

Ms Hadja Lahbib

Minister for Foreign Affairs, Foreign Trade and
Development Cooperation

Rue des Petits Carmes / Karmelietenstraat 15

1000 Brussels

Belgium

By e-mail

Brussels, 16 February 2024

Subject: Coordinated Action in Response to Red Sea Crisis

Dear Minister Lahbib,

EuroCommerce, the principal European organisation representing the retail and wholesale sector, expresses deep concern about the escalating attacks on commercial vessels in the Red Sea and we would like to stress the critical importance of coordinated action by EU Member States. Our members, comprising national associations in 27 countries and 5 million companies, from leading global players to small businesses, are heavily reliant on well-functioning maritime trade routes.

The Red Sea trade route through the Suez Canal is particularly vital. It moves 12 percent of the world's trade, approximately \$1 trillion including critical items for European economy, industrial and commercial activity and day to day life. These ongoing attacks on commercial ships jeopardise the safety and security of crew and cargo and are forcing carriers to divert to alternative routes. This diversion has resulted in significant consequences, including the rerouting of more than \$80 billion in cargo around the Cape of Good Hope, leading to an additional 2-3 weeks of travel and substantial increases in fuel, insurance and labour costs compared to the Suez Canal route. Furthermore, this route will become even more challenging during the Southern Hemisphere winter months.

In addition to these challenges, the redirection of shipping routes has triggered port congestion, equipment shortages, and soaring shipping rates. The ripple effects in cost and capacity issues for businesses that depend upon safe and secure maritime commerce are immense. This is exacerbated by the existing strain on global transportation due to reduced access to the drought-ridden Panama Canal.

Alternative options for shipping goods from and to Asia, such as air cargo, have considerable costs and higher CO₂-emissions. For traders, the most relevant impact concerns the uncertainty and impossibility of planning trade flows. This is even more the case for seasonal or perishable products.

EuroCommerce supports EU's initiatives, aiming to protect commercial ships and seafarers against attacks, uphold the freedom of navigation, and safeguard international trade. Given the magnitude of the impacts on businesses and the global supply chain, we appeal for continued intensified and coordinated efforts by the EU institutions and Member States to address the situation.

In conclusion, we emphasise that the effects of the attacks in the Red Sea have already had massive impacts on businesses. However, we also underscore the potential for further adverse consequences if these attacks persist. The longer carriers are forced to reroute, the more businesses, and ultimately consumers, will suffer from additional costs adding to the already high costs of living in Europe.

Thank you for your attention to this matter and your ongoing efforts to address this challenge.

Yours sincerely,



Christel Delberghe
Director General