

Yet another shipping 'chokepoint' risk as Yemen rebels attack

Ship operators signal use of armed guards on public websites

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Tuesday, November 21, 2023



Paramilitary forces hijacked the Galaxy Leader off Yemen. (Screenshot from video released by Houthi militia)

The Israel-Hamas war initially [raised concerns about future fallout for shipping](#) at two "chokepoints": the Suez Canal and the Strait of Hormuz.

War fallout for shipping has now begun, but at a different chokepoint: the Bab el-Mandeb Strait.

With a ship-tracking website like MarineTraffic, you can see — even with the free version — the names of vessels, where they are and their stated

destination. On Tuesday, the destination declared for numerous vessels transiting the Bab el-Mandeb Strait, a 20-mile-wide waterway bordering Yemen that connects the Gulf of Aden to the Red Sea, read: "Armed Guard Onboard."

Vessel operators appear to be using the destination declaration in their Automatic Identification System (AIS) to communicate with potential hijackers in Yemen who are using public ship-tracking websites. Their message: We have guns too.



(Selected destination declarations on [MarineTraffic](https://www.marinetraffic.com) for ships passing through the Bab el-Mandeb Strait on Tuesday)

Brazen hijacking by Houthi militia

The Houthi rebels in Yemen had previously warned that they would target Israeli-linked ships. They followed through with that threat on Sunday.

Houthis hijacked the pure car and truck carrier (PCTC) Galaxy Leader, a vessel with ownership ties to Israeli businessman Abraham "Rami" Ungar. The vessel was on charter to Japan's NYK and had 25 crew aboard from Ukraine, Bulgaria, the Philippines and Mexico.

[Tankertrackers.com](https://www.tankertrackers.com) used satellite imagery to find the current location of the vessel. As of Tuesday, it was at anchorage off the port of Salif in Hodeida, Yemen.

Houthi rebels have targeted shipping interests before. In July 2018, the Houthis attacked two laden very large crude carriers, the Ghawar and Arsan, operated by Saudi Arabia's Bahri, in retaliation for Saudi Arabia's military support of the Yemini government. The tankers suffered minor damage and Bahri temporarily halted crude tanker shipments via the Bab el-Mandeb Strait.

The method of attack on the Galaxy Leader was different. Paramilitary forces were dropped from a helicopter onto the vessel's deck, a method commonly used by Iranians for ship seizures in the Strait of Hormuz. ([See video of the hijacking posted by the Houthis here.](#))

"Seizing a merchant vessel via helicopter is an Iranian modus operandi," said ship security group Ambrey on Monday.

The Israeli government alleged that the hijacking of the Galaxy Leader was done by the Houthi militia "with Iran guidance" and characterized it as "an Iranian attack against an international vessel."

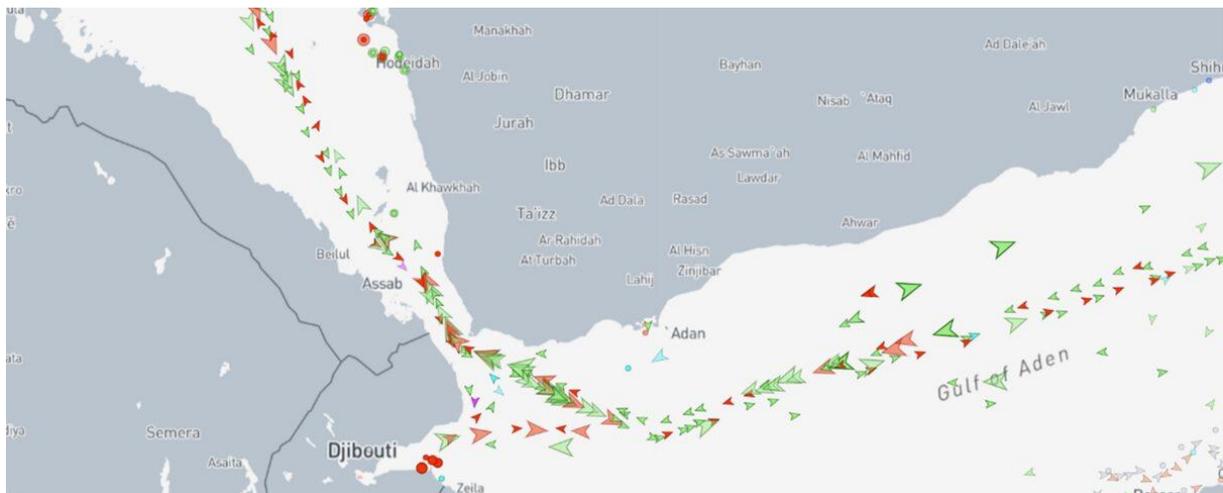
Higher costs for shipping

The threat off Yemen is explicitly against Israel-linked ships in retaliation for Israel's war with Hamas. However, there is clear potential for collateral damage, as shown in the case of the Galaxy Leader, where the charterer and crew members were not Israeli.

The hijacking is "raising concerns of broader supply chain impacts from the war," warned Judah Levine, head of research at Israel-headquartered Freightos (NASDAQ: [CRGO](#)).

According to Clarksons Securities analyst Frode Mørkedal, "The impacts on shipping include increased insurance premiums due to heightened piracy risks, route diversions leading to longer transit times, and heightened security measures like employing armed guards. Such factors are likely to increase overall expenses and can be reflected in increased freight rates."

Ambrey advised all shipping security officers “to check whether their vessels were affiliated with Israel through flag, ownership or management in the past two years. Those who are either affiliated now or who were affiliated recently are advised to conduct a transit risk assessment and to consider ballistic protection measures.”



High volumes of ship traffic transit the Bab el-Mandeb Strait. (Map of Tuesday's ship positions by [MarineTraffic](#))

Many ships have Israeli link

Israel is a small country but plays an outsized role in ship operations and ownership. Many vessels have an Israeli connection.

Ungar's Ray Shipping has a fleet of PCTCs, crude carriers and dry bulk carriers. MarineTraffic reported Tuesday that two PCTCs diverted from routes that would have taken them near Yemen: the Hermes Leader and Glovis Star, both managed by Ray Shipping.

Israel's Idan Ofer is one of the world's largest shipowners; Forbes puts his net worth at \$14 billion. Ofer's shipping interests include Eastern Pacific, which has a fleet of over 200 bulkers, container ships, car carriers and crude tankers (including numerous container ships and car carriers chartered to France's CMA CGM). Eastern Pacific also owns a stake in LNG shipping company Coolco (NYSE: [CLCO](#)).

In addition, Ofer owns a stake in Israel-based XT Shipping; a stake in Ace Tankers, which operates chemical tankers; and 21% of container liner operator Zim (NYSE: [ZIM](#)), through Kenon Holdings.

Idan Ofer's brother, Eyal, heads London-based Zodiac Maritime. Zodiac employs a crew of over 2,500 seafarers and manages container ships, bulk carriers, PCTCs, liquefied petroleum gas (LPG) carriers and crude, products, and chemical tankers.

Zim is the most visible of the Israeli shipping companies and the most closely connected with the government. The government of Israel has a "golden share" or "special state share" in the company that ensures the government's access to Zim's fleet "in a time of emergency or for national security purposes."

Zim operates a fleet of 129 container ships and 16 car carriers, plus 33 container ships on order (almost all of them leased, not owned). CEO Eli Glickman [said during a Nov. 15 conference call](#) that "despite war-related challenges, Zim's operation and services everywhere, including to and from Israel, are continuing without interruptions."

Nevertheless, Zim has long acknowledged the effect of geopolitical backlash in its securities filings, even before the war with Hamas. It conceded in its 2021 IPO prospectus that its "status as an Israeli company ... has historically adversely affected our operations and our ability to compete effectively within certain trades."

Yet another chokepoint risk for shipping

From a broader perspective, the Houthi attack creates yet another chokepoint-related issue for ship owners and operators. The global routing situation has become a minefield of geopolitical and weather-related challenges.

In the Black Sea, shipping faces ongoing risks from mines and Russian missile strikes. The bulk carrier KMAX Ruler was hit by a missile in the Ukrainian port of Odessa on Nov. 8, killing a Ukrainian pilot and injuring three Filipino crew members.

In Panama, [drought conditions are heavily restricting the passage of vessels](#) through the canal. Restrictions “are taking a severe toll on ... operations,” said ocean carrier CMA CGM on Tuesday when announcing a new transit surcharge effective Jan. 1.

Many of the [bulk carriers that previously loaded U.S. grain, LPG and liquefied natural gas](#) and transited the Panama Canal are now taking an alternate route through the Suez Canal. Container lines have also said [they are considering shifts to the Suez](#).

The more ships that take the Suez route, the more that will be forced to make the transit through the Bab el-Mandeb Strait.