

## Exporters confident of shipping 35 million kg of tea to Iran this year

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### Synopsis

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India's **tea** exporters are confident of shipping 35 million kg of teas to Iran this year, despite the continuing US sanctions on the West Asian country. Industry executives said that exporters are getting their payments routed through the UAE and Turkey as the rupee-rial trade between Indian and Iran has come to a standstill.

The recent visit of minister of external affairs minister S Jaishankar to Tehran has raised hopes of an improvement in the payment system between the two countries, traders said, adding that in such a scenario exports could touch 50 million kg this year.

“Exports to Iran have never stopped despite payment difficulties. Orthodox tea exporters are expecting to achieve 35 million kgs of **tea exports** to Iran this year. We are eagerly waiting for some trade agreement to be clinched between India and Iran so that tea exports can increase in the coming three months,” Mohit Agarwal, director at Asian Tea, told ET.

In the January-May period this year, India imported 7.33 million kg of tea compared to 12.38 million kg in the year-ago period.

Ever since the US imposed sanctions on Iran, India has not been able to engage in dollar-denominated trade with the country. Hence, a rupee-rial trade mechanism was put in place in 2018.

Under this, **oil** refineries from India deposit Indian rupees in the two designated banks – UCO Bank and IDBI Bank – for the import of **crude oil** from Iran and the fund is used to clear dues of exporters from the country to Iran.

However, since there have been no oil imports by India since May 2019 in view of the US-led sanctions, the accumulations in the rupee-rial accounts have depleted drastically.

“Indian tea exporters have become over-reliant on Iran just like the way they had become dependent on Russia in the 1970s. The exporters should develop other markets for routing orthodox teas,” said Anshuman Kanoria, chairman, Indian Tea Exporters’ Association.

Kanoria said the overall export prospects this year remain bleak. “It will be difficult to achieve last year’s export figure of 207 million kg as things stand today. CTC (common variety of black tea) prices need to be corrected further if we have to compete with Kenyan tea in the world markets,” he said.

Talking about other challenges, he said, “There has been a 400-1,000% increase in shipping costs in the last six months to one year for exporting teas to the US. In fact, some of the buyers in the US have shown their impatience as we are not being able to send consignments. There is hardly any **container** available at Kolkata Port through which most of the teas get shipped.”

The industry has also been facing delays in getting goods and services tax refunds which are impacting their cash flows, Kanoria said.

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