

Govt assesses Iran-Israel conflict impact on trade

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The commerce ministry on Friday held consultations with key stakeholders, including shipping lines, exporters, container firms, and other departments, to assess the impact of the Iran-Israel conflict on India's overseas trade, an official said. The meeting was chaired by Commerce Secretary Sunil Barthwal.

The participants informed that the situation in the Strait of Hormuz is currently stable and a ship reporting system is in place to monitor any incidents.

The freight and insurance rates are also being closely monitored, the official said.

The commerce secretary emphasised the need to assess the evolving situation and its impact on Indian trade, the official said. He highlighted the importance of exploring all possible alternatives in response to the situation. Exporters have stated that the

Iran lifts airspace restrictions to evacuate 1,000 Indians

In a special gesture, Iran has lifted airspace restrictions for three charter flights to evacuate about 1,000 Indian nationals, mostly students, from the Iranian city of Mashhad.

Mohammad Javad Hosseini, the deputy chief of mission at the Iranian embassy, said more evacuation flights could be operated in the coming days to bring back Indians if required. The Indian nationals were moved to Mashhad from Tehran following Israeli attacks on the Iranian capital city. The

evacuation flights, to be operated by Iranian airline Mahan, are being arranged by New Delhi. India launched Operation Sindhu on Wednesday to bring back its nationals from Iran and Israel in view of the precarious security situation arising out of Iran-Israel hostilities.

The first chartered flight carrying Indians are set to land in Delhi on Friday evening. "We consider Indian nationals to be our own people. They are like Iranians," Hosseini said at a media briefing said. PTI

war, if escalated further, would impact world trade and push both air and sea freight rates.

They have expressed apprehensions that the conflict may impact the movement of mer-

chant ships from the Strait of Hormuz and the Red Sea.

Nearly two-thirds of India's crude oil and half of its LNG imports pass through the Strait of Hormuz, which Iran has now

threatened to close. This waterway, only 21 miles wide at its narrowest point, handles nearly a fifth of global oil trade and is indispensable to India, which depends on imports for over 80 per cent of its energy needs.

According to think tank GTRI, any closure or military disruption in the Strait of Hormuz would sharply increase oil prices, shipping costs, and insurance premiums, triggering inflation, pressuring the rupee, and complicating India's fiscal management. The present conflict that began with an attack on Israel on October 7, 2023 had brought cargo movement through Red Sea routes to a halt due to attacks by Houthi rebels on commercial shipping.

Last year, the situation around the Bab-el-Mandeb Strait, a crucial shipping route connecting the Red Sea and the Mediterranean Sea to the Indian Ocean, escalated due to attacks by Yemen-based Houthi militants.