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## Houthi attacks raise concerns about helium supply

By Phil Kornbluth on Jan 18, 2024 | [R10](#)

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As the world is now aware, Houthi rebels based in Yemen have been attacking cargo vessels, tankers and commercial ships in the Red Sea and Gulf of Aden since Israel invaded Gaza in response to Hamas' October 7 attack on Israel.

Most of these attacks have taken place near the Bab-el-Mandeb Strait at the southern entrance to the Red Sea or in the Gulf of Aden.

As a result of these attacks, major cargo carriers including Maersk, Hapag-Lloyd and others have been rerouting their vessels around the Cape of Good Hope instead of passing through the Red Sea and Suez Canal en route to Europe.

QatarEnergy has also announced that they will reroute LNG tankers around the Cape of Good Hope to avoid the Red Sea, while Shell has suspended Red Sea shipments. Rerouting these vessels extends journey times and significantly increases the cost of transportation.

Since a significant quantity of the helium produced in Qatar is transported to Europe on container ships that normally pass through the Red Sea and Suez Canal en route to market, there is increasing concern that helium shipments will be disrupted, just as Helium Shortage 4.0 seems to be winding down.

So far, at least, helium production in Qatar has not been curtailed. Helium is produced in Qatar as a by-product of LNG production (mostly) and natural gas processing. Since the production of LNG has continued without interruption, normal helium production has also continued. While helium markets have escaped the worst-case scenario so far, this does not mean that the helium supply chain has not been impacted.

Longer transit times around the Cape of Good Hope result in extra transportation cost for QatarEnergy's helium customers and tighten up the industry's fleet of 11,000 gallon ISO containers that are utilized to transport bulk liquid helium.

The delays in one-way transit times, which can be 20 days or longer, could result in helium run-outs for some customers (until schedules are adjusted to account for the longer journey), and QatarEnergy's customers may find it challenging to return a sufficient number of empty containers to Qatar to meet their contractual commitments.

In some cases, QatarEnergy's helium customers will reconfigure their supply chain temporarily to avoid shipping helium from Qatar to Europe, replacing it with increased exports from the US.

Of course, there is still a risk that hostilities in the Middle East could escalate into a larger regional conflict that could disrupt LNG production in Qatar. If that were to happen, helium production would be curtailed proportionately and there could be a

significant impact on helium supply. Developments in the Middle East will continue to bear close watching during the coming months by companies who would be impacted by disruption to the helium supply chain.

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