



Palestinian-Israeli Conflict on International Trade in the Suez Canal

Siti Aisyah Hamzah^{1*}, Seniwati²

^{1,2} Hasanuddin University, Indonesia

Jl. Perintis Kemerdekaan No.KM.10, Tamalanrea Indah, Kec. Tamalanrea,
Kota Makassar, Sulawesi Selatan 90245

Korespondensi penulis: sitiaisvahamzah391@gmail.com

Abstract. *The Suez Canal has played a significant role in assisting and expediting the delivery of heavy goods on cargo ships from Asia to Europe, accommodating 12 percent of total global trade. The Suez Canal is a very important source of foreign currency for Egypt, a country that is still grappling with a variety of long-standing economic problems. Since October 2023, Yemen's Houthi group has been targeting ships in the Red Sea that it claims are connected to Israel in solidarity with Palestinians facing Israeli attacks in the Gaza Strip. This ongoing tension in the Red Sea not only impacts the Suez Canal, but also the maritime transportation market, trade movements, and international supply chains, as taking alternative routes means increasing shipping time and operating costs. Despite its important role as an international shipping lane, The Suez Canal has experienced a decline in status on the global stage due to various geopolitical events and economic crises that have occurred. This study aims to analyze the reciprocal relationship between international market dynamics and the strategic role of the Suez Canal. The chapter begins with an analysis of the impact of the Palestinian-Israeli conflict on international trade flows through the Suez Canal, followed by a discussion of the impact of the global economic crisis and conflict mitigation efforts on maritime security of shipping traffic. Finally, this chapter provides solutions that can be offered from the perspective of maritime security theory and international conflict theory.*

Keywords: *Suez Canal, International Trade, Palestinian-Israeli Conflict, Economic Crisis, Maritime Security.*

1. INTRODUCTION

The Suez Canal is one of the most strategic shipping lanes for global shipping, cutting almost a month off the journey that would have been taken on an alternative route at the Cape of Good Hope, located at the south-western tip of the African continent, in the Cape Peninsula region of South Africa. The canal is the shortest shipping route between Asia and Europe, connecting the Mediterranean Sea with the Red Sea. As a canal that earned the nickname “The world's main transportation route”, the Suez Canal plays a crucial role in the economic flow of global trade. (Nandini, Maarif, Syamsunansir, & Widodo, 2024, p. 151). Therefore, the Suez Canal has a very crucial and important role on the global stage that if the area gets into trouble, it will not only disrupt the voyage of cargo ships but the problems that occur can even cause huge losses that can negatively affect the global economy in the international scope.



Figure 1. Position of the Red Sea

(Source: <https://depositphotos.com/vector/red-sea-region-political-map-157546738.html>)

The Red Sea, functioning as the southern gateway to the Suez Canal, ranks among the most heavily trafficked maritime routes globally. It offers an alternative pathway for vessels heading to Europe, eliminating the need to navigate around the Cape of Good Hope at Africa's southern extremity. From a strategic perspective, the Red Sea also serves as a natural division between the eastern coast of Africa and the western edge of the Arabian Peninsula. The Suez Canal, linking the Mediterranean Sea with the Red Sea, facilitates approximately 12 percent of international trade. Vessels originating from Asia access this corridor via the Bab el-Mandeb Strait, underscoring its critical role in transporting oil from the Persian Gulf to Europe and North America, according to The Guardian. As long as oil continues to dominate as the world's leading energy resource, this maritime route will remain essential for oil distribution from the Gulf region (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 154). The fact that the Suez Canal handles around 12 percent of global trade and is the main route for oil shipments from the Persian Gulf shows how crucial the region is to the global economy, especially as long as oil remains the main source of energy. The sustainability of this route depends heavily on security stability in the region, given the threat of regional conflicts that could disrupt trade flows.

Conflicts that have significantly impacted the stability of the Suez Canal shipping operations include the conflict between the two countries, Israel and Palestine, which has been considered as one of the longest political conflicts in history. This conflict has been the subject of several studies trying to find out how and what efforts should be made in resolving the conflict, seeing that the political tension between the two has been going on

for more than half a century and has claimed many victims in the process. The conflict has received special attention due to its repeated attempts at conflict resolution that have not resulted in a final solution and agreement. Numerous negotiations between Israel and Palestine have taken place, including the signing of the Oslo I Accord in 1993 by both sides, followed by additional diplomatic initiatives such as Oslo II in 1995, Camp David II in 2000, and other efforts, all of which ultimately failed to yield concrete outcomes. Until now where the conflict then broke out after the October 7 attack by Hamas into Israeli territory. This raises the question of whether the Palestinian-Israeli conflict cannot be resolved in the sense that despite many negotiation and mediation efforts between the two parties, the conflict still has not found a point of resolution. The decades-long conflict between Palestine and Israel has often led to regional instability in the Middle East region. These geopolitical tensions not only impact regional security, but also affect the flow of international trade through the Suez Canal. Whenever conflict upheavals occur, the potential for disruption to shipping traffic increases, creating uncertainty for global trade players. For example, security threats around the region can lead to diversion of shipping routes, increased insurance costs, and a decrease in the volume of trade crossing the canal. (Pratiwi, Syaraf, & Nauvarian, 2022, p. 168). With many dialogues between countries or communication efforts that have been made between the two ending sadly, it indicates that there is an understanding and stance that both parties have, which is why the purpose of dialogue cannot be achieved.

This long-standing conflict intensified with the October 7, 2023 attack. When Hamas, a Sunni Islamic movement and Palestinian nationalism opposed to the Zionist occupation of the region, launched an unprecedented attack on Southern Israel. BBC, the British public broadcaster, reported that this incident killed approximately thousands of civilians and took 251 hostages which resulted in sustained and even indiscriminate attacks from the Israeli Defense Forces (IDF) on Palestinian civilians, especially those in Gaza. However, this operation, referred to as a “Hamas search mission,” did not proceed as intended and has been widely criticized for allegedly breaching international laws of war as well as human rights regulations. Hospitals, schools, refugee camps, universities were destroyed, ravaged, and leveled the ground without exception so that the casualties resulting from the genocide reached approximately 40,000 casualties in just one year as of this writing. Because of this, not a few countries and certain groups voice their solidarity in their own way. Starting from street protests, dialogue between countries in the UN forum, medical and food aid to war victims and so on. Meanwhile, in Yemen, the

Houthis announced their support for Hamas and the Palestinian people by targeting any ship sailing towards Israel. They call themselves part of an “axis of resistance” with Hamas and Hezbollah whose goal is to lead Iran against Israel and the countries that help it. The BBC reports that the Houthis have attacked a number of commercial vessels in the Red Sea using drones and ballistic missiles since December 3, shortly after the war between Israel and Hamas broke out on October 7, reportedly from the coast of Yemen. (News, 2024). This is a concern for international companies as it is detrimental to their trade and destabilizes their internal financial cycles.

This study aims to analyze the impact of the Palestinian and Israeli conflicts on the dynamics of international trade in the Suez Canal. By understanding how political tensions in the Middle East region interact with the stability of this shipping lane, it is hoped that this research can provide deeper insights into the role of geopolitics in determining global trade flows. The following chapters will review the effect of the conflict on shipping security, the economic implications of canal traffic disruptions, as well as mitigation efforts undertaken by relevant authorities to maintain the stability of the Suez Canal as a vital international trade route.

2. THEORITICAL STUDY

International Conflict Theory

Peace studies and conflict resolution as a discipline within the social sciences developed gradually and gradually from the realm of reasoning to the realm of theory construction and research. The domain of practice encompasses actions taken by specific individuals or groups to influence the course of conflict. On the other hand, the research domain includes analysis that helps test deductive theories and is the basis for inductive theory construction so that, a good analysis of peace and conflict undoubtedly, helps determine strategies and tactics that may be effective. As part of the peace and conflict framework, the term “preventive diplomacy” was first proposed by Dag Hammarskjöld, former Secretary-General of the United Nations (UN) in 1953-1961, since then, the concept has continued to evolve to meet new challenges. (Kalama & Paul, 2019, p. 50). This theory will continue to develop and evolve over time as conflict theory is one of the social science disciplines that always follows the changing times.

One branch of this theory is Psycho-Cultural Conflict Theory, which explains the role of culture in fueling conflict and how conflict energy is formed from embedded attitudes regarding human behavior learned from early stages of development. Psycho-

cultural conflict theorists argue that while human identity takes many forms, identity rooted in ethnic and cultural origins is an important factor in understanding violent conflict. Identity is considered a major cause of social conflict that often takes a long time to resolve. These conflicts can be exacerbated if discrimination and marginalization of certain ethnic groups are closely linked to the conflict. This opinion is reinforced by Bassegy and Oshita (2007), who state that “Ethnic identity and resentment are seen as triggers of violent conflict.” However, according to them, a more comprehensive analysis of the causes of conflict and civil war at the global level needs to take into account political and economic factors, as well as the ethnic, cultural and religious diversity of societies (Kalama & Paul, 2019, pp. 54-55). With this, the conflict in the Suez Canal has not avoided tensions between several disputed identities and ethnicities.

The dispute between Israel and Palestine is regarded as one of the most enduring political conflicts in history. Spanning over half a century, it has been the focus of extensive research and numerous conflict resolution attempts. The conflict has garnered significant attention due to the persistent failure of efforts to bring about a resolution. Various negotiations, including the signing of the Oslo I Accord in 1993, subsequent efforts through Oslo II in 1995, Camp David II in 2000, and other initiatives, have all been unsuccessful in ending the conflict. This raises the question of whether the Israeli-Palestinian dispute is inherently unresolvable, given that, despite repeated negotiations, a lasting solution remains elusive (Pratiwi, Syaraf, & Nauvarian, 2022, p. 168). Through this inquiry, four critical issues have been identified as central to these resolution efforts: borders, security, refugees, and Jerusalem.

Arguments in this conflict are steeped in an understanding of the inability of the two parties to reach a compromise. It generally conceptualizes conflict as identity conflict, viewing the two conflicting parties as entities with conflicting identities. Although the literature on this issue is quite diverse, identity-based explanations still have strong relevance in current research (Abu Laban & Bakan, 2019). While there are variations in the literature regarding the type of identity that each side associates with, most literature agrees that this conflict is essentially an ideological conflict (Pratiwi, Syaraf, & Nauvarian, 2022, p. 169). This means that the policies and behaviors of both sides are largely determined by their political values and foreign policy directions.

Security forms the foundation for achieving conflict resolution in the Israeli-Palestinian conflict. The threats faced by both parties undermine the likelihood of resolving the conflict. Consequently, both sides are unlikely to trust each other, leading

to mutual feelings of insecurity. For instance, Israel perceives Palestine as a threat, and the reverse is also true. Various threats exist on the ground to and from Israel, including military attacks from both sides of the conflict and from neighboring Arab countries. Human security also plays a crucial role in providing a comprehensive analysis of security in the Israeli-Palestinian conflict. As Nusseibeh (2008) suggests, human security contributes to achieving peace between conflicting parties, whereas military security is often closely associated with war (Pratiwi, Syaraf, & Nauvarian, 2022, p. 172). In this conflict, where land remains disputed, the presence of occupying armies and occupied populations perpetuates constant fear, further increasing the military's role in ensuring security.

The term "social change" has become a widely recognized concept within academic and scientific communities. Over the past four decades, social change has emerged as one of the "most captivating" subjects of exploration across various disciplines in the social sciences and humanities (Saefudin, 2005: 76). To analyze this phenomenon, a range of perspectives (or approaches) can be applied, including the conflict perspective, which offers valuable insights into understanding different societal changes (Prayogi, 2023, p. 37). This paper aims to illustrate the application of conflict theory in interpreting socio-cultural transformations within society.

Conflict theory views social change not as an outcome of aligning values that drive transformation, but rather as a product of conflict that leads to a compromise, resulting in a condition distinct from the previous one. This theory arose as a counterpoint to structural-functional theory, which prioritizes stability and order within society. Conflict is perceived as a tangible social reality for those involved, with individuals recognizing and experiencing its presence in their everyday lives. Furthermore, conflict is interpreted as a social process—a transition from an existing social structure to a new one. While conflict between groups in society is regarded as a normal phenomenon, its normalcy ceases when violence becomes part of the conflict (Prayogi, 2023, p. 38). Conflict is embedded in people's consciousness and memories so that there is always a vivid image of the event, even people keep the experience of conflict as a primary memory and social reality that is attached to them which is not a few cultural activities that are passed down and inspire the way they act.

Conflict theory centers its analysis on the foundation of social order and regulations rather than investigating the causes of rule-breaking or the background of an individual's deviant actions. This perspective highlights the diversity within society and

the unequal power dynamics among its various groups. Due to the authority held by elite groups, they also possess the ability to establish rules, particularly laws that cater to their own interests. In this context, the conflict perspective views society as consisting of groups with differing, often competing interests, leading to rivalry and eventual conflict. Through this competition, the more powerful groups shape laws and policies that secure their dominance (Prayogi, 2023, p. 39). Essentially, conflict theory perceives societal structures as being designed, governed, and upheld through the manipulative strategies of dominant groups. To challenge the dominance of these groups, it is necessary to transcend the prevailing consensus and adopt confrontational strategies by subordinate groups against the ruling elite.

Maritime Security Theory

Maritime security is a vital domain that demands a thorough understanding of potential risks, effective collaboration between multiple agencies and governments, a careful balance between defense priorities and economic objectives, and sufficient resource allocation for maritime defense initiatives. This research explores the impact of maritime policies on national defense strategies, with an emphasis on evaluating and prioritizing potential maritime threats, enhancing coordination and communication among agencies and governments, balancing defense needs with economic considerations in maritime policies, and ensuring adequate investment in maritime defense programs (Sarjito & Azhar, 2023, p. 3). In conclusion, maritime security is an important element in national defense strategy that requires effective policies to assess and prioritize potential threats, coordination between different agencies and governments, and a balance between defense and economic interests. In addition, sufficient resource allocation and investment in maritime defense programs are necessary. Adequate investment in this sector can enhance the country's ability to deal with threats and support economic development while prioritizing national security.

Another critical area of maritime security that needs to be examined is the impact of maritime policy on national defense strategy. In some countries, policymakers tend to overlook maritime security as an important component of national defense, resulting in insufficient resource allocation for research and development of maritime operations. Effective coordination and communication among the various agencies and governments engaged in maritime defense are crucial for responding swiftly and efficiently to potential threats. Maritime security is a transnational issue that requires combined efforts, collaboration and information sharing among various stakeholders. Effective

communication mechanisms, such as joint maritime operations centers, are essential for exchanging information and coordinating responses to potential threats (Sarjito & Azhar, 2023, p. 4). Moreover, efficient coordination in maritime security efforts can strengthen trust and confidence among various stakeholders, and encourage regional collaboration in maintaining maritime security.

Maritime security in the Indo-Pacific region has historically been intertwined with the area's rich trade heritage, geopolitical complexities, and exploration. The region has long acted as a maritime center, facilitating not only cultural exchanges but also trade routes that connected the Pacific and Indian Oceans. In earlier times, regional maritime activities were influenced by the ancient trade networks of prominent civilizations such as China, Mesopotamia, the Mediterranean, and the Indus Valley powers (Niazi, 2024, p. 115). These trade routes enabled the flow of cultures, ideas, and goods, contributing to the cultural richness and economic development of the nations within the region.

The Quadrilateral Security Dialogue Initiative, known as the Quad, is a strategic alliance consisting of the United States, Japan, India, and Australia. Originating from informal talks after the 2004 Indian Ocean tsunami, the Quad has transformed into a key platform for like-minded Indo-Pacific nations to tackle regional security issues and advance shared interests (Niazi, 2024, p. 125). Maritime security is a primary concern for the Quad. Considering the critical role of maritime trade routes and the growing militarization in the Indo-Pacific, Quad members recognize the importance of safeguarding maritime zones from various security risks, including piracy, terrorism, illegal fishing, and aggressive actions at sea.

Achieving maritime security goals is pursued through the strategy of maritime diplomacy. Maritime diplomacy involves leveraging national capabilities to address both domestic and global maritime security concerns. During the 9th East Asia Summit, Indonesia presented the vision of the World Maritime Axis, which is supported by five key pillars: 1) cultivating Indonesia's maritime security culture; 2) optimizing the management of marine resources for the benefit of the people; 3) developing maritime infrastructure and connectivity; 4) fostering maritime cooperation through diplomacy; and 5) strengthening maritime defense forces (Sugiharto & Shafwatullah, 2021, pp. 124-125). Maritime diplomacy thus serves as an effective tool for resolving conflicts, such as those in the Suez Canal. However, achieving the desired resolution requires international cooperation to effectively address and resolve such disputes.

To date, there is no international agreement on a single definition of maritime security. However, various efforts have been made to define this concept. One notable effort was the establishment of the Informal Consultative Process that resulted in the The "Report of the Secretary-General on Oceans and the Law of the Sea (A/63/63)" highlighted several critical issues deemed significant threats to maritime security. These threats included terrorism targeting shipping and offshore facilities, piracy, armed robbery, and the trafficking of narcotics and illegal drugs. In addition, another definition states that maritime security is not only limited to the absence of threats such as interstate conflict, terrorism at sea, piracy and smuggling, but also includes the creation of sustainable stability in the maritime region (Sugiharto & Shafwatullah, 2021, pp. 128-129). Other threats that fall under the scope of maritime security are illegal fishing, environmental crimes, and marine disasters and accidents, which add to the complexity of the issue.

Based on the above characteristics of maritime security, a nation must develop a robust strategy to tackle security threats at sea. This involves identifying which national interests require protection through effective actions and strategies. To achieve this, countries must first establish a shared understanding of what constitutes a legitimate threat. This process is commonly referred to as securitization (Sugiharto & Shafwatullah, 2021, p. 129). So that the agreement in formulating threat solutions can be right on target so as not to harm a party or actor both within the internal and external scope of a country.

3. RESEARCH METHOD

Desk Research is a structured inquiry that requires certain tools, rules and techniques in the process. Like a Scientific Experiment, the searches received are unpredictable, which is why researchers can sometimes feel frustrated in their investigations when using this method but it is ultimately very rewarding in terms of developing creativity in making interesting cases (George, 2008, p. 1). Therefore, by using library research, researchers can explore a lot of information from diverse perspectives so that it can help researchers understand a problem with different perspectives, which ultimately creates inquiry values with a satisfying intellectual experience.

The process of desk research is essentially similar to other forms of investigation. It involves the acceptance of known facts, identification of unknowns, speculation, disciplined application of logical procedures, verification, evaluation, repetition, and

interpretation of insightful findings. The uniqueness of desk research lies in its fundamental role as a basic method in the search for knowledge, which is important to be practiced early and consistently. For a researcher, these skills are as important as basic cooking techniques, laying the foundation for in-depth and thorough research skills. (George, 2008, pp. 22-23). Therefore. Reading, analyzing, discussing the information obtained when conducting the research process in each reading will train researchers in finding logical results and evaluating them so that the investigation process can be tested.

The purpose of desk research is to identify relevant sources. It is important to systematically record any findings and the location of these sources from the outset, even before deciding on a research topic. While this may seem time-consuming, it can yield useful insights in the future and help shape the direction of the research. The main benefit of taking regular notes is the ease of compiling a bibliography, as all source information is already recorded in one place, such as a digital file or notebook. (George, 2008, p. 36). With library research, compiling references for the bibliography of the sources of information taken will facilitate and benefit the researcher in its creation because the sources are already integrated in a file or notebook that is prepared.

4. DISCUSSION

The Suez Canal was officially opened on November 17, 1869, having been excavated from 1859 to 1869. This canal connects the Red Sea and the Mediterranean, making it one of the busiest shipping lanes because it has important value for countries in Europe, Asia and Australia. One of its primary functions is to enable sea transport for trade vessels between Europe and Asia. Prior to the Suez Canal, ships had to navigate around the African continent via the Cape of Good Hope, which added nearly a month to the journey compared to traveling through the Suez Canal. In the book *Ports and Everything (Business, Services, and Facilities)* by Romanda Annas Amrullah (2020: 35-36) it is explained that this Canal at least shortens the distance traveled by 9000 kilometers from the Arabian Sea to London, England (Terkini, 2022). Consistent with maritime security theory, it can be concluded that the safety and stability of this canal are crucial for the smooth operation of ships, particularly cargo vessels. Moreover, this route serves as a vital link connecting two seas and two continents, significantly reducing travel time by nearly a month compared to the Cape of Good Hope. As a result, it becomes an essential route, attracting numerous international companies due to its efficiency in speeding up distribution.

The crucial role that the Suez Canal has is evidenced in the following case, In March 2021, a large container ship got off course due to strong winds which caused the closure of shipping traffic lanes in the suez canal. The vessel, named Ever Given, was leased by the Taiwanese shipping company Evergreen Marine. As a result, shipping traffic was paralyzed and queued up to approximately 400 ships behind it within 3 days. Sal Mercogliano, an expert on maritime history, said this had a fatal impact on the global economy with losses said to reach US\$3 billion or around Rp 43 trillion per day. In many other places, this only caused minor incidents but unlike the incident that occurred in the Suez Canal, it resulted in a global crisis and huge losses. (News, Kapal raksasa tersangkut di Terusan Suez berhasil mengapung kembali, 2021). This indicates that the role of the Suez Canal is crucial and has an impact on the world economy. In maritime security theory, if one day this vital shipping location is disrupted, it will also affect the maritime policies of the countries concerned. Therefore, it is undeniable that the Suez Canal is the main water route for the distribution of international trade and shipping.

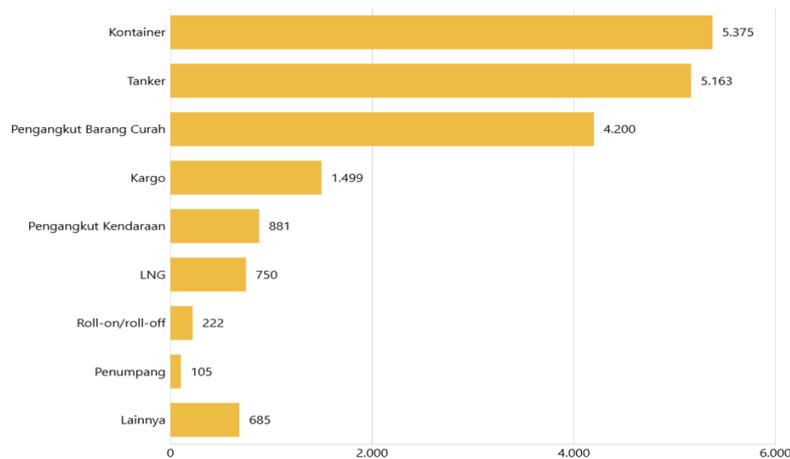


Figure 2: Data on cargo ships passing through the Suez Canal

(Source: <https://databoks.katadata.co.id/transporasi-logistik/statistik/075bdc8cfda64bf/kapal-kontainer-paling-banyak-melintas-di-terusan-suez>)

The figure above displays the number of vessels by type in a horizontal bar graph format. It can be seen that container vessels dominate with a total of 5,375 vessels, followed by tankers with 5,163 vessels. The third position is occupied by bulk carriers with a total of 4,200 ships. Furthermore, there are 1,499 cargo ships and vehicle transport ships with a total of 881 ships. The number of ships for the LNG type was recorded at 750 ships, while roll-on/roll-off type ships totaled 222 ships. For passenger ships, the number only reached 105 ships. The “Others” category recorded a total of 685 vessels (Lidwina, 2021). This data shows that container ships and tankers are the most common

ship types, while passenger ships have a relatively small number compared to other ship types, making the need for this route a major issue in the distribution of goods and petroleum. In maritime security theory, this can be an opportunity for various stakeholders, which can encourage regional collaboration in maintaining maritime security.

Hundreds of vessels are opting to bypass the Suez Canal, instead navigating 4,000 miles around Africa, resulting in wasted fuel, increased costs, and delays of 10 days or more on each journey. The ongoing Houthi offensive has disrupted one of the world's most vital shipping routes, the Red Sea. In this area, Iran-backed Houthi militias have been launching drone and missile attacks on ships from multiple positions in Yemen for months. The Houthis claim they are attempting to disrupt shipping routes linked to Israel in hopes of forcing Israel to end its military operations in Gaza. However, ships from several countries have been targeted by the Houthis. A spokesperson for the Houthis recently stated that they view "all American and British ships" as legitimate targets (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 154). In international conflict theory, the behavior of the Houthis is one of the characteristics of psycho-cultural conflict where it is considered a cause of social conflict that takes a long time to resolve, seeing that the United States and Britain are known to be affiliated with Israel. therefore the Suez route becomes a dangerous area for ships passing through it, especially for the British, United States and Israeli countries.

Approximately 150 ships transited the Suez Canal, located at the western end of the Red Sea, during the first two weeks of January. This marks a significant decline from over 400 ships during the same period last year, according to data from the maritime platform Marine Traffic. Despite airstrikes by the United States and its allies targeting the Houthis, the complex route and Houthi attacks have persisted. These ongoing assaults have sharply escalated tensions in the Red Sea (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 152). The ongoing conflict in the Red Sea region, particularly attacks from the Houthis, has had a major impact on international trade flows. In line with maritime security theory, this calls for diplomatic solutions and more effective security enhancements in the region so that this vital trade route can operate safely and smoothly.

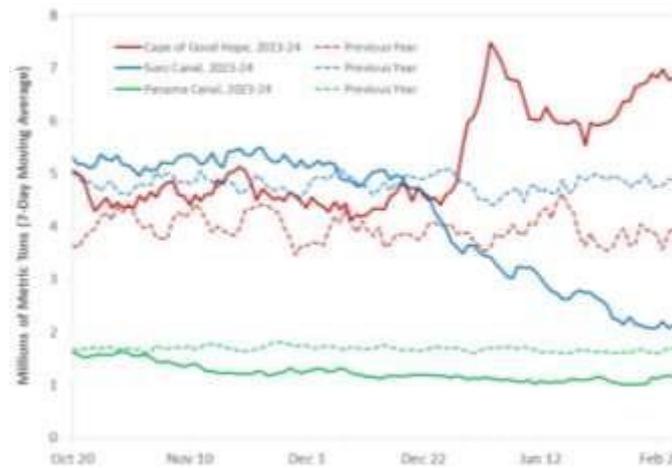


Figure 3: Chart of trade flows in the red sea

Source: (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 155)

Dunn and Leibovici reported on trade flows in the Red Sea, around the Cape of Good Hope, and through the Panama Canal from October 2023 to February 2024, based on daily chokepoint transit calls and trade volume estimates provided by IMFPortWatch (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 155)

The chart illustrates the decline in trade flows through the Red Sea following the disruption, highlighting the significant impact it had. Many in the maritime industry opted to reroute cargo away from the Suez Canal. Simultaneously, the chart reveals an increase in trade flows around the Cape of Good Hope, which helped offset the reduction in shipments through the Suez Canal, suggesting that this route has become a primary alternative for cargo initially planned to transit the Red Sea. Additionally, trade through the Panama Canal has experienced a notable decline in recent months due to an unrelated event, though the effect was felt earlier and was relatively less severe compared to the shift in the Red Sea region (Dunn & Leibovici, 2024). The Red Sea itself is one of the world's major inter-oceanic trade routes, featuring two crucial access points: the Suez Canal to the north and the Bab al-Mandab Strait to the south. According to the US Energy Information Agency, an average of 8.8 million barrels of oil pass through the Bab al-Mandab Strait each year, representing 8.7% of the 101.7 million barrels per day projected to be needed globally by December 2023, according to the International Energy Agency. Around 20% of the world's goods and 15% of global container traffic typically transit through the Suez Canal (UNCTAD, 2024). Prior to the Red Sea crisis that began in mid-November, approximately 1,500 merchant ships passed through the Suez Canal each month, according to Lloyd's Intelligence (Nandini, Maarif, Syamsunasir, & Widodo, 2024, p. 155). In maritime security theory, states tend to avoid a threat to ensure the

smooth flow of goods and economic interests. If there is a threat, such as conflict, piracy or political instability on a particular route, countries and shipping companies tend to divert their routes to avoid the risk. This supports the argument that the increase in trade flows around the African Cape of Good Hope was due to unstable security on the Suez Canal route.

Houthi attacks have escalated tensions in the Red Sea region and beyond. International forces, including those led by the United States, have been deployed to patrol the waters near Yemen to ensure security. As a result, navigating towards the Suez Canal has become increasingly hazardous due to these attacks. Since October 2023, the Houthi offensives have persistently disrupted maritime routes, prompting a military response from the United States. The key maritime chokepoints, the Suez Canal and the Bab el-Mandeb Strait, are now unstable, which has destabilized the global economy and jeopardized the stability of international trade. For instance, the cost of transiting the Suez Canal has surged sharply, driven by rising war risk premiums and higher cargo insurance rates. Shipping companies are now opting for alternative, albeit slower and less cost-effective, routes for both safety and financial reasons. Many vessels are rerouting via the Cape of Good Hope, although this alternative can lead to delays of up to a month, or at least ten days in the best-case scenario (Nandini, Maarif, Syamsunasir, & Widodo, 2024, pp. 156-157). From the viewpoint of international conflict theory, the impact of the Houthi attacks is profound, affecting not only shipping companies and the global community but also national interests and military operations aimed at securing the region.

If the conflict intensifies, global economic growth is projected to decelerate by 0.1-1%, while global inflation is expected to increase by approximately 0.1-0.2 percentage points. Houthi attacks also impact global supply chains by threatening the security and stability of strategic waterways, causing delays, rerouting and significant additional costs for shippers and customers. The Houthis, who have supported the Palestinians since the beginning of the conflict, have attacked Israel. At first, attacks were carried out with rockets, drones and ammunition. However, in November 2023, Houthi forces hijacked an Israeli cargo ship named “Galaxy Leader” using helicopters. They claim to only target ships associated with Israel, but many of their victims are European or Asian ships that have nothing to do with Israel or its allies. Although these attacks are not deadly, they are causing concern and disruption in the shipping industry. As a result, commercial traffic on the Suez Canal declined, and many companies sought alternative

routes. The main problem was that the new route increased the distance traveled by 5,530 miles, extending the delivery time by two weeks. The route, known as the Cape of Hope, was of little interest to companies like Tesla and Volvo, who were forced to temporarily suspend operations at their European factories due to the delays. (Sinha, 2024, p. 142). From the perspective of maritime security theory, arguments about factory closures and delays in operations due to ineffective delivery of goods reflect issues related to maritime security. Instability in trade routes, including threats to cargo ships or disruptions in shipping routes, directly affects global supply chains and logistics efficiency.

Picture the Red Sea extending like a turquoise ribbon across 1,200 kilometers. It begins close to Suez in Egypt, where the historic Gulf of Suez once connected. This ribbon meanders south for 1,930 miles until it finally meets the Gulf of Aden and continues on to the Suez Canal and becomes the shortest shipping route between the continents of Asia and Europe that cargo ships and others can take (Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, p. 2). In this case, The Suez Canal, a vital maritime route, divides nations such as Egypt and Sudan from Saudi Arabia and Yemen. Even countries to the north, like Israel and Jordan, have minimal direct involvement with the canal. With this attack, according to maritime security theory, this highway through which many countries pass becomes dangerous to pass and of course causes losses in terms of international trade and diplomatic relations between countries in the region.

Yemen's Houthi rebels, aligned with Iran, have been targeting vessels in the Red Sea and launching missiles at Israel, all under the banner of supporting Palestine. The stakes are high as the Red Sea is a critical route for global oil trade, and these attacks have heightened tensions. The situation began with a significant conflict in the Middle East, prompting the Houthis to escalate their actions. On October 31, 2023, they launched missile and drone attacks against Israel, vowing to continue until the situation de-escalates. This mirrors the unrest in Iraq, Syria, and Lebanon, where Iran-backed groups have caused instability. On December 9, 2023, the Houthi group, Ansar Allah, raised alarms in the Red Sea by declaring that any ship bound for Israel, regardless of its point of origin, would be targeted unless food and medical aid were delivered to Gaza. This threat was accompanied by the slogan "Death to America, Death to Israel." With Iran's backing, the Houthis control much of western Yemen, including the strategic Red Sea coastline. Their rise to power in 2014, following their capture of Sanaa, triggered a devastating conflict. The Red Sea is also vital to India's trade, facilitating the faster and more cost-effective transport of exports such as steel, machinery, textiles, chemicals,

vehicles, and agricultural goods to markets in Europe, America, and the Middle East. However, recent security issues, particularly Houthi activities, have disrupted the flow of trade in this critical region (Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, pp. 2-3). In maritime security theory, these events underscore the critical need for a nation to develop a merchandise shipping strategy for its supply chain, which incorporates risk mitigation and alternative pathways to ensure maximum reliability of alternative routes.

The intensifying conflict in the Red Sea, driven by the ongoing battles between Houthi rebels and Israel, has sparked worries about its capacity to disrupt global trade routes, with particular implications for India's supply chain (Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, p. 4). From the perspective of international conflict theory, the tensions have had far-reaching effects on India and other Asian countries, fueling regional economic anxiety and causing inflation in many countries.

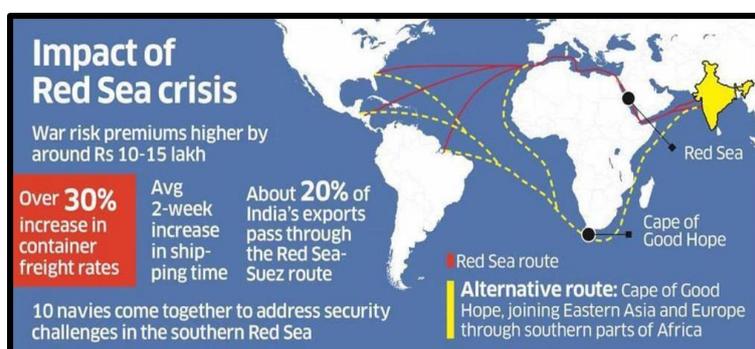


Figure 4: Impact of the red sea crisis

Source: (Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, p. 9)

The figure above explains the impact of the crisis in the Middle Sea on India and other countries such as Eastern Asia and Europe. An example of the impact of this crisis is the increase in container transportation rates by more than 30 percent, the increase in shipping time for approximately two weeks of travel, therefore this greatly affects India seeing that 20% of India's export goods pass through the Suez Canal.

The conflict began with missile and drone strikes by the Houthis targeting Israel, likely in retaliation for Israeli actions in the Gaza Strip. The Houthis have also attacked commercial vessels in the Red Sea, causing substantial trade disruptions and posing environmental hazards. In response, a US-led international military coalition was formed to safeguard the region, conducting airstrikes on Houthi positions in Yemen. Despite these efforts, the conflict remains unresolved, with intermittent attacks and rising tensions. The continuing unrest in the Red Sea, a critical trade route for India, has caused significant disruptions due to the ongoing standoff between the Houthis and Israel

(Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, p. 9). From the perspective of maritime security theory, the formation of this military coalition is expected to serve as a mechanism for protection, stabilization and conflict resolution in the strategic route of the Suez Canal. The coalition is designed to ensure shipping security, mitigate threats to global trade routes, and promote peace and smooth maritime flows in the region.

The ongoing crisis in the Red Sea is posing significant challenges across multiple sectors, with the escalation of the conflict potentially jeopardizing global equity markets and fueling inflation. Specifically, Houthi attacks on vessels have led to higher operational costs for ships navigating the region, causing considerable disruption for importing countries like India. About one-third of total global container traffic crosses the Suez Canal, while the Red Sea handles 12% of world trade. The diversion of ships from the Far East to Europe via the Cape of Good Hope adds approximately 3,000 miles to their journey, extending travel time from 34 days to 43 days. This extra distance results in a 60% increase in shipping costs and a 20% rise in insurance premiums. The longer route has led to significant shipping delays, higher expenses, and delayed payments. With demand remaining high, delivery delays result in supply shortages, disrupt supply chains, and potentially trigger fluctuations in the value of the Indian rupee. Without a resolution to the underlying Israel-Hamas conflict, conditions in the Red Sea are expected to remain difficult. Houthi rebels have stated that attacks will continue unless there is a change in policy from Israel. The crisis could push up inflation in India through rising shipping costs and global insurance premiums, as well as a return to supply chain disruption (Nadkarni, Chadha, Agarwal, Chheda, & Prabhu, 2024, p. 10). The solution that can be offered in maritime security theory is that countries in the Red Sea region and beyond can form a regional security alliance to monitor and protect strategic shipping lanes. This includes joint patrols, intelligence sharing and cooperation in military operations to suppress the threat of attacks on ships.

The India-Middle East-Europe Economic Corridor (IMEC) is a significant project aimed at improving trade connectivity between India, the Middle East, and Europe. Although its progress has been delayed by regional conflicts like the Israel-Hamas war in 2023, the initiative envisions a multimodal transportation network, including rail, road, and sea routes, designed to enhance trade and economic ties. Launched in September 2023 during the G20 Summit in New Delhi, it has garnered support from countries such as India, the US, the EU, and several Middle Eastern nations. Once operational, IMEC has the potential to significantly boost trade in the region (Nadkarni, Chadha, Agarwal,

Chheda, & Prabhu, 2024, p. 16). Projects like IMEC in the lens of regional security theory show how major infrastructure development can serve as a mitigation strategy to reduce geopolitical tensions by providing alternative trade routes that reduce reliance on risky maritime routes. In this case, IMEC serves as a connecting element that can help maintain smooth global supply chains despite regional conflicts, particularly during the Israeli-Hamas war re-ignited in 2023 until the time of writing.

Ultimately, the stability of the Suez Canal shipping route depends on the stability of the region around it. Therefore, collective cooperation between international countries is needed to prevent tensions between countries that could motivate certain groups to disrupt or threaten the security of this global shipping route. In the case of Houthi attacks, seeing their motivation in launching attacks in order to disrupt the Israeli side in its attack on the Palestinian territories, it is a precarious situation for the parties concerned to maintain the balance of maritime security in the Suez Canal in the long term, because this condition is an essential factor that can threaten the international status of the Suez Canal in international trade seeing the Israeli-Palestinian conflict which has not yet reached a settlement point. A persistent challenge in Israeli-Palestinian negotiations is the difficulty both sides face in approaching the bargaining process with an integrative mindset. Their perspectives are heavily influenced by collective cultural memories—Israel's tied to the Holocaust and Palestine's to the ongoing occupation—making it a complex two-level game for both parties. This historical backdrop complicates efforts to find common ground and reach a resolution, as both sides' narratives and experiences continue to shape their approach to peace talks (Pratiwi, Syaraf, & Nauvarian, 2022, p. 180). To resolve this long-standing conflict, it is essential to foster trust and openness between Israel and Palestine, both at the state and community levels. This paradoxical need for peace must be met through existing peacebuilding efforts, in line with international conflict theory principles. These principles stress the importance of establishing trust and facilitating dialogue between conflicting parties as a critical first step toward effective conflict resolution. By prioritizing communication and mutual understanding, both sides can work toward a sustainable solution. So that finally this peace can be realized on both sides of the conflict and have an impact on the surrounding area including in maintaining the stability of the Suez Canal shipping.

5. CONCLUSION

The Red Sea, as the southern entrance to the Suez Canal, is one of the busiest shipping routes globally, providing a vital link for vessels traveling to Europe without the need to navigate around the Cape of Good Hope at Africa's southern tip. This waterway holds significant geopolitical value, acting as the natural boundary between the east coast of Africa and the Arabian Peninsula's west coast. The Suez Canal itself, which connects the Mediterranean to the Red Sea, handles approximately 12 percent of global trade. Should the canal be closed, ships would be forced to take the longer route around the Cape of Good Hope, potentially adding two weeks or even a month to their journey.

In recent months, hundreds of ships have opted to bypass the Suez Canal, taking an alternative 4,000-mile route around Africa. This detour has resulted in significant increases in fuel consumption, operating costs, and travel time, adding up to 10 days or more to their journey. The disruption stems from attacks by Houthi rebels, who have targeted one of the world's key shipping lanes, the Red Sea. These Iranian-backed militias have launched drone and missile strikes on vessels from various positions in Yemen. The Houthis, who maintain close ties with Iran, have escalated tensions by attacking ships in the Red Sea and firing missiles at Israel, all in support of Palestine. This situation poses a grave threat to regional stability, as the Red Sea serves as a crucial passage for the global oil trade. The ongoing Palestinian-Israeli conflict further fueled the Houthis' actions, with their declaration on October 31, 2023, to continue missile and drone strikes against Israel until conditions stabilize.

The Red Sea crisis presents significant challenges across various sectors, and any escalation of the situation could potentially disrupt equity markets and lead to inflation. In response, several countermeasures have been implemented, such as the deployment of American military forces to secure the Suez Canal and the advancement of the India-Middle East-Europe Economic Corridor (IMEC) project. Ultimately, the stability of the Suez Canal shipping route is closely tied to the overall stability of the surrounding region. Therefore, international cooperation is essential to prevent tensions between countries that could encourage groups to disrupt or threaten the security of this vital global trade route.

From the perspective of maritime security theory, a viable solution would be the establishment of a regional security alliance among countries in the Red Sea and its vicinity. This alliance could facilitate joint patrols, intelligence sharing, and coordinated military operations to safeguard strategic shipping lanes and suppress the growing threat

of attacks on vessels. Such a collaborative approach would enhance security and stability in one of the world's most critical maritime corridors.

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