

An aerial photograph of the Red Sea coastline, showing the dark blue water of the sea and the rugged, brownish terrain of the land. The title 'Missile attacks in the red sea' is overlaid in large white text on the left side of the image.

# Missile attacks in the red sea

Update December 22<sup>th</sup> 2023

DSV Air & Sea

December 2023

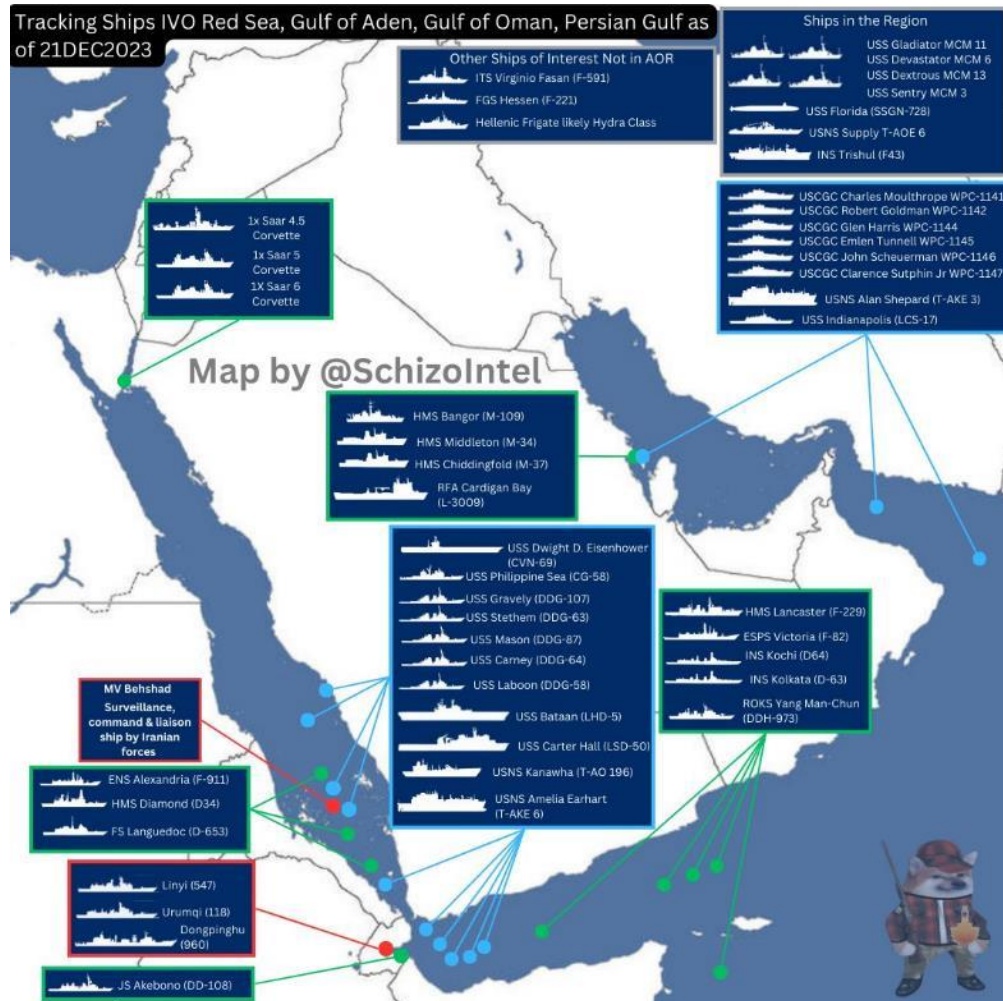
**DSV**

# Summary of events in the past weeks:

Update as 22 December, Suez canal will be diverted by all major carriers



# Current situation in the Red Sea



Copyright: Vespucci Maritime & DSV

- US Coalition announced – but unclear when and how it will be effective
- Timeline indication is >14 days. Consider the large vessels which were “trapped” in the Red Sea”
  - Option 1) Wait until safe passage and then continue to Asia. No added cost.
  - Option 2) turn north through Suez and go around Africa. Added cost 2-4 Million USD, 2 weeks sailing time
- Carriers’ choice yesterday was to start moving ships north through the Suez Canal. This means they do not believe in a solution within the next 14 days

# All large carriers have confirmed to pause routing via Suez

Updated carrier overview as per 22 December

Red Sea / Gulf of Aden Shipping crisis Dec'23 Ocean carrier routing overview Update 22.12.2023:

	Routing via Cape of Good Hope	Routing Via Suez	Comments
Maersk	Y		
Hapag Lloyd	Y		
MSC	Y		
CMA-CGM	Y		
ZIM Lines	Y		
ONE	Y		
YML	Y		
Evergreen	Y		All Israel port calls suspended
OOCL	Y		All Israel port calls suspended
Cosco	Y		
HMM	Y		

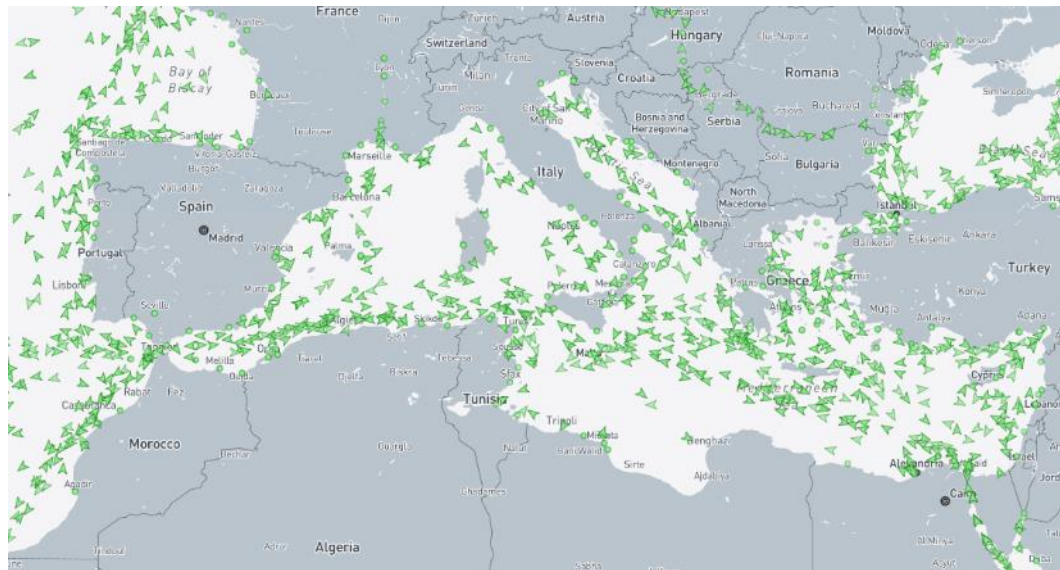
Carriers have diverted over **140 vessels**

There are around 540 container vessels assigned to services via Suez Canal, we will see a cascade of diversions on both West bound and East bound, this affects cargo in transit and for new bookings



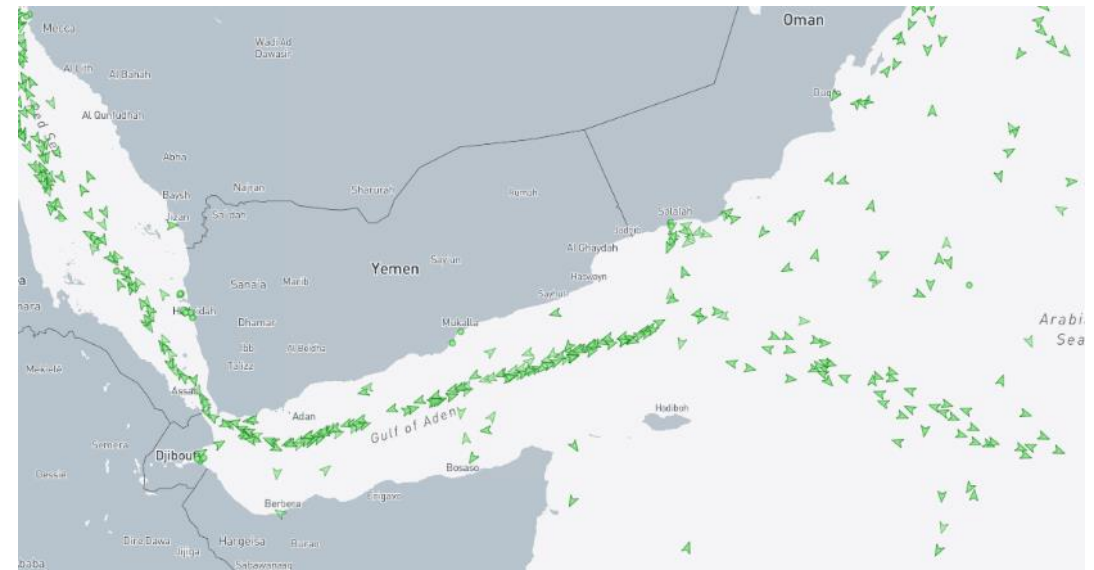
Image showing all container vessels >16.000 TEU as of 08:00 CET Wednesday morning

# For cargo in vessel diverted close to Suez canal, transit time will be longer



## From Mediterranean to Asia:

+16 days to India  
+13 days to China



## From Gulf of Aden

+17 days to Mediterranean  
+13 days to North Europe

# Very large detours on deep sea trades

From	To	Distance (nm)	
		Via Suez	Via Africa
Singapore	Rotterdam	8.288	11.755
Singapore	Malta	5.948	11.678
Singapore	Norfolk	10.289	12.315
Mumbai	Rotterdam	6.320	10.743
Mumbai	Malta	3.980	10.666

From	To	Added sailing time (Days)	
		17 kts	20 kts
Singapore	Rotterdam	8,5	7,2
Singapore	Malta	14,0	11,9
Singapore	Norfolk	5,0	4,2
Mumbai	Rotterdam	10,8	9,2
Mumbai	Malta	16,4	13,9

Suez Canal vs. Cape of Good Hope shipping routes



Source: Global Maritime Hub, S&P Global Commodity Insights

Estimated extra times for NEW BOOKINGS/New Routings using Cape of Good Hope:

- Singapore to Rotterdam: **8-10 extra days – 30% more**
- Singapore to Genoa/Malta: **13-15 extra days – 50% more**
- Asia – US East coast:
  - **10 extra days** -40% more than Panama
  - **5 extra days** more than Suez
- Added fuel cost for a large containership going round Africa from Far East to North Europe: Approximately 1 Million USD

# Regional detours even worse



## Mumbai -> Jeddah

Before: 2.300 nm

Now: 12.300 nm

Added distance: 10.000 nm

Added sailing time: **21-25 days**

## Singapore -> Jeddah

Before: 4.300 nm

Now: 13.300 nm

Added distance: 9.000 nm

Added sailing time: **19-22 days**

# Some small niche carriers still going through



Small container and multipurpose vessels  
500-2000 TEU in size, Can offer a  
“premium” and risk product

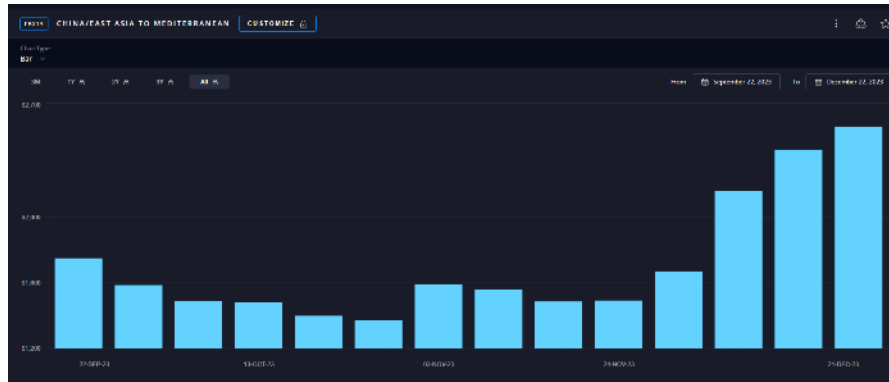


# US East Coast Options depending on routing



Route (Shanghai-New York)	Distance nautic miles	Transit Time
Via Cape of Good Hope	15,000	40-44 Days
Via Suez	13,000	34-40 Days
Via Panama	11,000	35-40 Days
Los Angeles + Rail	8,500	25-30 Days

# Cost and Rate Implications



- **Increase of cost to ship cargo to Israel:** While some carriers won't accept cargo to Israel, others will add a surcharge for war risk and cargo insurance. This will affect for all shipments to and from Israel regardless of origin and destination
- **Force Majeure declarations:** Most of the main carriers are invoking Bill of Lading clauses allowing them to pass on extra costs related to the sudden need to deviate vessels for cargo already loaded on board. Shippers will in most cases have no real choice but to accept those added charges.
- The coming weeks, there will still have the usual arrival/flow of vessel to cater for Asian exports. This only gets disrupted when the **vessels currently halted should have arrived as per normal schedules**
- **Xeneta** have already seen impact last weekend of some **300 USD/FFE**
- **Carriers have announced surcharges of 500 USD/TEU**, it is expected to get higher rates specially when affected vessels are not arriving to Asia, exactly before Chinese New Year and we will need to see if carriers have "Extra loaders available" the focus is on **CAPACITY**

# Cargo developments in coming weeks (months?)



- **New service networks** will stabilize for deep-sea trades at **higher freight rates** and added transit times of roughly 7-15 days
- **Cargo to Red Sea ports likely to be stranded in origin locations** unless alternative transportation is arranged and/or shipper/consignee can demonstrate ability to pick up cargo at alternate locations
- **Major pressure on Gulf Coast ports for Saudi cargo**, including pressure on overland transport options
- **Jordan will face significant import and export problems.** Only alternatives are Saudi Gulf ports, Israeli ports or Egyptian north coast ports
- **Increased activity by small regional players willing to risk transits with small container vessels. Freight rates for this will be high**

# Geopolitical and military problems



- Houthis can see the developments until now as a success
  - They have created significant attention on the Israel/Gaza conflict
  - Two carriers (OOCL and Evergreen) have announced a stop for import/export cargo to Israel
  - No military retaliation on land in Yemen
- The security issue is more difficult to mitigate as compared to the Somali pirates. The objective is not to board vessels but to hit them with missiles and drones. They do not need to sink the vessels, merely to create a credible threat that such an event could happen
- Even with the best naval vessels anti-missile technology is never 100% effective
- It is difficult to see an effective resolution without either a land-based military action or diplomatic action involving Iran forcing the Houthis to stop the attacks



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