

ISRAEL-HAMAS CONFLICT: HOUTHİ RED SEA ATTACKS AND GLOBAL IMPLICATIONS

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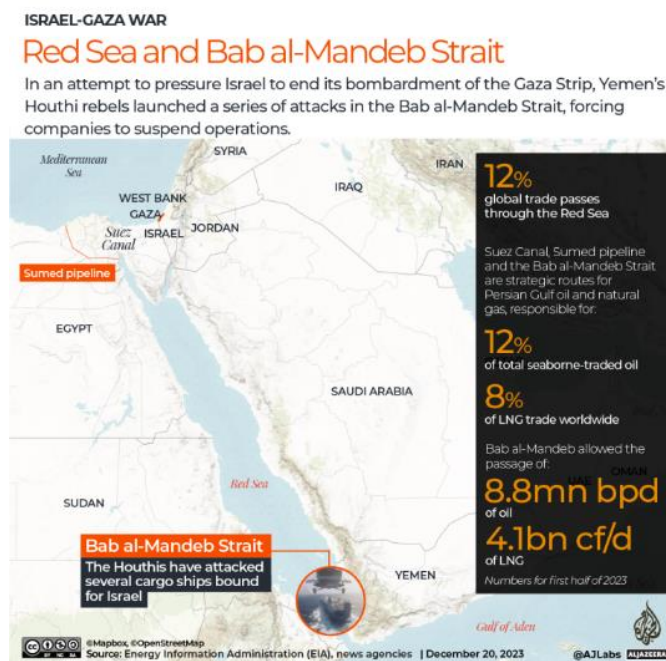
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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



The onset of drone and missile attacks by the Houthis towards southern Israel in October 2023 coinciding with the outbreak of war on October 7, 2023, resulted in a significant escalation in the ongoing Israel–Hamás conflict. Following these initial attacks, the Houthis shifted their focus to targeting commercial vessels in the Red Sea in mid-November 2023, marking a significant escalation. The group framed these attacks as a strategic means of pressuring Israel to cease its operations in Gaza.



(Source: Al Jazeera)

The Bab el-Mandeb Strait, measuring only 29km (18 miles) wide at its narrowest point, retains its significance as a crucial route for international trade. Highlighting its strategic importance, approximately 10 percent of the world's seaborne crude oil passes through this strait. Furthermore, the Red Sea, a vital maritime thoroughfare connecting to the Mediterranean via the Suez Canal and facilitating 12 percent of global trade, becomes pivotal. Disturbances in these key maritime routes extend consequences beyond regional stability to impact global economic dynamics. Furthermore, the Red Sea sees an estimated \$1 trillion in goods passing through the Bab el-Mandeb Strait annually.¹ The conflict-induced disruption has the potential to reverberate across industries, affecting timely and efficient movement of goods. Drawing parallels to challenges during the Covid-19 period, such as the Suez Channel ship accident disrupting global trade, underscores the vulnerability of interconnected supply chains.

The practical repercussions of Houthi attacks have been felt across the shipping industry. Twelve companies, including major players such as the Mediterranean Shipping Company, CMA CGM, and AP Moller-Maersk, have suspended transit through the Red Sea due to escalating conflict-driven safety concerns.² This suspension prompts companies to reassess routes, incurring additional expenses associated with rerouting vessels. Notably, UK oil giant BP, along with Maersk and Hapag-Lloyd, have announced a pause in all Red Sea journeys, underscoring the severity of the situation. Amid escalating maritime conflict, various shipping firms have modified their strategies. Evergreen has temporarily stopped accepting Israeli cargo and other firms, such as CH Robinson, HMM, Ocean Network Express, Wallenius Wilhelmsen, and Yang Ming Marine Transport, plan to avoid the Red Sea entirely, opting for the longer and costlier route around Africa's Cape of Good Hope.³

Economic repercussions extend beyond shipping, evident in rising insurance costs for Red Sea-transiting ships. Reports indicate increases in tens of thousands of dollars for larger ships like oil tankers, contributing to inflationary pressures in the global economy. Major central banks which are already cutting interest rates to combat inflation, face an additional challenge from disruptions in this vital global trade artery. Geopolitical implications extend beyond the immediate region.

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- ¹ "How Houthi Attacks Can Impact Global Shipping across the Red Sea." TRT, January 3, 2024. <https://www.trtworld.com/magazine/how-houthi-attacks-can-impact-global-shipping-across-the-red-sea-16343992>.
 - ² "Maersk, MSC and Other Liner Majors Suspend Red Sea Runs amid Escalating Attacks," Offshore Energy, December 18, 2023. <https://www.offshore-energy.biz/maersk-msc-and-other-liner-majors-suspend-red-sea-runs-amid-escalating-attacks/>.
 - ³ "Evergreen Shipping Line to Stop Accepting Israeli Cargo, Suspend Red Sea Route," Reuters, December 18, 2023. <https://www.reuters.com/business/autos-transportation/evergreen-shipping-line-stop-accepting-israeli-cargo-suspend-red-sea-route-2023-12-18/>.



(Source: Al Jazeera)

Responding to the severity of the situation the United States launched Operation Prosperity Guardian on 18 December 2023, which is a multinational force involving countries like Bahrain, Canada, France, Italy, the Seychelles, and the United Kingdom. The 10-nation "multinational security initiative" aims at safeguarding shipping in the region.⁴ Consideration of participation from key regional actors like Egypt and Jordan underscores their vested interest in ensuring safe passage through the Red Sea. However, Operation Prosperity Guardian faces significant challenges. Limited participation of major players, absence of India and Saudi Arabia, and internal disagreements, exemplified by Australia withholding direct military contributions, complicate the coalition's long-term commitment and operational capacity. The ongoing Houthi threat adds operational risks, raising concerns about further escalation and the ability to achieve stated objectives.

On 31 December, 2023, the United States, responding to Houthi attacks, sank three boats operated by Houthi fighters. The clash has raised fears of regional escalation, adding another layer of complexity to an already tense situation. The U.S. Navy's response to a distress call from the Maersk Hangzhou on January 1, 2024, underscores the volatile nature of the maritime conflict. On 1 January, 2024, the conflict gained added significance with Iran's involvement. Iran's Alborz destroyer deployment into the Red Sea, has been interpreted as support for Houthis. While Iran maintains that the deployment's purpose is "securing shipping lanes and repelling pirates," scepticism persists

⁴ "Operation Prosperity Guardian Faces Early Hurdles." Defense Security Monitor, January 3, 2024. <https://dsm.forecastinternational.com/2024/01/02/operation-prosperity-guardian-faces-early-hurdles/>.

internationally.⁵ The U.S. and its allies express concerns about Iran's 'destabilizing' role in Yemen, potentially emboldening the Houthis to launch further attacks on Red Sea shipping.

The United Nations Security Council's meeting on 3 January, 2024 highlighted the growing threat of spillovers from the Gaza war and the need for collective action. While France, which holds the Council's presidency currently, emphasized the responsibility borne by the Houthis and those supporting them for the escalating tensions in the region. Russia's ambassador to the UN linked the situation in the Red Sea to the ongoing violence in Gaza, emphasizing the interconnected nature of these conflicts. As tensions persist and the conflict in Gaza continues, the international community faces challenges in maintaining stability in the Red Sea and safeguarding global trade routes.

Continued carnage in Gaza is likely to guarantee heightened threats in the Red Sea, necessitating preparedness from the shipping industry and the world at large to address new economic risks. The impact on global supply chains, shipping routes, and inflationary pressures further underscores the need for coordinated international efforts to de-escalate the root cause of these tensions i.e. the Israel-Hamas conflict. As the situation continues to evolve, the international community must navigate the intricate web of geopolitical challenges to ensure the security of maritime trade routes and prevent further destabilization in this vital part of the world. It goes without saying that the Houthi Red Sea attacks of 2023 serve as a stark reminder of the ripple effects of regional conflicts. They highlight the vulnerability of global trade to political tensions and the potential for seemingly distant disputes to disrupt the interconnected web of our world.

⁵ Jazeera, Al. "Iran Deploys Warship to Red Sea amid Soaring Tensions." Al Jazeera, January 1, 2024. <https://www.aljazeera.com/news/2024/1/1/iran-deploys-warship-to-red-sea-following-us-navy-attack-on-houthis>.