

# Yang Ming not tempted to charter ships amid Red Sea crisis

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Yang Ming headquarters

Taiwanese liner operator Yang Ming Marine Transport will not follow its peers and charter in more ships to capitalise on the Red Sea crisis.

Speaking at a seminar organised by Chung-Hwa Institution for Economic Research on 24 January, Yang Ming chairman Cheng Cheng-mont said, "There is still a tonnage overhang, but the Red Sea crisis that has caused many ships to detour round the Cape of Good Hope has resulted in freight rates jumping in the short term. Economic data is mixed and the market is actually volatile."

It has been estimated that 90% of ships that previously transited the Suez Canal are now moving round the Cape of Good Hope to avoid attacks from Iran-backed Houthi rebels. The detours have extended Asia-Europe sailing times by 15 days, absorbing excess vessels.

MSC, Maersk Line and other operators have been chartering more ships as tonnage availability tightens, but Yang Ming is refraining from doing so.

Cheng noted, "Freight rates aren't things that the industry can determine. Many ships are expected to have to queue up to enter European ports after passing through the Cape of Good Hope. I'm afraid there will be another round of port congestion that we saw during Covid-19.

"The container shipping sector is actually oversupplied as the Covid-19-induced pressure on the global supply chain has continued to ease. The fluctuations caused by the Red Sea crisis may inhibit economic growth. If the (Red Sea) crisis gradually subsides and demand is obviously weak, the situation will eventually normalise."

Cheng reminded attendees that the World Bank estimates that the global economy will enter its third year of slowdown in 2024. Multiple international events and geopolitical conflicts have occurred in succession, resulting in economic development facing a slowdown.

Cheng pointed out, "The outlook for global economic growth in 2024 is the lowest since 2022, making this year full of uncertainties."

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