

Indian basmati held up at ports, in transit as war halts new deals

MUMBAI: About 400,000 metric tons of Indian basmati rice are backed up at ports and in transit, and export deals have dried up as freight rates have more than doubled since the US and Zionist entity attacked Iran at the weekend, trade officials said. India is the world's largest exporter of aromatic, premium basmati rice, with buyers in the Middle East, including Saudi Arabia, Iran, and the United Arab Emirates, accounting for more than half of its shipments.

“Around 200,000 tons of basmati rice are stuck in transit, and an equal amount is stranded at Indian ports as the war has disrupted shipping routes across the Middle East,” said Satish Goel, president of the All India Rice Exporters' Association (AIREA). Exporters have already moved stocks to ports, but cannot ship to the Middle East because of rising container freight costs, and no alternative market can absorb the volume, Goel said.

The US and Zionist entity air war on Iran widened on Monday with Zionist entity attacking Lebanon

and Iran striking energy infrastructure in Gulf countries and tankers in the Strait of Hormuz.

Tankers and container ships are also avoiding the waterway as insurers have cancelled coverage for their vessels, while global shipping rates have soared. AIREA has approached India's trade ministry for help as exporters face storage costs for stocks held at ports and, in some cases, higher freight charges, Goel said. Exporters are not taking new orders from the Middle East as they prioritize shipments under existing contracts, said a New Delhi-based dealer with a global trading house.

Both buyers and sellers acknowledge the unprecedented situation. If conditions persist, some exporters may invoke force majeure, said the dealer, who did not wish to be identified because he was not authorized to talk to the media. India has had a record basmati harvest this year and the sudden slowdown in export demand has brought prices down by nearly 6 percent.

India and Pakistan are the only countries that grow the long-grain variety widely used in biryani, pilafs and other dishes. Basmati rice commands a premium in global markets. “Basmati rice is a staple in the Middle East, and there's really no substitute for Indian supplies,” said a Mumbai-based trader. “Once the war is over, these countries will start stocking up again.” – Reuters