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Red Sea crisis disrupts global supply chains: Vincent Clerc

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Vincent Clerc, the CEO of Maersk, explained that the upcoming months will pose challenges for both carriers and businesses due to the ongoing situation in the Red Sea, which is expected to continue into the third quarter of 2024.

During a recent online event with customers, Vincent Clerc addressed the difficulties caused by the continuing attacks on ships in the Red Sea and Gulf of Aden, which have disrupted logistics and supply chains. Maersk ships are currently diverting around Africa via the Cape of Good Hope to navigate the situation. Clerc acknowledged the complexity of the situation for carriers and businesses reliant on cargo transport.

He highlighted the significant impacts of the Red Sea situation since December 2023, emphasising that extending rotations to travel the longer route around Africa requires two to three ships, depending on the trade. However, the availability of additional capacity has been limited, and carriers are facing challenges in meeting the demand for container transport. As a result, ships that were previously underutilised in other parts of the world have been redeployed to address capacity shortages, but these measures are insufficient to resolve all the issues across the industry.

The disruptions in the Red Sea have had a greater impact on Asian exports compared to Asian imports, as Asian countries, particularly China, are major global exporters. The disruptions have not only affected routes between the Far East and Europe via the Suez Canal but have also impacted the entire ocean network. Southeast Asian hubs have experienced congestion and equipment shortages, affecting Oceania's ocean network and causing delays in connecting Oceania's cargo to Maersk's global network.

Clerc noted that the disruptions have led to congestion across key ports in Asia, causing delays and bottlenecks. Vessels have been reorganised and moved to different regions to meet capacity demand, resulting in a global impact that extends beyond the areas directly affected by the Red Sea disruption.

Maersk is taking steps to minimise disruptions for its customers by making key investments and operational adjustments. These efforts include securing additional containers and exploring capacity enhancements to mitigate the challenges posed

by the ongoing disruptions. Maersk is also preparing for continued disturbances by adjusting its network and supply strategies to better align with businesses' demand for capacity.