



Mains Practice Question

Q. How has the Red Sea crisis impacted global trade and India's maritime interests? Examine. **(150 words)**

22 Oct, 2024 GS Paper 2 International Relations

Approach

- Introduce the answer by the mentioning the Red Sea crisis
- Give me impact of Red Sea Crisis on Global trade
- Highlight the impact of Red Sea Crisis on India
- Conclude suitably.

Introduction

The **Red Sea, a vital maritime choke point**, has witnessed increasing tensions in recent years, with the **Houthi rebels in Yemen** posing significant threats to commercial shipping. This crisis has had far-reaching implications for global trade and India's maritime interests.

Body

- **Impact on Global Trade:**
 - **Disruption of Supply Chains:** The Red Sea is a crucial route for global trade, especially between **Asia and Europe**.
 - Attacks on commercial vessels have led to **delays, rerouting, and increased insurance premiums**, disrupting supply chains and raising costs for businesses worldwide.
 - Major shipping companies like Maersk rerouted vessels around Africa's **Cape of Good Hope in January 2024**, adding 10-14 days to journey times
 - **Increased Freight Rates:** The heightened risk to shipping has forced carriers to adopt more cautious measures, **including slower speeds and increased security**.
 - This has resulted in **higher freight rates**, which are passed on to consumers in the form of increased prices.
 - Also, the cost of insuring a ship through the Red Sea has **more than doubled** since the start of **September 2024**.
 - **Energy Security Concerns:** The Red Sea is a **major oil transit route**, and disruptions in the region can impact global energy markets.
 - Attacks on tankers carrying crude oil or refined products can lead to supply shortages and price volatility.
 - Oil tanker "**Marlin Luanda**" was attacked in **January 2024**, causing temporary suspension of shipments by several major oil companies
- **Impact on India's Maritime Interests:**
 - **Energy Security:** India is heavily reliant on oil imports, and a significant portion of its crude oil passes through the Red Sea.
 - The crisis has **increased India's vulnerability to supply disruptions** and price fluctuations.
 - **Trade Routes:** The Red Sea is a key trade route for India, connecting it to **Europe**,

Africa, and the Middle East.

- Disruptions in the region can impact India's exports and imports, particularly of essential commodities.
- **Freight rates at Indian ports have increased by nearly 70% year-on-year** in August 2024 due to global shipping disruptions
- **Security Concerns:** The crisis has highlighted the importance of maritime security for India.
 - The Indian Navy intensified anti-piracy efforts, with the offshore patrol vessel **INS Sumitra** successfully foiling a piracy attempt on FV Iman in **January 2024**.

Conclusion

The **Red Sea crisis** has had a significant impact on global trade and India's maritime interests. The disruption of **supply chains, increased freight rates, and energy security concerns** have posed significant challenges to businesses and governments worldwide. India has responded by **increasing its naval presence, engaging in diplomatic efforts, and diversifying its trade routes**.

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