

Global trade

Houthi attacks on vessels in Red Sea sound alarm for global trade

Shipowners demand more military protection for maritime routes amid fears of widening Middle East conflict



A photo published by Iranian-backed Houthis shows a helicopter approaching the 'Galaxy Leader' cargo ship in the Red Sea last month, just before the Yemeni rebel group seized the vessel © Houthi Military Media/Handout/dpa

Oliver Telling, Ian Johnston and David Sheppard in London 9 HOURS AGO

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Shipowners have called for more military protection on maritime routes in the Middle East after attacks by Iran-backed rebels in the Red Sea sparked fears of new disruptions to global trade, including of energy supplies.

On Sunday, the Pentagon said a US warship and three commercial vessels had come under attack off the Yemeni coast, prompting concerns that Houthi rebels — who targeted Israeli ships last month — and their backers in Iran were widening their campaign in response to war in Gaza.

Jakob Larsen, head of security at Bimco, which represents global shipowners, said the attacks showed that “more military resources” needed to be deployed.

“When you see three ships attacked [on the same day] in the same geographic area that implies we are a bit short of resources,” Larsen said.

On Monday, US national security adviser Jake Sullivan said the attacks were “totally unacceptable”, adding that the US was in talks with other countries about setting up a maritime task force to ensure “safe passage of ships in the Red Sea”.

The new threat to shipping — which could affect trade in everything from crude oil to motor vehicles — comes not long after supply chains were upended by the Covid pandemic and Russia’s invasion of Ukraine, fanning inflation and cooling the global economy.

Analysts said traders were now underestimating the threat of further disruption.

“The oil market has become too complacent about risks that the Gaza conflict will expand regionally and threaten oil and gas infrastructure and shipping in the Red Sea and Gulf,” said Bob McNally, founder of Rapidan Energy and a former adviser to the George W Bush White House.



Since 2019 Houthis and other suspected Iranian proxies have struck at multiple vessels in the Middle East, seizing oil tankers and mounting clandestine attacks using limpet mines attached to hulls.

The latest attacks also add to concerns about the threat posed by Tehran to the Strait of Hormuz — the narrow waterway separating Iran from the Gulf states that is a chokepoint for oil and gas exports.

McNally put the odds of a “material interruption in regional energy flows” as high as 30 per cent.

“While neither Tehran nor Washington may desire a direct conflict, they also may not be able to avoid unintended clashes or arrest upwardly spiralling tit-for-tat attacks.”

About 40 per cent of seaborne oil trade passes through the Strait of Hormuz daily, alongside liquefied natural gas shipments from Qatar, which have helped Europe to replace Russian gas.

The Red Sea route itself carries almost a tenth of seaborne-traded oil supplies, according to the US Energy Information Administration, and is also a conduit for goods from Asia. The Bab el-Mandeb Strait, separating the Gulf of Aden from the Red Sea, is even narrower — and more vulnerable to attack — than the Strait of Hormuz.

“The Red Sea route matters,” said Henning Gloystein at consultancy Eurasia Group. “It matters even more for the Europeans who get all their Middle Eastern oil and LNG through the Red Sea.”



A satellite image shows the 'Galaxy Leader', an Israeli cargo vessel captured last month by Houthi rebels, off the port of As-Salif, Yemen, in the Red Sea © Maxar Technologies/AP

In an attack on an Israeli-owned car carrier in November, Houthi rebels boarded the ship by helicopter — a tactic “much more commonly employed by Iran”, according to Gabrielle Reid at security consultancy S-RM.

“It points to a greater ability to disrupt merchant shipping in the region,” she added.

Shipowners are now exploring safer, but costlier, alternative routes and calling for more protection in Middle Eastern waters.

Zim, the New-York listed Israeli cargo shipping company, said last week that it was rerouting some of its vessels and warned customers of longer transit times.

The alternative route involves rounding the Cape of Good Hope, near Cape Town, and sailing along western Africa, a far lengthier and costlier route. Shipowners are already having to pay more for insurance, as well as diverting vessels and investing in additional security measures.

Marcus Baker, head of marine at insurance broker Marsh, said some insurers had already increased rates during the week before Sunday’s Red Sea attacks, in one case by as much as 300 per cent. He added that the market “is going to have to react” to the latest incidents.

However, shipowners had little choice but to stick with the existing route, he said. “If you’re trying to get [certain] goods around the world, you have almost got to go through” the Red Sea region.

Dimitris Maniatis, chief operating officer at Seagull Maritime, said the security group was receiving “more and more” requests for armed guards from shipowners around the world.

But private security groups, many of which were formed to counter the threat from Somali pirates, could do “very little” against state-backed drone and missile attacks, he said.

“The risk of collateral damage has increased,” said the security chief of a Singapore-based tanker owner, adding that at least one of the commercial vessels reportedly attacked on Sunday did not have clear links to Israel.

“Against external attacks, we are like sitting ducks. No one is capable of countering such a threat unless it is military intervention.”

Additional reporting from James Politi in Washington

This article has been amended to correct the spelling of Jakob Larsen’s first name

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