suchindra Misra, Special Secre-

tary, Department of Commerce, and Lav Agarwal, Director General of Foreign Trade (DGFT). The meeting was attended by representatives from logistics operators and shipping lines, finance ministry, petroleum ministry, shipping ministry, the Reserve Bank of India, (RBI), and export promotion councils.

An official statement from the Department of Commerce said that discussions included the need to maintain predictability in cargo movement, minimise avoidable delays, and ensure seamless documentation and payment processes for exporters and importers. Turn to Page 6 ▶



Global upheaval

World indices	1-day chg (%)
Euro Stoxx 50*	-2.35
Hang Seng	-2.14
FTSE 100	-1.45
Nikkei 225	-1.35
Nifty 50	-1.24
S&P 500*	-0.52

Sectoral indices

Nifty Infrastructure	-2.23
Nifty Auto	-2.2
Nifty CD	-2.15

Bullion

Gold (international)*	1.2
Silver (international)*	-3.4

	Close	1-day chg
₹ vs \$ (spot)	91.47	-0.55%
10-yr India Gsec yield	6.68%	1.5 bps
India mcap#	₹456.9 trn	-₹6.6 trn

*until 8.40 pm IST; #mcap of all BSE-listed companies; Source: Bloomberg
Compiled by BS research Bureau

PHOTOS: REUTERS

Govt moves to shield trade as Iran war chokes sea routes

“The Department reiterated the Government of India’s priority of ensuring continuity of EXIM logistics and mitigating any disruptions to India’s trade flows. It was emphasised that the approach will remain facilitative and coordinated, with a focus on maintaining supply chain resilience, protecting the interests of exporters — particularly MSMEs — with a view that essential imports required for domestic production and consumption are not adversely affected,” the statement said.

Exporters also flagged difficulties in shipping food items to the region during the ongoing month of Ramzan. Dubai and Doha, which serve as major air cargo hubs, have been affected by airspace restrictions, adversely impacting airbound shipments, according to a person who attended the meeting.

A source in the export sector said “around 3,000 containers” destined for West Asia were stuck at Mundra and Jawaharlal Nehru Port cumulatively in the last 24 hours. Shipping liners were not taking fresh orders due to concerns over the safety of crew, cargo and vessels. “Shipments to the US will go via the Cape of Good Hope. However, shipments for West Asia are suspended because of safety concerns,” Sunil Vaswani of the Container Shipping Lines Association said, pointing to cargo piling up at Indian ports. To complicate matters, containers continue to arrive at ports, adding to congestion. Ports are working to provide additional space as operators adopt a wait-and-watch approach.

Export promotion bodies said prolonged uncertainty could result in widespread renegotiation of contracts. Trade-policy analyst S Chandrasekaran said that after an attack on a merchant vessel two days ago, trade routes through the region had come to a standstill. “Due to the crisis, almost all the existing export contracts will be renegotiated. I believe one of the major sectors that will be affected is food. In almost all ports, containers are stuck,” he said.

Pankaj Chadha, chairman of EPC India, said Saudi Arabia and the UAE are among the key markets for engineering goods and serve as gateways to exports to the wider West Asia and North Africa region. He said if the Strait of Hormuz, through which about 20 per cent of global oil flows, were to be blocked, it would not only lead to a spike in energy prices but also significantly increase freight costs.

Chadha said that a prolonged situation could erode competitiveness due to rising logistics and insurance costs.

Shipping lines and seafarers under strain

Separately, the DGFT and the Directorate General of Shipping have met stakeholders over the past two days to discuss the issues they face. A war room has been set up as a common platform to help with cargo congestion, rerouting, and ensuring non-West Asia bound supplies reach destinations timely, a freight forwarder aware of the developments said.

Shipping companies have raised concerns about vessels and crew operating in the affected waters. The Indian National Shipowners Association (INSA) said 27 Indian-flagged vessels were currently in the region, with many Indian seafarers on board. “Our primary concern right now is the safety of the seafarers and we have requested the government for the same,” said Anil Devli, INSA’s chief executive.

Reports of attacks on commercial vessels have heightened anxiety. Oman’s Ministry of Defence said an unmanned boat struck the oil tanker MKD VYOM, 52 nautical miles off the coast of Muscat Governorate, causing an explosion in the engine room and killing one crew member. Sources said an Indian mariner was among those killed in a separate drone attack on a crude tanker in the Gulf of Oman. Shipping data showed hundreds of vessels, including oil and gas tankers, dropping anchor in nearby waters as traders anticipated sharp movements in crude prices.

Diplomatic outreach

Diplomatic engagement accompanied the administrative response. Prime Minister Narendra Modi spoke on Monday with King Hamad bin Isa Al Khalifa of Bahrain and Crown Prince and Prime Minister Mohammed bin Salman of Saudi Arabia, condemning attacks on both countries and discussing the wellbeing of the Indian community there. He also held a telephone conversation with Israeli Prime Minister Benjamin Netanyahu.

“Had a telephone call with PM Benjamin Netanyahu to discuss the current regional situation. Conveyed India’s concerns over recent developments and emphasised the safety of civilians as a priority.

Refiners look at other crude sources

After recent Western sanctions, the volume of such shipments has risen sharply. India’s oil marketing companies (OMCs) are also expected to draw on inventories, estimated at 25 days.

On Monday, the Ministry of Petroleum and Natural Gas (MoPNG) said it would take all necessary steps to ensure the availability and affordability of major petroleum products in the country. In view of ongoing geopolitical developments in West Asia, the MoPNG reviewed the supply situation for crude oil, liquefied petroleum gas (LPG) and other petroleum products with senior officials from the government and state-run energy firms, it said in a post on X.

Queries sent to Indian Oil Corporation Ltd (IOCL), Bharat Petroleum Corporation Ltd (BPCL), Hindustan Petroleum Corporation Ltd (HPCL), Reliance Industries Ltd (RIL) and the oil ministry remained unanswered at the time of going to press.

Tensions in West Asia escalated on Monday after Iran launched retaliatory attacks following US- and Israeli-led military strikes that killed Supreme Leader Ayatollah Ali Khamenei. Crude oil prices jumped to around \$80 a barrel in early trade on Monday, from around \$72 a barrel at Friday’s close.

Qatar halted production of liquefied natural gas (LNG), prompting precautionary

India reiterates the need for an early cessation of hostilities,” Modi said in a post on X.

The Cabinet Committee on Security on Sunday night reviewed the evolving situation and directed all concerned departments to take necessary and feasible measures to assist Indian nationals affected by the developments.

In a media statement on Monday, the PM said: “The current situation in West Asia is a matter of grave concern for us. India supports the resolution of all disputes through dialogue and diplomacy. We will continue to work with all countries to ensure the safety of all Indian citizens present in this region.”

shutdowns of oil and gas facilities across West Asia. Qatari LNG output accounts for about 20 per cent of global supply and plays a major role in balancing demand in both Asian and European markets. Following a drone strike in the area, Saudi oil giant Aramco halted operations at the country’s largest refinery at Ras Tanura on the Persian Gulf coast, according to people familiar with the matter.

According to estimates by Yes Securities, the West Asia crisis poses serious energy security risks to India, with roughly 83 per cent of its LPG supply, around 51 per cent of its crude oil supply and 56 per cent of its LNG imports sourced via routes linked to Hormuz. Cargoes from West Asia may have to take the longer Cape of Good Hope route to reach Indian shores as shipping firms avoid the Strait of Hormuz, the second executive said. “India would only receive one-fourth of the Gulf supply if the alternative route is taken. We do not expect the Strait of Hormuz to be closed beyond a few days. Nobody, including US President Donald Trump, would want that,” a third executive said.

Despite mounting tensions, executives said they were not actively considering greater reliance on Russian crude at this stage, primarily to avoid violating sanctions. “Every company has a risk