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US to lead naval escort operation in the Red Sea

Sam Chambers

December 18, 2023



X / @army21ye

The US is deploying naval assets to the Red Sea as trade between Asia and Europe slows following multiple attacks on merchant shipping carried out by Iranian-backed Houthis in waters off Yemen in recent weeks.

Multiple shipping lines have either paused their fleets while waiting for naval escorts to materialise or sent ships via the Cape of Good Hope, a voyage that takes twice as long as the normal Suez route.



The US defence secretary, Lloyd Austin, is being widely tipped to launch Operation Prosperity Guardian this week in a bid to secure the Red Sea, where more than 20 ships have been targeted by the Houthis in the opening 18 days of December. In addition to American naval assets, British and French vessels are also expected to take part in the mission.

“We count on the presence of French military ships in the region, as well as allied navies to protect commercial ships and guarantee freedom of navigation. It is essential to strengthen Europe’s position in safeguarding our strategic interests,” commented Edouard Louis-Dreyfus, the head of France’s national shipowner organisation.

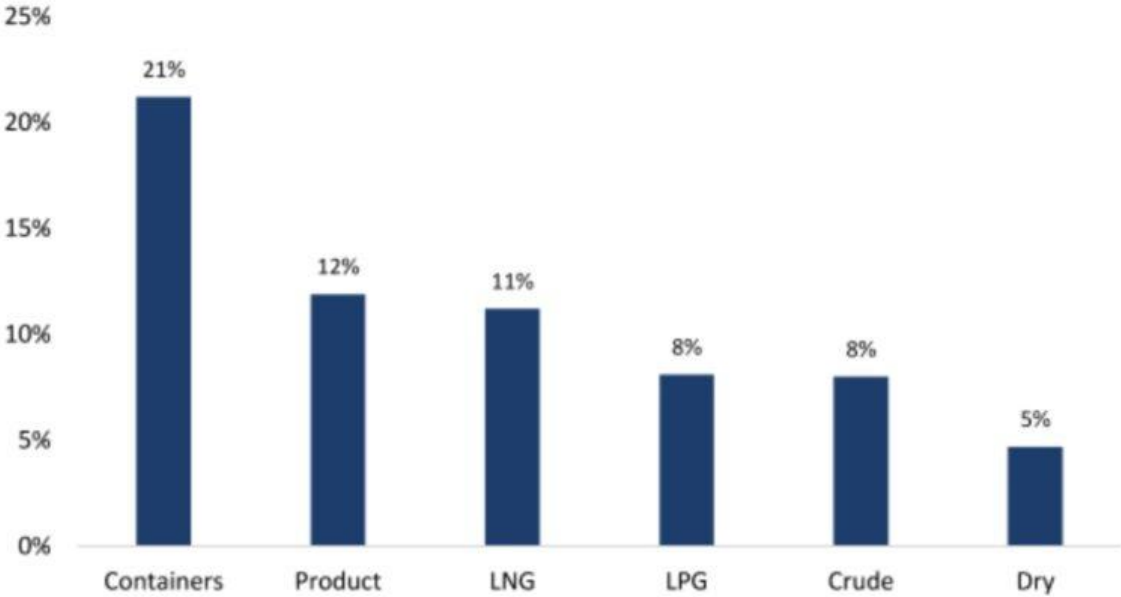
Even with a naval convoy system established, analysts point out that this will slow up trade and soak up tonnage.

“These convoys will take time to form and are not an ideal long-term solution as vessels face added queueing time, slower sailing speeds and limited versatility. However, they are a much better alternative time-wise than sailing around Africa,” a

report issued today from investment bank Jefferies pointed out. The report also analysed how exposed each shipping segment is to Suez transits (see charts below).

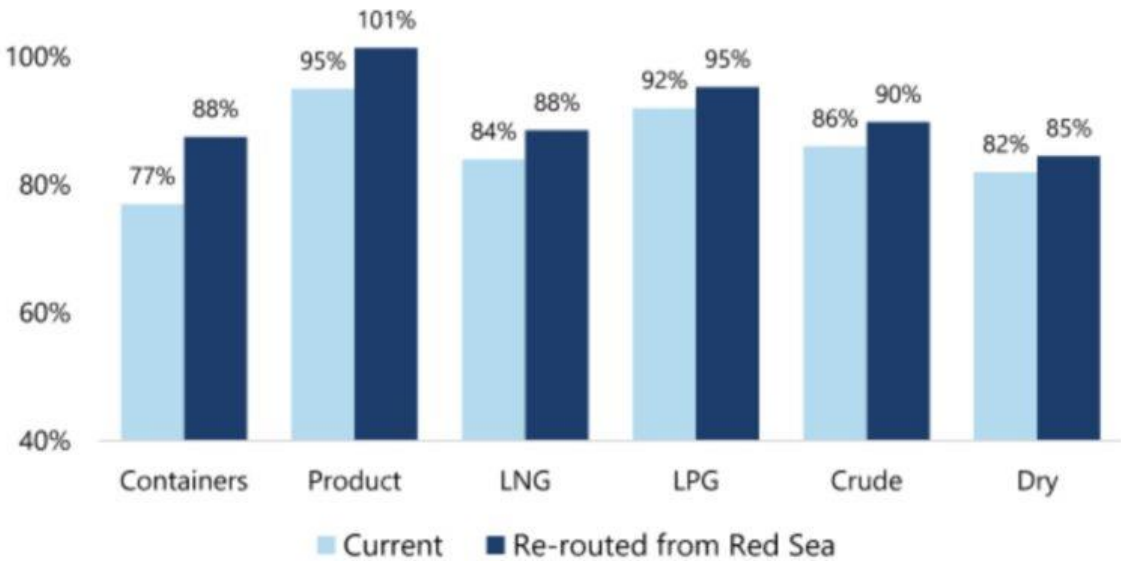
Egypt’s Suez Canal Authority said on Sunday that since November 19, 55 ships have rerouted via the Cape of Good Hope, while 2,128 have crossed the canal in the same period.

Exhibit 1 - Portion of sector trade utilizing Suez Canal



Source: Clarksons Research Services Limited, Jefferies LLC

Exhibit 2 - Utilization impact on Red Sea avoidance



Source: Jefferies LLC