

Auto component sector still reeling from Red Sea crisis

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The Red Sea crisis is significantly impacting the multi-billion-dollar India's auto components industry. Delivery times for containers have doubled, ports like Singapore are congested, and freight rates have risen sharply as ships take longer routes for safety, the Automotive Component Manufacturers Association of India (Acma) said on Thursday.

"The time to deliver containers has gone up substantially, almost twice or thrice...The trade route has become so much more elongated and you avoid the Red Sea and you have to go down to South Africa down to the Cape of Good Hope to access Europe. Europe is almost 33 per cent of our market for

exports," Vinnie Mehta, director general, Acma said.

"The Indian government also cannot do much because the shipping lines are international. We have to wait and keep our fingers crossed and hope things normalise," Mehta said.

The Indian auto component industry exported items worth \$21.2 billion in 2023-24, marking a five per cent year-on-year (Y-o-Y) growth, he said. Europe and North America hold about 32 per cent share of these exports.

Shradha Suri Marwah, president, Acma, said freight companies are seeking a congestion charge of about \$1,000-1,500 per container. "This means the cost of shipments is going up. We hope it will get decluttered soon but no one has that answer," she said.

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