Yusen Logistics

ISRAEL-HAMAS WAR

IMPACT ON SUPPLY CHAIN

2023/12/20
Prepared by SCS GHQ

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CARRIERS' ACTIONS (DEC 20)

Alliance	Carrier	Latest actions towards Rea Sea region	Stop cargo acceptance to Israel	Comment - Asia to Europe WB	Comment - Transpacific EB	Comment - Intra Asia
TA	ONE	Stop routing towards Rea Sea	Stopped accepting quotation and cargoes until further notice	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea
OA	OOCL	Stop routing towards Rea Sea (vessel by vessel)	Stopped accepting until further notice (no official notice)	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.		Temporary service suspension to Rea Sea
TA	YML	Stop routing towards Rea Sea (vessel by vessel)	No service	Re-routing via cape of good hope I/O Suez Canal in the coming 2 weeks, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal in the coming 2 weeks, T/T is 14 days longer than usual.	Still accepting cargoes with premium rate (potential roll over and no fixed T/T)
OA	CMA	Stop all routing towards Rea Sea	TBA	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea
TA	H-L	Stop all routing towards Rea Sea	TBA	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea
TA	HMM	Stop routing towards Rea Sea (vessel by vessel)	No service	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea
OA	EMC	Stop routing towards Rea Sea (vessel by vessel)	Stopped accepting until further notice	Re-routing via cape of good hope I/O Suez Canal by specific sailings, T/T is 14 days longer than usual.		Temporary service suspension to Rea Sea
OA	COSCO	Stop routing towards Rea Sea (vessel by vessel)	Stopped accepting until further notice (no official notice)	TBA		Temporary service suspension to Rea Sea
2M	MSK	Stop all routing towards Rea Sea	Still accepting cargoes with additional surcharges	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea
2M	MSC	Stop all routing towards Rea Sea	TBA	-Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual. -Stop all extra free time until further notice	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Still accepting cargoes with premium rate (potential roll over and no fixed T/T)
Others	ZIM	Stop all routing towards Rea Sea except Israel services	Still accepting cargoes with additional surcharges	Re-routing via cape of good hope I/O Suez Canal, T/T is 14 days longer than usual.	Re-routing via cape of good hope I/O Suez Canal, T/T is 10-14 days longer	Temporary service suspension to Rea Sea (except for Israel Cargoes)

Microsoft Excel Worksheet

Carriers' actions
(including carrier's website s and previous actions)

- Vessels are expected to increase additional 4 weeks turnaround time from Asia to/from East West trade) after re-routing
- Equipment shortage may happen very soon because more equipment are loaded on the vessels
- Space shortage due to additional vessels blank sailings
- Ocean freight increase significantly due to space and equipment shortage

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LATEST UPDATES

NEW

20 Dec, 2023

- Some vessels are attempting to mask their positions by pinging on other locations, as a safety precaution when entering the Yemen coastline. The price of a Suezmax to carry crude from the Middle East to Europe has risen 25% in a week, per Xeneta. (source: Helleneic Shipping News)

19 Dec, 2023

- Rising costs for carriers and shippers. Xeneta said it will cost container lines up to $1 million in additional fuel costs to route loops between Asia and Europe via the tip of Africa. (source: JOC)
- From 1 January, ONE it would introduce an emergency PSS of $500 per teu on the Asia-Europe westbound trade.
- Project44 concludes that commodities, including oil, will be the first to be impacted by the Suez Canal diversions, but thereafter retailers will have difficulty replenishing out-of-stock items after the holiday season. (source: The Loadstar)

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INSIGHT INTO ACTION

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Appendix

Previous updates

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PREVIOUS UPDATES

19 Dec, 2023

- Yang Ming Marine Transport and Evergreen will be diverting all scheduled journeys immediately to secure the safety of their seafarers and vessels.
- On Monday (Dec 18), oil giant BP said it would also pause shipping activity in the Red Sea. Oil tanker group Frontline also said it is avoiding the Red Sea.
- The attacks have already pushed ocean freight costs higher. Since the beginning of the Israel-Hamas war, the Asia-U.S. East Coast prices climbed 5% to $2,497 per 40-foot container, according to the Freightos. It could get even more expensive as major companies avoid the Suez Canal, which feeds into the Red Sea, and opt instead to go around Africa to get to the Indian Ocean.
- Insurers are also shifting their stance, which could result in higher costs passed on to shippers and consumers. (source: CNBC)
- If rerouted, ships will have to go around the Cape of Good Hope at the bottom of Africa instead, adding what some analysts have said could be a week to 10 days or even longer to voyages.
- That brings up the cost of shipping, but “I don’t think it’s going to go to the heights that it reached during the pandemic,” said an analyst. (source: The Times of Israel)

18 Dec, 2023

- ONE also has suspended the booking to Jeddah today (Source: Yusen Logistics internal)

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PREVIOUS UPDATES

18 Dec, 2023

- On Sat (Dec 16), the US and UK said that they had shot down another 15 attack drones from Yemen's Houthis over the Red Sea. "Attacks are unlikely to cease, and may in fact escalate further, so long as Israel's campaign continues," said a researcher. (source: Business Insider)

17 Dec, 2023

- OOCL, owned by COSCO Shipping, has decided to suspend all shipments to and from Israeli seaports, the company announced Saturday (Dec 16) (source: Maritime Executive)
- An expert said about 30 percent of ships from Singapore go through the Suez Canal, and pausing those trips could have a ripple effect. "There could be significant disruptions in places like Singapore [and] Hamburg where you have quite a bit of Red Sea traffic coming in and coming out of those ports." (source: RNZ)

16 Dec, 2023

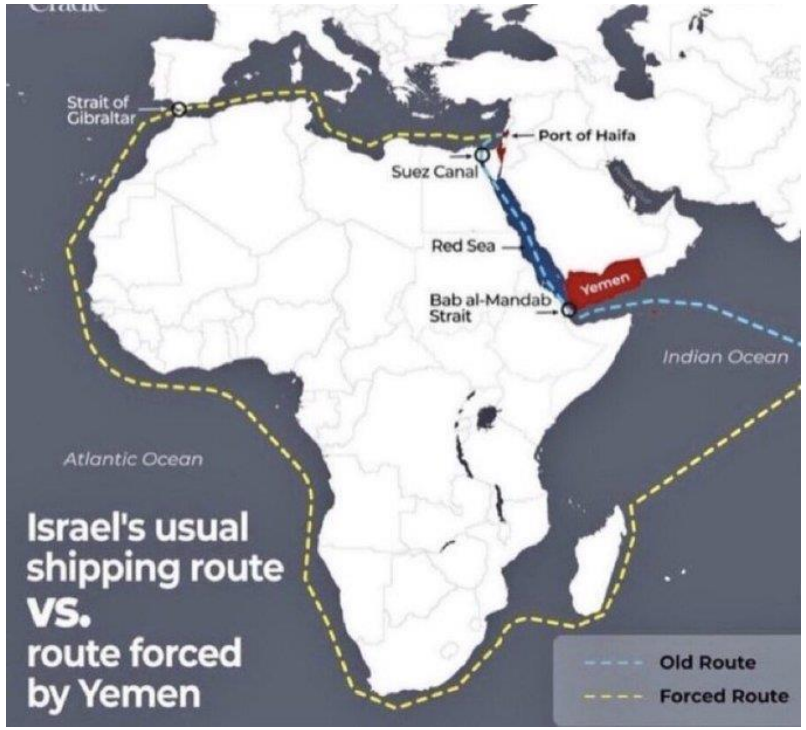
- Global shipping firms to avoid Suez Canal as attacks from Yemen's Huthi rebels increase. Two more major shipping firms, MSC and CMA CGM, said on Saturday (Dec 16) they were suspending passage through a Red Sea strait vital for global trade, after Yemeni rebel attacks in the area. The two announcements follows a similar decision on Friday by Maersk and Hapag-Lloyd, in response to a warning by the Iran-backed Huthi rebels. "The situation continues to deteriorate and there are increasing concerns about security, (source: France 24)
- While it's unclear how long-lasting Maersk and Hapag-Lloyd's pauses will ultimately be, such steps underscore how serious and potentially economically damaging the attacks could be. Maersk owns a fleet of over 300 ships. Hapag-Lloyd ranks eighth. About 12% of global trade depends on the Suez Canal and 5% on the Panama Canal.
- Maersk will add new urgency to US push to form a maritime task force that will protect ships traveling through the Red Sea from Houthi attacks. (source: Yahoo)

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PREVIOUS UPDATES

16 Dec, 2023

- Christmas deliveries and fuel supplies are under threat after global shipping giants fleets to avoid the Suez Canal after a string of attacks. Avoiding this trade route means goods made in Asia, which form the mainstay of many of the UK's best-selling consumer product lines, especially electronics, clothing and furnishings, may take weeks longer to arrive. Fresh disruption to the trade route could lead to more shortages starting as early as this week and extending into the post-Christmas sales. Energy shortages are another risk as the UK is reliant on gas tankered from Qatar via the Suez Canal. (source: Yahoo)



A new Suez crisis threatens the world economy.

If we will see significant fighting between Houthis and other military forces around the Bab al-Mandab Strait, the Suez Canal will likely be inaccessible for days or weeks. It's a severe threat to international maritime trade (and by extension, the world economy)
(source: Economist, image from Newsweek)

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PREVIOUS UPDATES

14 Dec, 2023

- With no sign of restrictions easing in the Panama Canal and no end to the Israel-Hamas war in sight, industry players expect far more traffic past the Cape of Good Hope in the coming weeks, from both the transpacific and Asia-Europe tradelanes.
- There are 43 container vessels set to divert from the Panama Canal in the next few weeks, according to eeSea data, nine of these confirmed as heading past the Cape instead of transiting the Suez Canal. Moreover, 22 vessels have been rescheduled to divert from their regular routes via the Suez Canal. (source: The Loadstar)
- Multiple ship attacks in the Red Sea were reported Dec. 14, as market sources said Maersk Tankers, one of the world's largest tanker operators, has requested the option to bypass the risky waters for a longer route via the Cape of Good Hope.
- If large-scale rerouting of tankers occurs, it would be expected to push up the cost of shipping oil as ship operators could pass on bunker expenses to charterers and earn more from higher ton-mile demand. (source: S&P Global)

9 Dec, 2023

- Yemen's Houthi movement says it will target all ships heading to Israel, regardless of their nationality, and warned all international shipping companies against dealing with Israeli ports. (source: Aljazeera)

11 Dec, 2023

- Maersk has followed Zim and Hapag-Lloyd in introducing an emergency risk surcharge (ERS) for cargo discharged at Israeli ports, amid the conflict in Gaza. The surcharge will be $50 per teu and $100 per feu and will be applied to Israeli import cargo for bookings from 8 January.
- The rising threat of vessels being attacked by Yemen's Houthi rebels on the approach lanes to the Suez Canal has forced carriers to divert some Israel-bound vessels to the Cape of Good Hope, according to Freightos data. At least two Maersk vessels and one Zim ship opting to take the route which adds some 7,000 miles and up to two weeks' additional sailing time. (source: The Loadstar)

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PREVIOUS UPDATES

4 Dec, 2023

- Escalating tensions in the Middle East around the war in Gaza saw international shipping coming under fire in the Red Sea over the weekend, with an OOCL container ship heading north to the Mediterranean one of three vessels attacked.
- Starting Jan. 1, 2024, Hapag-Lloyd will levy surcharges on shipments to and from Israel, adding $40 to all imports and exports from the Mediterranean and North Europe, and $80 per TEU to all other origins and destinations.
- On top of the surcharges, carriers are also diverting ships from the Red Sea to avoid the attacks. (source: JOC)
- OOCL box ship in Red Sea hit by rocket fired from a drone. (source: The Loadstar)

28 Nov, 2023

- Following three attacks on vessels linked to Israel, a container ship operated by Israeli ocean carrier ZIM has changed course and is taking the long way around Africa rather than transiting the Suez Canal and passing through the Bab el-Mandeb Strait off Yemen. Longer transit times in the relevant ZIM services are anticipated. (source: Yahoo)
- Maersk Line today announced it had withdrawn two vessels from operating in the area, the 4,250 teu Lisa and 5,300 teu Maersk Pangani, both owned by Israeli shipowner XT Shipping.
- The moves demonstrate how carriers are desperately seeking to reduce their potential exposure to terrorist action in the region, following the Houthi hijacking of Israeli-owned car carrier Galaxy Leader and the drone attack on the Pacific Eastern Shipping-owned CMA CGM Stymi. (source: The Loadstar)

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PREVIOUS UPDATES

27 Nov, 2023

- An Israeli airstrike Sunday (Nov 26) hit the international airport in the Syrian capital of Damascus and put it out of commission, Syrian state media said.
- The strikes came just hours after the airport resumed flights after a monthlong hiatus following a previous Israeli strike. (source: apnews)

26 Nov, 2023

- A container ship owned by an Israeli billionaire has reportedly been damaged in an attack in the Indian Ocean by a drone that the US suspects to be Iranian. The Malta-flagged CMA CGM Symi was believed to have been targeted by a Shahed-136 drone while sailing in international waters. (source: Hellenic Shipping)

22 Nov, 2023

- Bab el-Mandeb Strait - another shipping 'chokepoint' risk as Yemen rebels attack.
- According to an analysts, "The impacts on shipping include increased insurance premiums due to heightened piracy risks, route diversions leading to longer transit times, and heightened security measures like employing armed guards. Such factors are likely to increase overall expenses and can be reflected in increased freight rates." (source: Yahoo)

20 Nov, 2023

- Nippon Yusen KK said the Galaxy Leader, a vehicle carrier that it chartered, was taken in the southern part of the Red Sea on Sunday (Nov 19), the incident has Renewed Fears of shipping disruption. Nippon Yusen has not yet decided on measures for other vessels that may pass through the red sea region. (source: Yahoo)

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9 Nov, 2023

- According to the latest reports, all ports across Israel are presently operational. (source: safety4sea)

8 Nov, 2023

- SHAUL SCHNEIDER Chairman of the Board Ashdod Port of Israel "It might sound strange for foreigners, but we're used to such situations. I can assure you Ashdod Port is quite safe. We have Iron Dome behind us, protecting the city of Ashdod and the port. No damages occurred since the war started. I'm quite sure that there won't be any situation that the vessels won't be able to call Ashdod Port."
- The port has reported that some vessels have been redirected to northern Israel, but overall, work continues uninterrupted. (source: CGTN)

6 Nov, 2023

- Activity at the Port of Ashdod has dropped dramatically, but the Port of Haifa which is located further north remains stable.
- The Port of Ashdod is a major hub for potash and bromine exports from Israel. Potash is a key component in fertilizer. Bromine is a raw material used in textiles, pharmaceuticals, oil and gas, food and beverage making, energy generation, construction, and electronics.
- ICL Group, a major Israel-based fertilizers, chemicals manufacturer indicated the export of some chemical goods will likely be delayed even if local manufacturers keep operations running in the coming weeks.
- The number of waiting vessels on a daily basis has dropped at Port of Ashdod to below five compared to more than 15 on average before the war. (source: Hellenicshipping)

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2 Nov, 2023

- Israel, which has been bombarding Gaza for days, aims to realize the Ben Gurion Canal, which will create a new route for global energy and trade. (source: Scott Net)
- Israel's El Al Airlines said on Wednesday (Oct 31) it was boosting cargo capacity to meet high demand for shipments of equipment to Israeli soldiers and families impacted by the war with Hamas. The airline removed seats from one of its six Boeing 777-200 planes to add up to 50 tonnes of cargo per flight. (source: MSN)
- Shipping groups Zim and HMM have said they will pass on a war risk surcharge to customers on shipments to Israel. (source: Maritime Professional)

30 Oct, 2023

- Israel's El Al Airlines said on Monday (Oct 29) it had temporarily stopped flying over Omani airspace on its route to Bangkok for safety reasons. (source: Reuters)
- Key ports including those at Haifa and Ashdod, which handle oil, fertilizers and other chemicals, have been under rocket fire during the Israel-Hamas war, and the Port of Ashkelon, Israel's biggest oil importing port, is already closed. Activity at the Port of Ashdod has dropped dramatically, but the Port of Haifa which is located further north remains stable. Global logistics intelligence firms say Israel has taken several steps with its oil port and pipeline flows to prevent an energy crisis. (source: CNBC)

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25 Oct, 2023

- Israel will need to import more goods because the war effort makes domestic production more difficult.
- The Israeli government last week exempted many high-priority imported products from inspections and document requirements to ease their entry into the country.
- DHL Global Forwarding has introduced a dedicated daily B767F operation out of Liege Airport in Belgium to Tel Aviv, as the addition to the regular flights.
- The Port of Ashdod is currently closed, but the northern Port of Haifa and Tel Aviv Airport are open and operating close to normal. (source: freightwaves)

23 Oct, 2023

- Passage through the Suez Canal and Strait of Hormuz has not been affected, and the Maritime and Port Authority of Singapore (MPA) has not received notifications of disruptions to shipping in that area by Singapore-flagged ships.
- Ships to Ashdod are now being diverted to the Port of Haifa and the security risks for goods unloaded are rising.
  - ❑ shipping line Evergreen declared a force majeure on goods diverted from Ashdod to Haifa, saying it would no longer accept responsibility for the goods after they are discharged.
  - ❑ Zim has told its customers that its insurers are now demanding an additional war risk insurance premium on all vessels calling at Israeli ports. The premium is now being charged at cost on cargo to and from Israel, and is subject to changes every 24 hours. (source: Hellenic Shipping News)

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Status of key transportation hubs in Israel as of October 24

Transportation Hub	Status
Ben Gurion International Airport	Local operations continue, but number of international airlines remains reduced.
Port of Ashkelon	Effectively still closed for ships (arrangements must be made with the navy)
Port of Ashdod	Continues to operate with restrictions on some hazardous goods and additional security measures; processing delays reported; staffing shortages likely.
Port of Haifa	Continues to operate with restrictions on hazardous goods; backlogs likely as more ships divert to Haifa.
Rafah Border Crossing	Reopened for humanitarian aid convoys

(source: everstream analytics)

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18 Oct, 2023

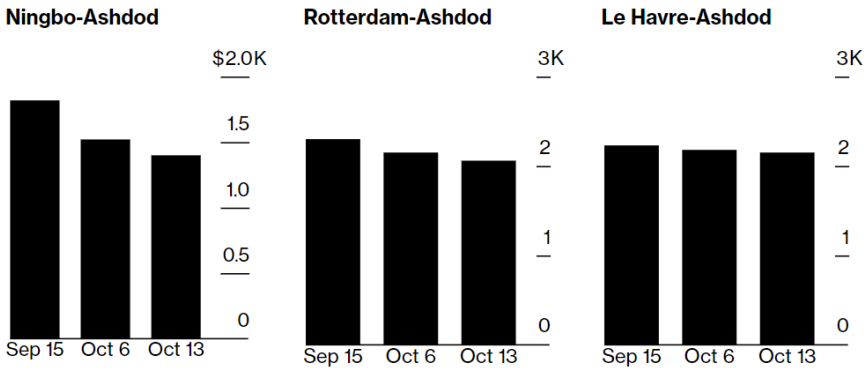
- Should the Israel and Hamas war spill into neighboring countries where large tech companies have launched cloud infrastructure projects, a lot of the work being done could stop, either due to the war itself or through potential U.S. influence. (source: Tech Target)
- Israel's electronics, defense and healthcare supply chains could face disruptions if the conflict with Palestine escalates further. Israel's pharmaceuticals supply chain, which is worth over $2 billion, is particularly susceptible to logistics network disruptions. Israel accounts for 1.1% of U.S. pharmaceutical imports and 0.8% of EU pharmaceutical imports. (source: Supply Chain Brain)

17 Oct, 2023

- Ocean shipping rates for goods shipped to Israel from Asia and western Europe actually fell last week from a week earlier along with rates globally. That may change as insurance costs increase and carriers pass along war risk premiums. Rates for air freight to and from Israel are also showing early signs of pressure, as flight schedules for both commercial airlines and cargo carriers face disruptions. For exports, at least, the war's impact on air capacity may be pushing rates up. (source: Freightos, Bloomberg)

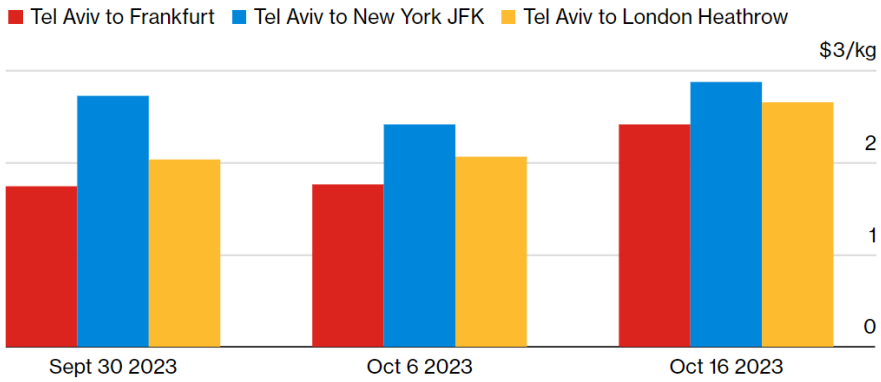
Container Shipping Rates to Israel Have Fallen

The cost for 20-foot containers to Israel from Europe and Asia is down



Air Cargo Rates for Israeli Exports Rise

Export costs via air freight from Israel edged higher over the past 10 days



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16 Oct, 2023

- Some Airlines have resumed flights to Israel, but the industry is still exercising caution as conflict continues between Israel and Hamas.
  FedEx has resumed its service to Israel, according to an October 12 service alert. UPS said in a service alert on its regional website for Israel that it had now also resumed international service to Ben Gurion International Airport in Tel Aviv, although it said ground services were still disrupted in South Israel. Lufthansa's latest operational update said it will not resume flights to and from Israel before October 23 on account of security issues around the current conflict. US carrier American Airlines has in fact suspended all flights to and from Tel Aviv until December. (source: Sea News)

13 Oct, 2023

- The ongoing conflict between Israel and Hamas, amid geopolitical complexities, threatens to disrupt the global chip industry, as Israel plays a significant role in chip production and innovation. The war's most immediate impact on tech firms has come through the workforce. Israel has called up more than 300,000 military reservists to fight in the war, most of them working and studying in Israel, though some have returned from abroad. Many companies also have said their employees are part of a mass call-up of army reservists, which will result in workplace disruptions. (source: CNBC, CNN)

12 Oct, 2023

- The war in Israel, if it expands beyond the country's borders, poses risks to two key shipping choke points: the Suez Canal, a key waterway for all types of commercial vessels, including container ships, and the Strait of Hormuz, which is pivotal to oil and gas shipping. The Suez Canal is an example of an "open choke point," i.e., one that ships can go around. If the canal is ever shut by a regional conflict (as it was in conflicts involving Israel in 1956 and in 1967-1975), ships can take the longer route around Africa, reducing available vessel capacity, a positive catalyst for shipping rates. (source: Yahoo)

- Air charter brokers have already reported a series of requests, which are becoming increasingly harder to fulfil, as scheduled airlines suspend services to Tel Aviv. BA has said it will cancel services for three weeks, while Turkish also confirmed it was not operating to Israel. (source: The Loadstar)

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12 Oct, 2023

- Maersk, a major player in the industry, reassured stakeholders by announcing that its port operations across Israel's key terminals are functioning without disruption. MSC echoed this sentiment, asserting that Israel's major terminals are operational, enabling them to facilitate cargo delivery. (source: Container Exchange)

- FedEx said that it had reinstated its service in Israel. (source, Times of India)

- Impact on individual ports:
  - Port of Ashdod: Operates in an 'emergency mode' only, subject to potential missile attacks. Furthermore, restrictions on vessels carrying Hazardous Materials ("HAZMAT") remain in effect.
  - Port of Haifa: Continues with business as usual, undeterred by the conflict.
  - Port of Ashkelon: Severely impacted, rendering it incapable of normal operations due to missile threats. Vessels can only discharge cargo while moored at sea buoys.
  - Port of Hadera: Carries on without disruption, maintaining its regular functions.
  - Port of Eilat: Remains operational. (source: Container Exchange)

11 Oct, 2023

- Air cargo giants disrupted. After pausing international flights to Israel on Monday, FedEx Express confirmed Tuesday that it resumed inbound and outbound routes. UPS said early Tuesday that it temporarily suspended flights into and out of Israel and is also closely monitoring the situation. DHL, has continued to operate in and out of Israel without any temporary flight shutdowns. (source: Yahoo)

- ZIM has warned customers of possible short-notice service interruptions as result of shifting guidelines from Israeli authorities following renewed violence in the region. (source: The Loadstar)

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PREVIOUS UPDATES

11 Oct, 2023

- Retailers temporarily close in Israel. Fashion Network reported that the 84 franchise stores in Israel operating under the Zara and Bershka brands were closed due to the war. Other businesses besides Zara announcing temporary shutdowns due to the war include Swedish retailers Hennes Mauritz, also known as H&M, and Ikea, the home furnishings chain, according to media reports. (source: Yahoo)

10 Oct, 2023

- Air space over Israel and Gaza is closed, there are a lot of challenges moving goods not just to those countries but the surrounding countries as well. (source: Your Erie)
- Major international airlines suspend flights to Israel amid war on Gaza. About half of all scheduled flights at the airport did not operate on Sunday and a third were cancelled as of Monday evening. Israel aviation authority advises airlines still flying in its airspace to carry extra fuel as delays are to be expected. (source: Aljazeera)

9 Oct, 2023

- Attacks by Palestinian militant group, Hamas, on Israel in the last 48 hours have sparked warnings about oil price uncertainty and a likely surge in supply chain disruptions. The weekend's bombings has already had an impact, with Israel suspending production at its natural gas field in Tamar.
- Iran has expressed support for the Palestinian attack and if Israel retaliates with any aggression against Iran, it could significantly disrupt global oil supplies and prices.
- There is a risk that the US might adopt a tougher stance on Iranian oil exports in the wake of the conflict, further unsettling the oil market. Current expectations indicate that Saudi Arabia is unlikely to halt oil supplies in support of Palestine. (source: Supply Management)

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