

PRESS RELEASE

Kenya Ships Agents Association (KSAA) Addresses Ongoing Threats on vessels through the Suez Canal Route and Implications on Consumers.

The Kenya Ships Agents Association (KSAA) is deeply concerned about the escalating conflict along the Suez Canal route, and its potential repercussions on the business community and consumers in East Africa.

Yemen Houthi rebels claim that their attacks on ships transiting through the Red Sea is targeting Israeli ships and those destined for Israeli ports, as a consequence of Israeli attacks on Palestinians along the Gaza Strip. Unfortunately, even ships not calling at Israeli ports or having no connection with Israel are being targeted.

In response to the recent Palestinian-Israeli War, Houthi Rebels in Yemen have launched attacks on ships transiting through the Suez Canal route, posing a significant threat to this critical maritime passageway. The Suez Canal, connecting the Mediterranean Sea to the Red Sea, is indispensable for international trade, facilitating approximately 12% of global trade.

Despite efforts to normalize freight rates following events such as the Covid-19 pandemic and the Russia-Ukraine War, the ongoing attacks by Houthi Rebels present a persistent challenge. Major shipping lines, including those represented by KSAA, are responding by rerouting vessels around the Cape of Good Hope, a costly alternative that directly impacts the business community and consumers in East Africa. About a third of the world's container ship capacity is affected by the Red Sea attacks and rerouting the vessels through the Cape of Good Hope, with transit times between Asia and US East Coast (New Yolk), North Europe (Rotterdam) and the Mediterranean increasing by six days, ten days and 15 days respectively.

The rerouting of ships will result in longer shipping distances, causing an upward surge in freight rates and disturbances in the supply chain. Delays in the smooth movement of goods are expected due to extended transit routes. Consequently, leading to a reduction in ships' capacity and a reduction in container availability, along with a potential for an increase in insurance costs and liability for ship owners and insurers. Above all, these factors will contribute to a more widespread slowdown in global economic activities; particularly impacting countries heavily reliant on trade along the route, with Kenya playing a substantial role in both export and import businesses.

The United States, United Kingdom and other friendly countries continue <u>launching strikes</u> against multiple Houthi targets in Yemen, after the US and its allies warned that the group would bear the consequences of its repeated attacks. These are having little effect on curbing the attackes.

It is evident that a country like Ethiopia that relies on Djibouti Port, is much disadvantaged by this disruption. This clearly shows the need for the Kenya Government to expedite

infrastructure building such as roads, rail and pipeline to facilitate inland connectivity from Lamu port in order serve countries like Ethiopia among others.

Kenya Ships Agents Association advises the shipping community in the maritime industry to stay vigilant amid challenges, and to closely monitor developments, assess their supply chain resilience, and explore contingency plans to mitigate the impact of a potential Suez Canal blockade.

About Kenya Ships Agents Association (KSAA):-

KSAA is an incorporated association of Ship Agents in Kenya, representing Kenyan and East African businesses, shipping lines, ship owners, and charterers. The association is committed to promoting ethical business practices, best practices, and facilitating seaborne trade and economic growth in Kenya and the wider East Africa Region.

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