



MARKET INSIGHTS

"The Houthi attacks in the Red Sea threaten international maritime security"¹

On January 20, 2025, the Houthi rebels from Yemen announced that they would limit their attacks in the Red Sea corridor exclusively to Israeli vessels. This decision follows a series of attacks on more than 100 merchant ships since October 2023, disrupting global maritime transport. The news comes after the release of the crew of the "Galaxy Leader" vessel, which was hijacked in November 2023, thanks to Omani mediation. Despite the reduction in attacks, the Houthis warned that they could resume broader actions if necessary. The situation in the Red Sea remains uncertain, keeping shipping companies on high alert as they assess risks before resuming operations in the region.

Analysis from the Fundación Valenciaport

Since the **Hamas militia attack** on Israeli communities near the Gaza Strip on **October 7, 2023**, over a year has passed, and **tensions** in the region have **continued to rise**. In November of the same year, Houthi rebels from Yemen, allegedly backed by Iran, attacked the Bahamian-flagged vehicle carrier *Galaxy Leader* in the Red Sea, seemingly in response to the war in Gaza. Since then, **instability** in the **area** has **intensified steadily**.

In this context, **Houthi attacks quickly escalated** throughout November 2023, significantly disrupting commercial traffic in the region. This **led** to **rerouting** of **shipping lanes** via **the Cape of Good Hope** and the **establishment** of **Operation Sentinel of Prosperity** by the United States to **ensure security in the area**. As the crisis deepened, maritime traffic faced critical disruptions. In **February 2024**, a coalition of Western nations launched **Operation Aegis** to strengthen security in the Red Sea, while by April, direct attacks on several vessels in the Red Sea, Gulf of Aden, and the Indian Ocean intensified, further escalating tensions between Israel and Iran and exacerbating the disruption of maritime routes.

Recently, the **Houthis** have **declared** that they will **limit** their **attacks** in the Red Sea corridor **exclusively to Israeli vessels**. However, they continue to impact global maritime trade, with attacks causing material damage and casualties in Israel.

¹ Original news published by "El Mercantil" and available at: <https://www.diariodelpuerto.com/maritimo/los-huties-solo-atacaran-en-el-mar-rojo-buques-relacionados-con-israel-BO22686304#scrollview>

In response, Israel has bombed Houthi infrastructure in Yemen, while Western powers have warned of possible reprisals if the attacks persist.

The situation in the Red Sea has kept the region in a state of **high uncertainty** throughout much of 2024, as warned by BIMCO (Baltic and International Maritime Council), the international association of the maritime industry, which forecasts that the **crisis could extend** into **2025**. The conflict has spread to Lebanon, intensifying the confrontation between Israel and Iran, with strategic and low-intensity attacks. This instability has directly affected trade routes in the region, particularly the vital East-West route that crosses the **Gulf of Aden, Bab el-Mandeb Strait**, and **the Red Sea**. This route is crucial for global maritime traffic, responsible for about 30% of **world container trade**. However, uncertainty remains, as there are no clear signs of a ceasefire that would ensure the safe passage of merchant vessels.

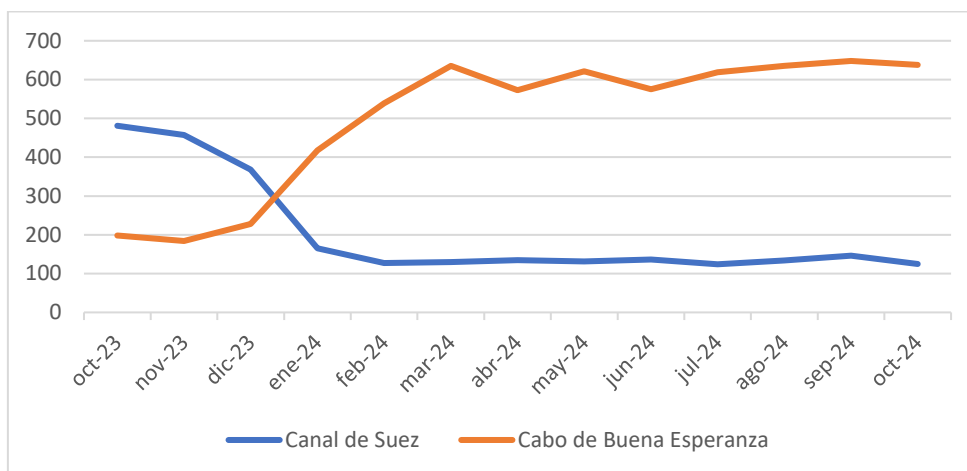
To this **complex scenario**, the **results** of the **latest U.S. elections** were **added**, with the **Republican Party** winning under the presidency of Donald Trump. The new U.S. administration has **reaffirmed its support for Israel**, adding complexity to the conflict, particularly with internal tensions within Israel. These tensions include the intention of Finance Minister Bezalel Smotrich to apply Israeli sovereignty in the West Bank, supported by other government members such as Prime Minister Benjamin Netanyahu. In this context, the security situation in the region remains at a critical level, with no immediate forecast for stabilization.

Behaviour of shipping lines

In response to the challenges arising from the Red Sea Crisis, the behavior of the major shipping companies has not been isolated or individual but rather **coordinated** within their **strategic alliances**. Currently, the nine most prominent global shipping companies (MSC, Maersk, CMA CGM, COSCO, Hapag-Lloyd, ONE, Evergreen, Hyundai, and Yang Ming) are organized into three major alliances — **2M, The Ocean Alliance, and The Alliance** — which collectively **control 81.9% of the world's TEU capacity**. These three alliances have implemented, in a coordinated manner, two main strategies to address the challenges in the Red Sea region:

- **Diversion of traditional routes:** The most impactful decision on maritime transport, particularly affecting the Asia-Europe/Mediterranean-Asia routes, has been the **diversion of vessels** around the **Cape of Good Hope**. This measure has been taken to avoid transiting the traditional route through the Gulf of Aden, Bab el-Mandeb Strait, Red Sea, and Suez Canal, for reasons of safety and protection of lives and property. Specifically, in parallel with the **notable reduction** in the number of **vessels** transiting through the **Suez Canal between October 2023 and October 2024**, according to data reported by Alphaliner, a total of **7,564 vessels** have been **diverted** to the **Cape of Good Hope**. Of these, **3,580** were heading **westward**, and **3,984** were heading **eastward**.

Graph 1. Number of vessels diverted through the Suez Canal vs. Cape of Good Hope since the beginning of the crisis



Source: own elaboration with data from Alphaliner

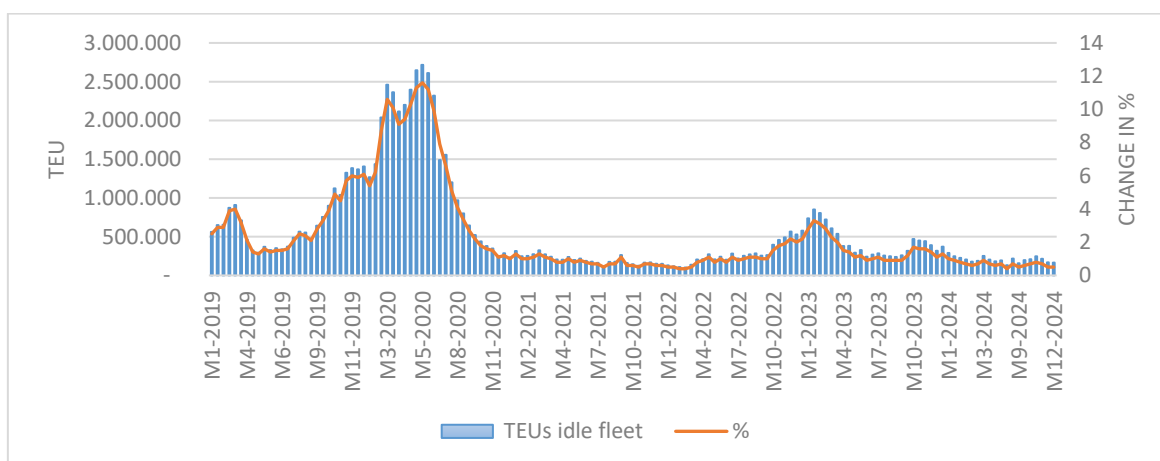
- Implementation of new services:** The diversion of routes via the Cape of Good Hope has led shipping companies to make **significant adjustments** to their **services**. Firstly, **Mediterranean services** now **enter** through **the Strait of Gibraltar**, **benefiting nearby ports** such as **Tangier, Algeciras, Valencia, and Barcelona**, which have experienced an **increase in TEU transshipment volume** destined for Eastern Mediterranean ports. Secondly, the service changes have **increased port calls** at these locations, both due to the **inclusion of feeder services** and **new services heading** to the **Eastern Mediterranean**, solidifying their role as key transshipment hubs.
- New alliance configuration in 2025:** Although not directly stemming from the Red Sea Crisis, the reconfiguration of maritime alliances starting in 2025 marks a significant shift in the service structure offered by shipping companies. With the aim of **providing their customers** with broader **global coverage** and improving **operational efficiency and sustainability**, the alliances are cautiously considering both the Cape of Good Hope route and the Suez Canal passage, depending on the evolving situation in the region. Both options have been meticulously analyzed and adjusted to meet the current and future needs of global maritime trade.

Specifically, in **January 2023, Maersk and MSC announced a mutual agreement to end their cooperation** within the **2M alliance** by the end of January 2025. In **January 2024, Maersk and Hapag-Lloyd announced the creation of the GEMINI agreement** (21.7% of the global fleet), which will come into effect in February 2025. Following this announcement, the other members of **The Alliance** (ONE, Hyundai, and Yang Ming) decided to **rename the alliance as Premier Alliance** (11.4% of the global fleet).

In September 2024, these members announced a collaboration agreement with MSC for Asia–Europe services, also starting in February 2025. MSC, for its part, will begin offering global services independently from that date, with specific agreements with ZIM in the Transpacific and with Premier Alliance in VSA. Finally, in February 2024, members of The Ocean Alliance (CMA-CGM, COSCO Group, and Evergreen) announced the extension of their alliance until 2032, after nine years of collaboration.

There is no doubt that **shipping companies** have **maximized** their **available capacity** to manage the diversions and meet demand. A clear indication of this is that **the global idle container fleet** reached a **historic low**, clearly visible during the first **ten months of 2024**, but **ended the year** at a rate of just **0.5%**. This figure is even more notable considering the **considerable growth of the fleet** in the **last four years**, which increased from 23.7 million TEUs in October 2020 to **30.6 million TEUs** currently, representing an almost **30% growth**. Additionally, shipping companies have delayed non-essential vessel maintenance, managing to keep the **idle capacity in shipyards** at just **2.4%** throughout 2024.

Graph 2. Commercially inactive ships (TEU) and share of total fleet (%)

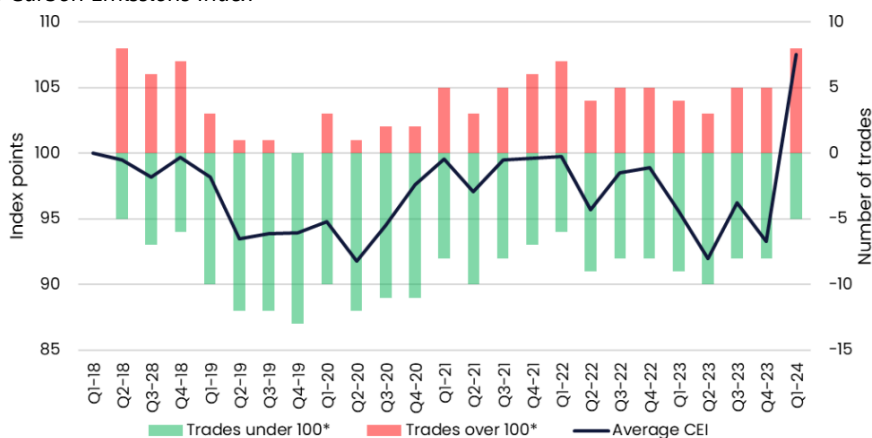


Source: own elaboration with data from Alphaliner

Main effects on the maritime transport market

As a result of the diversion of ships to alternative routes, the **navigable distance increased** by approximately **3,500 nautical miles**. To compensate for the longer distances, ships sailed at **higher speeds**, which has further aggravated their carbon footprint. In fact, the Xeneta and Marine Benchmark **Carbon Emissions Index** reached an **all-time high** since its launch, scoring **107.4 points** in the **first quarter of 2024**. **Emissions from containers** transported from the Far East to the Mediterranean increased by **63%** compared to Q4 2023, while **emissions to Northern Europe rose** by **23%**.

Graph 3. Carbon Emissions Index



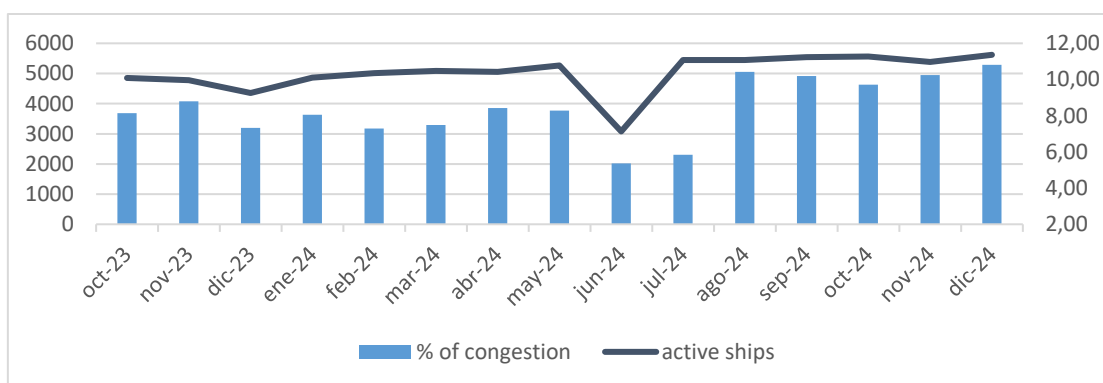
*100 = Index base in Q1 2018

Source: Xeneta, Marine Benchmark

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It is undeniable that this situation has generated **considerable disruption** in **supply chains**. In terms of port congestion, from the onset of the Red Sea crisis until the end of 2024, **congestion levels** have remained **high**, albeit with **moderate fluctuations**. While congestion reached 8.80% in November 2023 and dropped to 7.32% in December, in 2024 it showed a slight rebound, with 8.06% in January and different peaks throughout the year to reach 10.82% in December.

Graph 4. Evolution of % congestion and total number of active vessels

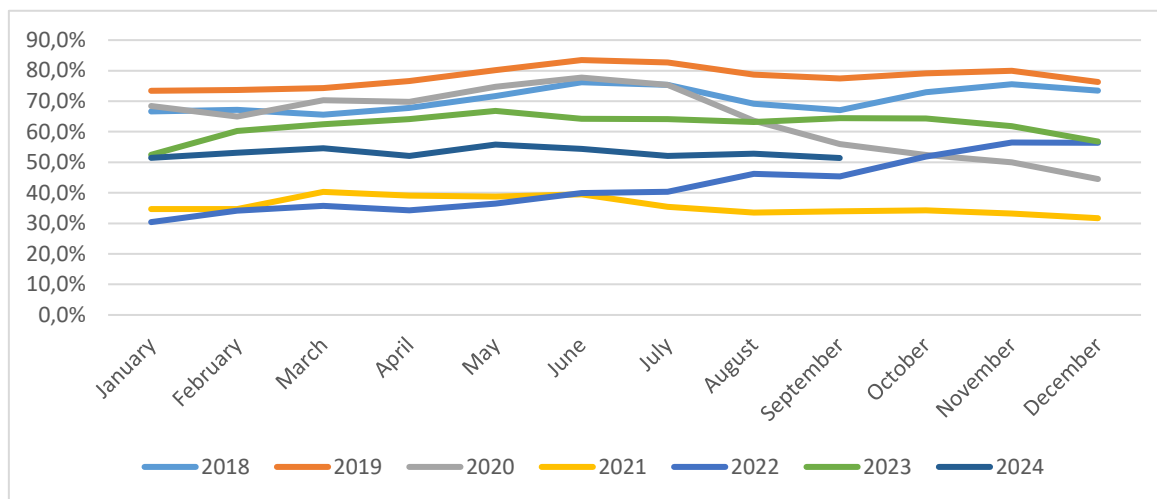


Source: own elaboration with data from Linerlytica

Additionally, **schedule reliability** in 2024 somewhat **reflects the impact of the crisis**, highlighting that the Suez Canal crisis has increased **instability** in **maritime operations**, **affecting adherence to schedules and generating uncertainty** in planned arrivals and departures. Starting in January 2024, schedule reliability was at 51.5%, a value already lower than that observed in the same month in previous years, although higher than the 34.7% in 2021 and 30.4% in 2022. As the months of 2024 progressed, reliability remained relatively stable, with fluctuations around 50-55%, but did not reach the high levels seen in previous years, such as in 2019, when the monthly average exceeded 70%.

During the first eight months of 2024, reliability levels remained below those observed in 2023, a year in which values stabilized between 60-64%.

Graph 5. Evolution of hourly reliability (in %)

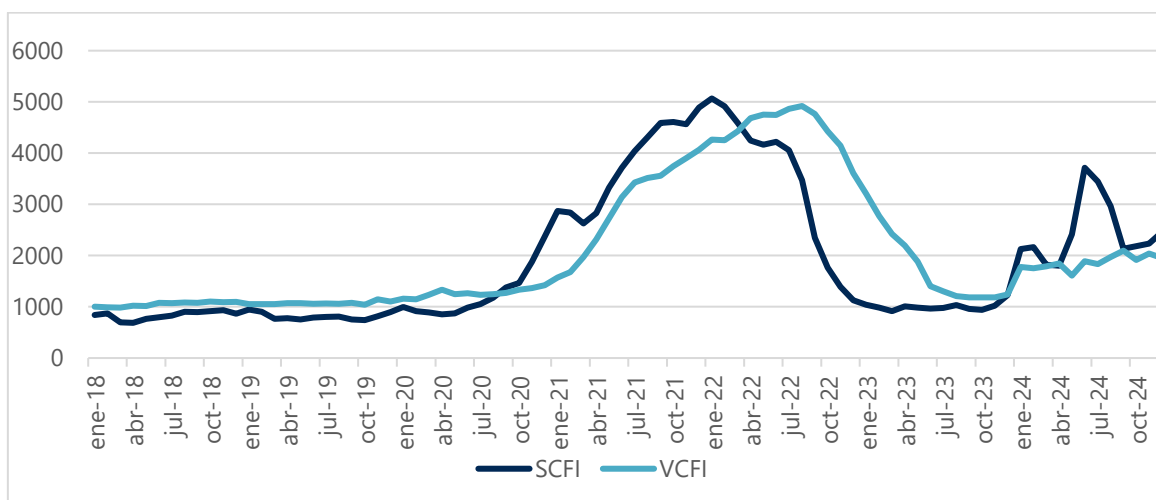


Source: own elaboration with data from SeaIntelligence

As a direct consequence of the aforementioned, the Red Sea crisis and disruptions in the Suez Canal have had a significant impact on global maritime transport, resulting in a considerable **increase in operating costs**. Factors such as **longer shipping distances**, **higher fuel consumption**, and **rising insurance premiums** have been key contributors to the **rise** in costs. These operational increases **have been passed on to freight rates**, leading to a **widespread increase in maritime tariffs globally**.

Indeed, **freight rates surged** in the **first half of 2024**. The **Shanghai Containerized Freight Index (SCFI)** **doubled** compared to late 2023. However, by October 2024, the SCFI had dropped by 45% from its peak, although it was still 115% above the pre-pandemic average. Figures for the end of 2024 show a 15% recovery in the index. Similarly, the **Valencia Containerised Freight Index (VCFI)**, which measures export rates from Valenciaport, also reflects these increases. However, due to its regional nature, the VCFI may show a lag of several months compared to international indices. Likewise, the decline in export rates is clearly noticeable starting in July 2022, a trend that began to shift in early 2024, where only minimal decreases could be observed.

Graph 6. Evolution of the SCFI and VCFI (points)



Source: own elaboration with data from Alphaliner

This sharp increase in freight rates has had a **profound impact** on **global trade** and **economic stability**, as the **additional costs** are **passed on to supply chains**. According to the United Nations Conference on Trade and Development (UNCTAD) 2024 Shipping Report, it is estimated that **global consumer prices** could **rise by 0.6%** by **2025** due to **higher shipping costs**. Furthermore, it is pointed out that the most **vulnerable economies** will **face even more significant increases** in food prices and other goods, negatively affecting their economic growth.

In light of all this, the **current state of maritime transport** and **global supply chains** is **marked** by a high degree of **uncertainty**, as it is closely influenced by **geopolitical and external factors** whose evolution is **unpredictable**. This complicates the estimation of the crisis's duration and its long-term impact on the maritime industry. However, despite this uncertainty, the **adaptability of supply chains** has played a **crucial role** in **mitigating bottlenecks** and ensuring that **ports continue to operate** within **sustainable levels**. **Shipping companies and ports**, for their part, have taken **strategic measures** such as **reconfiguring routes** and **increasing the active fleet**, which has allowed for the **maintenance of operational flow** despite ongoing fluctuations and challenges.