

Exporters want China route revived for shipments to CIS countries

Indian exporters have sought resumption of exports to the Commonwealth of Independent States (CIS) countries through China, following Russia's invasion of Ukraine.

The CIS countries include Ukraine, Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan.

Exports to these nations have stopped as there is no movement of ships through the Black Sea.

The proposed route -India to Qingdao by ship and from there on to CIS by railways - has been non-operational for over a year.

The suggestion was made at a meeting between the commerce and industry ministry and stakeholders. "Three-four meetings with exporters and the finance ministry have happened on ways to minimise the impact of the conflict," an official said, adding that the situation is fluid and the government is keenly watching developments.

At present, a large volume of cargo exported to the CIS countries moves via Russian Railways. "We have proposed this route via China to CIS countries moves via Russian Railways. "We have proposed this route via China to CIS countries as Indian banks will be reluctant to deal with documents showing en-routing through Russian ports for CIS-destined goods," said an exporter.

"We should explore the possibility of restarting exports through Qingdao by discussing with a few major shipping lines or Container Shipping Lines Association," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

An industry representative said the government has the option of reviving the Rupee-Ruble mechanism even though a similar one with Iran had limited success as many buyers had expressed their inability to make payments in a foreign currency or from a third country. Exporters have suggested using the Russian currency for such payments.

They also sought all export benefits for payments received in that currency as is currently available for exports in free foreign exchange.

Russia may look to India for its food and chemical needs, another industry representative said, as these are its key imports. However, a blocked transit route is not only impacting current exports but the possibility of increased shipments.

Source: The Economic Times