MARITIME SECURITY ANALYSIS

Bab-el-Mandeb and the Red Sea

Transit risk and rerouting economics: framing the operator's standing choice between passage under elevated threat and the long way around the Cape.

MARITIME RISK DESK | REV. A · JUN 2026

For an operator with cargo moving between Asia and Europe, or between Asia and the east coast of the Americas, the southern Red Sea presents a decision that has not gone away even in quieter months. This report frames that decision: the threat picture at a general level, the cost and schedule arithmetic of rerouting, a worked comparison of one illustrative voyage costed both ways, the conditions under which each choice makes sense, and a set of scenarios for the next two quarters. Every figure here is illustrative, chosen to show the shape of the trade-off rather than to quote any particular voyage.

BOTTOM LINE UP FRONT

1. The Bab-el-Mandeb decision is a standing one, re-made as conditions change. The threat is intermittent and politically driven, suspended rather than eliminated when it goes quiet, and its triggers have migrated from Gaza toward the Israeli offensive in Lebanon and an emerging Horn of Africa axis.

2. The two routes are close enough in cost that a shift in the war-risk premium alone can flip the answer from one voyage to the next. The premium, not the geography, is the swing variable.

3. Through a period like mid-2026, the durable posture is conditional: hold the Cape as the default while uncertainty is high, track the insurance and political indicators that lead the market, and return to Suez deliberately when a lull looks durable rather than momentary.

01 The threat picture, in general terms

The defining feature of this threat is that it is political rather than constant. The campaign against Red Sea shipping that began in late 2023 was tied to the war in Gaza, and its intensity has tracked the wider regional conflict closely ever since. It surged through 2024, eased after a ceasefire in 2025, paused again after a Gaza ceasefire later that year, then flared once more in early 2026 when fighting involving Iran briefly disrupted both the Red Sea and the Strait of Hormuz at the same time. By the middle of 2026 the situation had settled into a fragile lull, with attacks largely paused but the underlying capability and intent intact. The danger is not eliminated when it goes quiet. It is suspended, and it can return on short notice when the politics shift. What has changed is the trigger. The original driver, the war in Gaza, has receded: with Hamas's military and command capacity heavily degraded and the territory absorbed in internal fighting, a return to major Israeli operations there looks years away. The politically salient trigger has migrated to other fronts, principally the Israeli offensive in Lebanon.

That early-2026 episode also showed something operators should hold onto: the Red Sea and the Strait of Hormuz can spike together. When both chokepoints are disrupted at once, the Cape is not a clean escape hatch, because capacity is being absorbed across multiple routes simultaneously and the detour costs the most at exactly the moment it is most needed.

> **Two ships on the same track on the same day can face materially different risk, and different insurability, based on ownership, flag, charterer, and trading history.**

Two further features shape exposure. The first is that targeting has been selective, and this is the operator's most actionable variable. Through the campaign, vessels assessed as linked to Israel or to certain Western interests faced markedly higher risk, while a great deal of other traffic continued to transit with lower apparent risk. By the more intense periods, targeting had broadened to essentially any vessel with even an indirect Israel connection, and insurers grew noticeably more reluctant to cover those ships at all. That profile is the one input an operator can sometimes manage. The second feature is the nature of the weapons. The threat has included missiles, aerial drones, and uncrewed explosive boats, used singly and in combination, and against that mix a merchant vessel has limited ability to defend itself. The meaningful protection comes from not being in range and from the presence of naval forces able to intercept.

The driver set is also broadening beyond Yemen. On the northern side, the live political trigger is now Lebanon, where the Israeli offensive has pushed occupation zones beyond the Litani river with the Lebanese government's assent and has continued in the form of targeted strikes across the country. A sharp escalation there is the most plausible near-term catalyst for the Houthis to resume, in place of Gaza. On the Horn of Africa side, a second axis is emerging. The Somali Federal Government is fragile, with the president's mandate lapsed, recent factional fighting among government forces in Mogadishu, and contested authority in Baidoa, while Al Shabaab continues to expand. Reported collaboration between Al Shabaab and the Houthis on missile and drone development could, if it matures, open a new threat vector along the Bab-el-Mandeb approaches from the Somali coast. The risk of renewed war in northern Ethiopia, set against Abiy Ahmed's ambitions for a Red Sea port and toward Eritrea, adds further instability to the Red Sea littoral.

The Yemen picture adds a further variable. The rapid late-2025 offensive by the UAE-backed Southern Transitional Council, which seized much of the territory previously held by the Saudi-backed government, collapsed almost as quickly after a single Saudi strike on a UAE vessel carrying weapons to the council. The resulting flux, and the friction it has created between Riyadh and Abu Dhabi, may push Saudi Arabia toward more concerted action against the Houthis, both to hedge against continued disruption at the Strait of Hormuz and to reassert its position. Such action could suppress the maritime threat over time, though it might provoke Houthi retaliation in the near term.

02 The economics of rerouting

The Cape route is reliably safe from this particular threat and reliably expensive. For a typical Asia to Europe sailing, going around southern Africa rather than through Suez adds on the order of three to four thousand nautical miles and roughly ten to fourteen days each way, turning a voyage of around thirty to forty days into something closer to fifty. That added time is the root of most of the cost.

The largest line item is fuel. A large vessel steaming for an extra two weeks burns a great deal of bunkers, and illustrative industry figures have put the additional fuel cost of a single Cape diversion in the region of several hundred thousand to about a million dollars per voyage, depending on ship size, speed, and bunker prices. On top of fuel sits the cost of the ship's time, since a vessel committed to a longer voyage earns over more days for the same cargo. There is a fleet-level effect too, because maintaining the same service frequency on a longer route requires more ships. The Cape route does avoid the Suez Canal toll, which for a large vessel is a real sum, often in the high hundreds of thousands of dollars, so the saved toll genuinely offsets part of the detour cost rather than being a rounding error.

The transit route carries its own premium. War-risk cover for these waters is priced as an additional war-risk premium, quoted as a percentage of the hull's value and usually bought as a short policy lasting about seven days. In normal times that premium sits very low, on the order of 0.05 to 0.1 percent of hull value. During the worst periods it rose to roughly 0.7 to 1 percent, so that a single seven-day transit of a 100 million dollar hull could cost in the region of 700,000 to one million dollars on top of everything else.

Two properties of that premium matter for the decision. The first is the **ratchet**: premiums rise quickly when attacks occur and fall slowly even after weeks of quiet, normalising only once a sustained incident-free run rebuilds the underwriters' confidence. A lull does not immediately restore cheap cover. The second is that insurance can become the **binding constraint** rather than just a cost. When risk spikes, war-risk clubs can issue short-notice termination of existing cover and replace it at rates so extreme that the practical effect is a closure, even though no authority has formally closed anything. In those moments the insurance market, not the operator and not the threat directly, makes the routing decision.

03 One voyage, costed both ways

To make the trade-off concrete, take a single illustrative vessel on an Asia to Europe run. The figures below are round and for illustration only; they show how the comparison behaves, not what any real voyage would cost.

ILLUSTRATIVE VOYAGE COMPARISON · 100M USD HULL

Cost element	Via Suez / Bab-el-Mandeb	Via Cape of Good Hope
Added transit time	Baseline	+ ~12 days
Extra bunker fuel	–	~ 800,000
Ship's time & lost rotation	–	~ 200,000+
Suez Canal toll	~ 600,000	None
War-risk premium · lull (~0.1%)	~ 100,000	–
War-risk premium · flare (~1.0%)	~ 1,000,000	–

FIGURES ILLUSTRATIVE · USD · EXCLUDES THE TAIL RISK OF AN ACTUAL STRIKE

Now watch the war-risk premium move. In a genuine lull, with the premium near 0.1 percent, the transit carries only about 100,000 dollars of additional war-risk cost, so the Suez route, even with its toll, comes out clearly cheaper than the roughly one million dollars of extra fuel and time on the Cape route. The short path wins. As attacks resume and the premium climbs toward 1 percent, that same transit now carries roughly one million dollars of war-risk cost on its own, on top of the toll, and the comparison flips: the Cape becomes the cheaper of the two, before even accounting for the tail risk of a strike. Somewhere between those two premium levels lies a break-even, and the entire routing decision turns on which side of it the market currently sits. This is why traffic partially returns in every lull and diverts again in every flare, without any change in the underlying geography.

04 When each choice makes sense

Because the threat is intermittent and selective, the right answer differs by operator, by vessel, and by week. Several conditions push toward **transit**: a genuine and sustained lull confirmed by a clean recent record and by naval and insurer assessments; a vessel and cargo profile that has attracted little hostile attention; war-risk cover that remains obtainable at a tolerable price; time-sensitive or perishable cargo where two extra weeks erodes the value of the goods; and high bunker prices that make the long detour especially painful.

Other conditions push toward the **Cape**: an active or rising threat, or a profile that fits the targeting pattern; cover that becomes unobtainable or punitive, which can make transit commercially impossible regardless of the operator's own appetite; contractual and external pressure, since charterers, cargo owners, and insurers may simply require the longer route; a duty of care to the crew; and a schedule with enough slack to absorb the extra days. Many operators adopt a flexible posture, holding the Cape as the default during uncertainty and testing selective Suez transits only when a lull looks durable, which is broadly the pattern the market has followed.

05 Scenarios for the next two quarters

The following sketches three ways the situation could develop over roughly the next two quarters. Each rests on stated assumptions and carries a calibrated confidence level. Probabilities are judgements about an inherently political situation and should be read as approximate.

The fragile lull holds

45–55%

MOST LIKELY

ASSUMPTIONS

The Houthi maritime campaign stays suspended; the Israeli offensive in Lebanon, though active, does not produce a trigger the Houthis choose to act on; the reported Al Shabaab and Houthi strike program remains pre-operational; and naval presence in the region is sustained.

Attacks remain paused, premiums ease gradually under the ratchet, and traffic recovers slowly without returning to pre-crisis levels as cautious operators test Suez selectively while keeping the Cape in reserve. Confidence in the direction is moderate; confidence in the pace of recovery is lower, precisely because the ratchet keeps cover expensive after the security picture improves.

CONFIDENCE MODERATE

Renewed escalation

30–40%

PLAUSIBLE

ASSUMPTIONS

A regional trigger reactivates the campaign. The most plausible is a sharp escalation of the Israeli offensive in Lebanon, which the Houthis adopt as their casus belli in place of Gaza. Other paths include the Al Shabaab and Houthi strike program reaching operational status and opening a second axis from the Somali coast, or concerted Saudi action against the Houthis provoking retaliation.

Premiums spike again, cover for exposed profiles tightens or withdraws, carriers re-divert at scale, and Cape routing re-entrenches. The conditional judgement is firmer than the unconditional one: if any one of these triggers fires, resumption becomes highly likely, so the real uncertainty lies in whether a trigger fires rather than in how the Houthis would respond if it did.

CONFIDENCE **MODERATE**

Durable de-escalation

10–20%

LEAST LIKELY

ASSUMPTIONS

The regional triggers stay cold and the Houthi campaign is durably wound down, whether through a broader settlement, a shift in the group's calculus, or sustained pressure, including concerted Saudi action, that degrades the maritime threat, followed by a long incident-free period.

Insurers relax high-risk-area designations, premiums normalise, and a large-scale return to Suez follows. This is the least likely outcome over a two-quarter horizon, mainly because of the ratchet: confidence and cheap cover rebuild slowly even after the politics cooperate, so a full recovery within two quarters is optimistic.

CONFIDENCE **MODERATE**

Indicators that lead the routing economics

LEAD	**Additional war-risk premium and JWC listings.** Insurance has historically repriced ahead of conflict rather than after it, with the Black Sea listed as high-risk nine days before the 2022 invasion of Ukraine and Hormuz premiums rising months ahead of the 2026 strikes.
TRIGGER	**The Israeli offensive in Lebanon.** The most plausible near-term catalyst for the Houthi campaign to resume, having displaced Gaza as the salient front.
DRIVER	**Saudi posture after the Yemen realignment.** Concerted Saudi action against the Houthis could suppress the threat over time or provoke near-term retaliation.

EMERGING	**The Al Shabaab and Houthi strike program.** Maturation would open a second threat axis along the Bab-el-Mandeb approaches from the Somali coast.
REGIONAL	**Horn of Africa instability.** Somali Federal Government fragility and Al Shabaab expansion, and the risk of renewed war in northern Ethiopia, bear on the security of the Red Sea littoral and the strait's approaches.
CONFIRM	**Suez transit counts and Asia-to-Europe freight indices.** Together a gauge of carrier confidence and of whether a lull is translating into a real return.

06 Bottom line

The Bab-el-Mandeb decision is not a one-time choice but a standing one that has to be re-made as conditions change. The threat is intermittent and politically driven, its triggers now centred on Lebanon and the Horn of Africa rather than Gaza; the targeting is selective; and the economics of the two routes are close enough that a shift in the war-risk premium can flip the answer from one voyage to the next. For most operators the sensible posture through a period like mid-2026 is conditional: treat the Cape as the safe default while uncertainty is high, hold a clear and current view of the vessel's own risk profile, watch the insurance and political indicators that lead the market, and return to Suez deliberately and selectively when a lull looks durable rather than momentary. The cheapest route on paper is only the cheapest route if the ship arrives.

CLASSIFICATION	DESK	DATE	FIGURES
ILLUSTRATIVE ANALYSIS SAMPLE	MARITIME RISK DESK	JUNE 2026 · REV. A	ILLUSTRATIVE THROUGHOUT