



MSC ships turn away from Red Sea as trade disruptions mount

By: Brendan Murray | Dec 17 2023 at 08:37 PM | [Maritime](#) | [Liner Shipping](#)

MSC Mediterranean Shipping Co. SA, the world's largest container line, joined competitors in diverting ships away from the Red Sea to avoid the threat of attacks on commercial cargo carriers by Houthi rebels operating in Yemen.

The MSC Palatium III was attacked on Friday in the Red Sea, the company said in a statement Saturday on its website, confirming earlier reports. There were no injuries among the crew of the container ship, though there was "limited fire damage" and the vessel has been taken out of service.



"Due to this incident and to protect the lives and safety of our seafarers, until the Red Sea passage is safe, MSC ships will not transit the Suez Canal eastbound and westbound," the company said in its statement.

"Some services will be rerouted to go via the Cape of Good Hope instead," it said, referring to the southern tip of Africa.

UK naval forces shot down a suspected attack drone that was targeting merchant ships in the Red Sea, Defense Secretary Grant Shapps said in a post on X on Saturday. The HMS Diamond used a Sea Viper missile to down the target, he said, without giving more details.

Flexport Inc., a freight forwarding platform based in San Francisco, said in a blog post that taking the route around Africa prolongs the journey by seven to 10 days compared with using the Suez Canal.

The MSC Tessa and MSC Capella on Friday turned south around mid-day and are currently sailing off the coast of Somalia, according to satellite-assisted tracking data compiled by Bloomberg. Both had indicated Suez as their next port of call, the data showed.

Delivered earlier this year, Tessa is among the world's newest and largest container ships, with capacity to carry more than 24,000 20-foot containers.

The rerouting of the world's container fleet around the conflict zone during Israel's war against Hamas in Gaza threatens to increase freight rates and cause delays rippling across global supply chains.

Shares of Copenhagen-based A.P. Moller-Maersk A/S, Germany's Hapag-Lloyd AG and Israel-based carrier Zim Integrated Shipping Services all rallied on Friday amid expectations the disruptions will help reduce an oversupply of shipping capacity.

Closely held MSC, based in Geneva, controls about one-fifth of the capacity in the global container market.

About 5% of global trade depends on the Panama Canal and 12% depends on Suez, according to Marco Forgione, director general at the Institute of Export & International Trade. Drought in Panama is creating a bottleneck for ships traversing that passageway by lowering water levels.

"They are fundamental to the flow of international trade," Forgione said in a statement Friday. "Without them operating smoothly, the domino effect of damage and disruption to supply chains caused by ships delayed and in the wrong places will be substantial."