

Asia-Europe ocean rates hit 14-month high after Red Sea attack on Maersk ship



Diverting around the Cape of Good Hope adds around 10 days and 6,000 miles to an Asia-Europe journey. Photo credit: Chris Troch / Shutterstock.com.

Greg Knowler, Senior Editor Europe | Jan 2, 2024, 10:00 AM EST

Ocean spot rates on the Asia to North Europe and Mediterranean trade lanes have jumped to levels not seen in more than a year as the uncertain security situation in the Red Sea continues to force carriers to reroute vessels around the southern tip of Africa.

There also remains little clarity on carrier plans to resume Red Sea transits after the *Maersk Hangzhou* was attacked twice over the weekend by Houthi rebels. The second incident on Sunday saw the attackers attempt to board the vessel, only to be killed when a US Navy helicopter arrived to defend the ship.

Maersk immediately suspended all voyages via the Red Sea following the attack. A spokesperson for the carrier told the *Journal of Commerce* Tuesday that the Red Sea suspension remains in force, and an advisory by the carrier issued Tuesday noted the suspensions will be in force “until further notice.”

A large multinational naval presence in the region does not appear to be much of a deterrent to the Iranian-backed Houthi militias in Yemen that have vowed to continue their attacks on commercial shipping in response to the Israel-Hamas war.

Lars Jensen, CEO of Vespucci Maritime and a *Journal of Commerce* analyst, noted that the risk of a wider regional conflict has heightened with the deployment by Iran of the frigate *Alborz*.

“Should this happen, the access for 20% of the global oil supply through the Hormuz Strait is also at risk,” Jensen wrote in a LinkedIn post Tuesday. “And from a container shipping perspective this would jeopardize access to the major transshipment facilities in UAE, in turn impacting large trade flows to and from the Indian sub-continent as well as East Africa, in addition to isolating Saudi Arabia even further.”

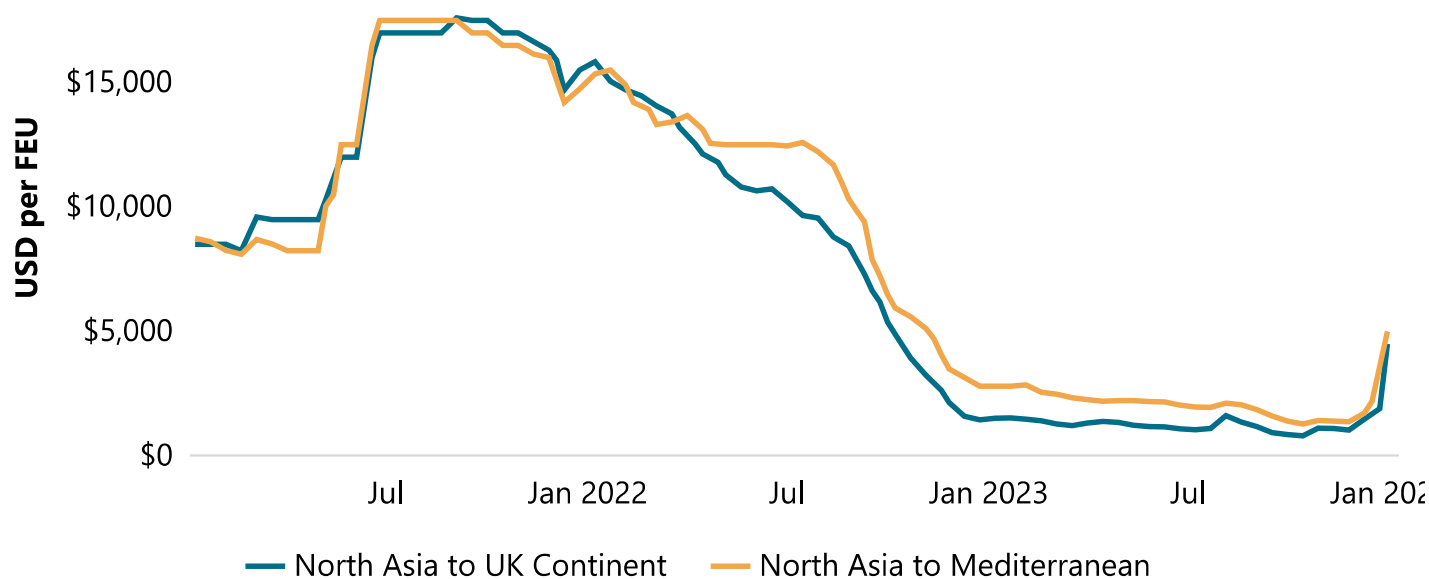
Rates hit 14-month high

North Asia to North Europe rates reached \$4,500 per FEU on Dec. 29, up 136% from the previous week and highest on the lane since October 2022, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. North Asia to Mediterranean rates rose to \$5,000 per FEU, up 117% week over week and highest since early November 2022.

Spot rates for North Asia to Med, Europe more than double over past week

Platts container rate North Asia to Mediterranean and UK/Continent in USD per FEU





CMA CGM, Mediterranean Shipping Co. and Hapag-Lloyd set their freight all kinds (FAK) rates on Asia-Europe westbound shipments at \$3,000 per FEU from Jan. 1. FAK rates announced by Cosco Shipping from Jan. 1 were even higher — \$4,000 per FEU. Source: Platts, S&P Global © 2024 S&P Global

CMA CGM also announced Tuesday yet another FAK rate increase from Jan. 15 that will set Asia-West Mediterranean rates at \$6,000 per FEU and Asia-East Mediterranean rates at \$6,200 per FEU.

The ship diversions around southern Africa come as European importers and carriers prepare for the pre-Chinese New Year push to get shipments on the water before factories close for two to three weeks for China's main annual holiday, which this year begins Feb. 10.

To cover the anticipated surge in demand, CMA CGM implemented a peak season surcharge on Jan. 1 of \$1,000 per FEU, matching Hapag-Lloyd. Maersk's peak season surcharge was set at \$1,500 per FEU from most Asian countries from Jan. 1. The carrier also announced a peak season surcharge of \$2,000 per FEU from Asia to Djibouti in the Red Sea and a \$10,000 per FEU base rate from Shanghai to Djibouti beginning Jan. 8.

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