

PMO may review Red Sea conflict impact on trade

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New Delhi, 8 February

Top officials at the Prime Minister's Office (PMO) are expected to review the developments related to the troubled Red Sea region and its impact on trade and logistics in the week, people aware of the matter said. Senior commerce department officials are expected to meet those of the PMO on Monday regarding this, although any government support or incentive to help exporters deal with high freight and insurance costs is unlikely.

Earlier this week, Commerce Secretary Sunil Barthwal held hectic meetings with officials of his department and also chaired an inter-ministerial meeting, along with officials of the Ministries of Defence and External Affairs, and the Department of Financial Services.

Insurance premiums too have risen. Last week, the finance ministry said prices might go up because of higher energy costs caused by the rise in shipping charges. A senior government official said as of now there had been no impact in terms of volumes (of shipments).

"The only thing is freight costs have risen but it is the same in other countries as well, such as Vietnam and Indonesia," a senior government official told *Business Standard*. The official said the impact of the disruption was not seen in December's trade data, but the government was collating and closely looking into the current month's impact on export and import.

The Red Sea is vital for 30% of global container traffic and 12% of global trade