RISK INTELLIGENCE

INTELLIGENCE • EVIDENCE • IMPACT

GEOGRAPHIC RISK MONITORING

Bab el-Mandeb

Rapid assessment of people, assets, priority risks, decision triggers, disruption exposure, and accountability.

LOCATION / AREA OF CONCERN	WHY IT MATTERS	CURRENT STATUS	LAST REVIEWED
Bab el-Mandeb Strait, southern Red Sea and Gulf of Aden	Bab el-Mandeb is now a live conflict zone. The Houthis declared a naval blockade of Saudi Arabia on 20 Jul 2026 and struck two Saudi tankers on 23 Jul. With Hormuz largely shut, both regional chokepoints are degraded at once, raising transit time, insurance and capacity costs even when no vessel is directly attacked.	Critical	31 JUL 2026
RISK OWNER	**BUSINESS UNIT**	**CONFIDENCE**	**NEXT REVIEW**
Founder & Principal	Risk Intelligence	High	07 AUG 2026

PEOPLE AND ASSETS EXPOSE

PERSONNEL	FACILITIES / EQUIPMENT	SUPPLY CHAIN / DATA	CUSTOMERS / COMMITMENTS
Vessel crews, security teams, port staff and seafarer families; crews on Saudi-linked hulls carry the highest exposure	Commercial ships and cargo; Saudi Red Sea ports and terminals; marine communications and security systems	Asia-Europe routes, container and tanker capacity, AIS practice, war-risk cover and fuel supply	Cargo owners, manufacturers, retailers, logistics providers, energy buyers and consumers

PRIORITY RISK AND BUSINESS EXPOSURE

#	RISK EVENT	WHO ABSORBS IMPACT	LIKELIHOOD	IMPACT	DISRUPTION COST	OPERATIONAL EFFECT
1	Houthi blockade of Saudi-linked shipping sustains attacks and war-risk pricing	Crews and carriers first; cargo owners, customers and households later	H	H	Severe | $1M+	Targeting now discriminates on Saudi flag, ownership or port call, alongside standing Israel/US/UK association risk. Security and insurance costs raise freight rates while reduced sailings constrain capacity.
2	Cape rerouting extends transit and consumes vessel capacity	Shippers, manufacturers, retailers, finance teams and customers	H	H	High-Severe	Longer cycles increase fuel, inventory, working capital and stockout risk across time-sensitive supply chains. Carriers have reversed course repeatedly; the unpredictability costs more than the added distance.
3	Piracy or armed robbery adds detention and response exposure	Crews, owners, insurers, families and contract counterparties	M-H	H	High-Severe	At least 17 incidents since Jan 2026 and three commercial hijackings between 21 Apr and 2 May. Reported (unconfirmed) Houthi resupply of pirate groups would correlate this risk with Risk 1.
4	Hormuz closure displaces Gulf energy flows onto the Red Sea corridor	Energy buyers, tanker owners, insurers and downstream industry	H	H	Severe | $1M+	Hormuz war-risk sits at 7.5-10% of hull value against a 1-3% norm. Saudi reliance on Bab el-Mandeb as an alternate export route is what makes the strait a pressure point.

DECISION TRIGGERS

#	OBSERVABLE TRIGGER	THRESHOLD / SOURCE	REQUIRED ACTION
1	Confirmed attack, boarding, or vessel loss in the corridor	MARAD, UKMTO, IMO or flag-state confirmation	BREACHED 23 JUL 2026 (Encelia, confirmed by Saudi SPA). Escalation is live: identify exposed voyages, cargo criticality, employee risk and customer commitments. Suspend nonessential routing pending review.
2	Major carrier suspends corridor service or war-risk premium rises >25%	Carrier advisories and broker/insurer quotes	BREACHED w/c 20 JUL 2026. Southern Red Sea war-risk moved from ~0.3% to above 1% of hull value within days, with Saudi-linked voyages quoted to 3%. Recalculate lead time, freight, insurance, inventory and cash-cycle effects; prioritize scarce capacity and customer allocations.
3	Houthi transit fee or toll regime imposed on Bab el-Mandeb traffic	HOCC statements, Reuters/broker reporting, carrier advisories	Watch. Reported under consideration 29 Jul 2026; denied by the Houthi-run HOCC on 1 Aug. Price a per-transit levy into route comparison and confirm who bears it under charter and sales terms.

ANALYST ASSESSMENT / COST BASIS / KEY GAP

Assessment: The principal commercial effect is not limited to vessel loss. Persistent threat removes effective capacity from the market, lengthens cash cycles and transfers fuel, insurance and delay costs into inventory, production and retail pricing. Two features distinguish the current phase from the 2023-25 campaign: targeting is discriminating (Saudi linkage, alongside standing Israel/US/UK association) rather than broad, and Hormuz and Bab el-Mandeb are degraded simultaneously, so the usual substitution between Gulf and Red Sea routings is unavailable. Saudi Arabia announced a 14-nation maritime coalition on 30 Jul, which may cap escalation but has not yet changed underwriting behavior. Smaller shippers and low-margin suppliers are least able to absorb the increase.

Cost basis: Planning assumption, not an observed figure. High-to-Severe exposure ($250K to $1M+) is scoped to a mid-size container or breakbulk shipper and combines Cape rerouting fuel and charter cost, war-risk premiums, additional transit days (10-15 on Asia-Europe), inventory carrying cost, missed delivery or production windows, customer penalties and emergency air or alternate-sea freight. Tanker exposure sits an order of magnitude higher: war-risk cover alone on a 270,000-tonne Gulf cargo has been quoted near $21M. Duration and shipment criticality drive the range more than the value of any single vessel movement.

So what: A company does not need a ship to be attacked to incur material loss. Repeated route avoidance can create a structural cost increase, weaken working capital and force allocation decisions that favor larger customers and better-capitalized competitors.

Key gap: Whether any current voyage, hull or counterparty carries Saudi flag, ownership, operation or port call - the operative discriminator under the present threat. Also: carrier routing policy, cargo criticality, inventory tolerance, alternate capacity, and contractual responsibility for delay, toll and war-risk costs.

Sources: MARAD Advisory 2026-006 (effective 26 Mar 2026; predates the July escalation, still current for threat profile and AIS guidance). MARAD Advisory 2026-002 (piracy; expires 8 Aug 2026, reissue required). Reuters and Al Jazeera, 23 Jul and 1 Aug 2026. S&P Global and Marsh commentary via Al Jazeera, 23 Jul 2026. Insurance Journal, 21 and 23 Jul 2026. USNI News, 24 Jul 2026. Windward piracy incident data, May 2026. Premium figures conflict by voyage profile; confirm against live broker quotes before use.