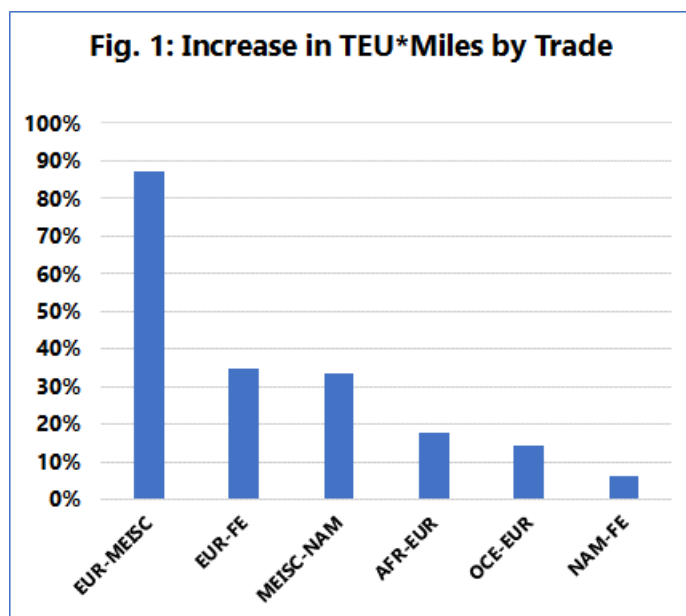# Red Sea: 16% increase in TEU*Miles

Now that liner networks have been reworked to use the round-of-Africa routing, using our usual model for calculating demand in TEU*Miles, we gauged its potential impact in 2024.

In 2023, global TEU*Miles were 860 billion. Since we are trying to gauge the impact of the Red Sea crisis versus a normal situation, moving the same amount of cargo globally in 2024, but with a diversion around COGH, would result in a demand of 994 billion TEU*Miles. This equates to an increase of 16%.

Fig. 1: Increase in TEU*Miles by Trade

As we can see from Figure 1, the Europe-Indian Subcontinent trade is by far the most impacted. The trade between Far East and North America is the least impacted overall, but this is because the impact is volume-weighted, and of course the distances from Far East to US West Coast are not impacted and neither is the distance from Far East to US East Coast via Panama.

The 16% increase in global TEU*Miles in turn means that the need for capacity also increases by 16%. This can be accommodated by the carriers through 2 mechanisms: The first is by absorbing the current significant overcapacity, which will become worse as more capacity is delivered during 2024. The second is by speeding up vessels to allow the same amount of vessel capacity to deliver more TEU*Miles per year. At present, both mechanisms are at play. It should be expected that during 2024, the continued injection of more capacity will likely be used to slow the existing vessels down somewhat.

<div align="center">--- 000 --- END OF PRESS RELEASE --- 000 ---</div>

All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.

For more information, please contact: ia@sea-intelligence.com, am@sea-intelligence.com