

# Exporters seek Indian shipping line to stop getting 'arm twisted'

**TAKING FORWARD.** Board of Trade meet is an opportunity to discuss how to leverage FTAs better: Goyal

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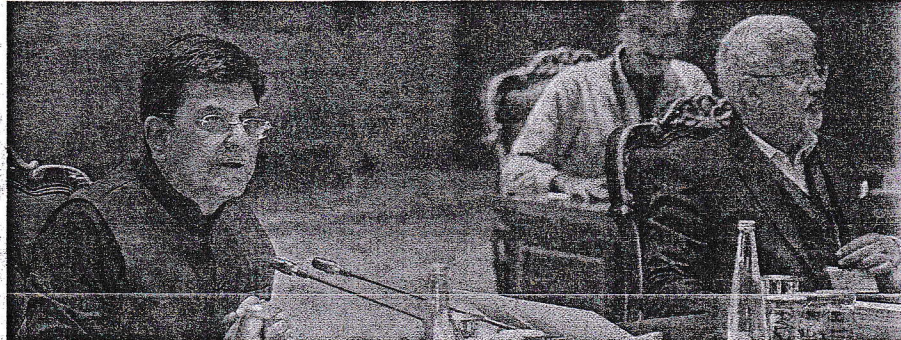
The government must focus on developing an Indian shipping line of global repute that could reduce "arm twisting" by foreign shipping lines at the time of crisis and result in big savings, some exporters proposed at the Board of Trade meeting chaired by Commerce & Industry Minister Piyush Goyal on Tuesday.

The suggestion, made on many occasions before, is especially important in the present context of sky-rocketing shipping charges due to the on-going Red Sea crisis, which has affected India's trade with Europe, US east coast and parts of West Asia and Africa.

## **FREIGHT RATE HIKE**

"Because Indian exporters are almost completely at the mercy of foreign shipping lines, they indiscriminately increase freight at the slightest opportunity. Right now, freight rate increase is not just confined to the Red Sea route or the detour that has to be taken through the Cape of Good Hope, but on all routes. This was pointed out to the government," a person tracking the matter told *businessline*.

In its presentation, exporters' body FIEO pointed out that as the government had taken the laudable initiative for facilitating container manufacturing in the coun-



**RENEWED FOCUS.** Union Minister for Commerce and Industry Piyush Goyal chairs the 2nd meeting of the reconstituted Board of Trade, in New Delhi, on Tuesday **PTI**

try to become 'Atma Nirbhar', a similar focus for developing an Indian shipping line of global repute was called for.

"India remitted over \$80 billion as transport service charge in 2021. As the country moves towards the goal of \$1 trillion exports, this will touch \$200 billion by 2030. A 25 per cent share by the Indian shipping line can save \$50 billion annually," it said.

The Indian private sector may be engaged to develop such shipping lines. This will also reduce arm twisting by foreign shipping lines particularly of our MSMEs, the presentation added.

## **RED SEA CRISIS**

India's exports could decline by an estimated \$30 billion in the on-going financial year if the Houthis

continue their attacks on cargo ships in the Red Sea, according to some calculations made by think-tanks. Not only have shipping charges more than doubled on several routes, all kinds of steep surcharges are being applied such as peak season surcharge, Red Sea surcharge and contingency surcharge, exporters complained. Insurance costs have also gone up several fold.

The Commerce & Industry Minister pointed out that the Board of Trade meeting was an opportunity to deliberate on the key issues including how to leverage the free trade agreements (FTAs) for the country's benefit, how to encourage the start-ups/MSMEs to go beyond the borders and start exporting and boost exports from the services sector which remains

a key driver of export growth. The Board of Trade meeting focused on reviewing the export performance to achieve the \$2-trillion export target for year 2030, the priorities identified in the new Foreign Trade Policy 2023 and the strategies and measures to be adopted in order to take forward the export growth, per an official release.

The reconstituted Board of Trade provides an opportunity to have regular discussions and consultations with trade and industry and advises the government on policy measures connected with the FTP in order to achieve the objectives of boosting India's trade.

It also provides a platform to the State governments and UTs for sharing State-oriented perspectives on exports.