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Suez Canal offers discount in bid to lure boxships back

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Egypt's Suez Canal will offer a 15% discount for the next three months on transit fees for containerships of approximately 13,500 teu and above in terms of capacity, to encourage trade back, with recent headlines suggesting the Red Sea shipping crisis is coming to a close.

The Suez Canal Authority said the offer was in "response to requests from containership owners and operators, and in light of recent positive developments in the security situation in the Red Sea and Bab al-Mandab Strait".

Revenues from Suez Canal transits have more than halved over the past year as a huge swathe of the global merchant fleet – led by containerships – avoided the area as the Houthis from Yemen, in support of Hamas's war with Israel, have been attacking merchant shipping.

Donald Trump, the American president, claimed last week that after more than 17 months, the Red Sea shipping crisis is coming to a close.

Speaking at the White House, Trump said Yemen's Houthis have agreed to halt their attacks on shipping and that Washington would in turn stop carrying out strikes on the Iran-backed rebels.

Trump's claims have been backed up by Oman's foreign minister, who has been negotiating between the two sides. However, the Houthis have since continued to fire missiles towards Israel, eliciting a military response from Tel Aviv.

Most liners questioned at recent quarterly results have insisted it is still too early for any resumption of Red Sea transits.

Maersk CEO Vincent Clerc said last week it would be "irresponsible" to resume Red Sea transits based on an unclear ceasefire deal, warning the region remains too volatile for a safe return.

Speaking with *Splash* today, Lars Jensen, who heads up Vespucci Maritime, a container shipping advisory, said: "I would not think a 15% discount would have any meaningful impact on the decision on whether or not to transit the Red Sea under the present circumstances. That decision will be based on a risk assessment."

"Given the fast-changing news flow in the current climate, we do not expect a rush to return to normal Red Sea transits given the risks," shipping analysts at investment bank Jefferies argued in a note to clients last week, pointing out how the container shipping industry remains the most exposed to a change in market fundamentals should Red Sea transits resume normally.

Jefferies estimates the effect of diversions has tightened capacity by 11-12% and is effectively the difference between a healthy market and one with limited ocean carrier pricing power.