

Forum: The Second General Assembly - Economic and Financial Affairs Council (ECOFIN)

Issue: Combating the Effects of Global Trade Disruptions at Key Oceanic Trade Routes

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Introduction

Maritime trade routes are the lifelines of global commerce, with approximately 90% of world trade conducted through oceanic pathways. These vital arteries of international trade are increasingly vulnerable to various forms of disruption, ranging from geopolitical tensions and armed conflicts to natural disasters and climate change impacts. Recent events, such as the Suez Canal blockage in 2021 and ongoing tensions in the Strait of Hormuz and South China Sea, have highlighted the fragility of global maritime trade networks and their profound impact on the world economy.

The Second General Assembly, focusing on economic and financial matters, recognizes that disruptions at key maritime chokepoints can trigger widespread economic consequences, including supply chain delays, increased shipping costs, and commodity price volatility. These effects disproportionately impact developing nations and Least Developed Countries (LDCs), potentially exacerbating existing economic inequalities and hindering progress toward the Sustainable Development Goals (SDGs). As international trade becomes increasingly interconnected, the need for robust economic strategies and financial mechanisms to combat and mitigate the effects of such disruptions becomes more critical.

Moreover, the rise in climate-related disruptions, such as intensified storms, rising sea levels, and environmental degradation, adds another dimension of complexity to maintaining the stability of global trade. Between 2020 and 2021, the COVID-19 pandemic also further highlighted the vulnerability of international trade systems, presenting weaknesses in global supply chains and revealing the declining effects of disruptions at critical maritime junctures. The interconnected nature of modern economies means that even localized disturbances can ripple across the globe, destabilizing markets and threatening food, energy, and economic security.

Definition of Key Terms

Maritime Chokepoints

Strategic narrow channels along widely-used global sea routes, such as the Suez Canal, Panama Canal, and Strait of Malacca, where maritime traffic can become concentrated and vulnerable to disruption. This includes chokepoint vulnerability– the susceptibility of critical maritime passageways to disruption, impacting global trade flows.

Economic Impact Multiplier

The cascading effect of trade disruptions on various sectors of the global economy, including manufacturing, energy, and food security.

Supply Chain Resilience

The capability of a supply chain to prepare for and adapt to unexpected events, maintaining continuous operation during disruptions and recovering quickly to its original state or better.

Trade Flow Diversification

The strategic distribution of trade routes and partners to reduce dependency on single channels or regions.

Economic Vulnerability Index

A measure of a country's exposure to external economic shocks, including trade route disruptions.

Trade Finance Instruments

Financial tools and mechanisms used to facilitate international trade and mitigate risks associated with global commerce.

Commodity Price Volatility

Fluctuations in the market prices of goods like oil, food, and raw materials due to trade disruptions.

Maritime Piracy

Criminal acts at sea that threaten the security of trade routes and shipping vessels.

Economic Shock Mitigation

Strategies to minimize the negative impacts of sudden economic disturbances caused by trade disruptions.

Port Congestion

Overcrowding at maritime ports, leading to delays in unloading and shipping goods.

Bilateral Trade Agreements

Agreements between two countries to facilitate smoother and more secure trade, especially during disruptions.

Alternative Trade Corridors

Secondary or emerging trade routes designed to bypass traditional chokepoints and reduce reliance on vulnerable pathways.

Key Issues

Vulnerability of Strategic Waterways

Key oceanic trade routes are often referred to as the lifelines of global commerce and are integral to maintaining the steady flow of goods, energy, and raw materials across the world. Many of these routes are concentrated within narrow chokepoints or rely on man-made canals that are susceptible to disruptions or blockages. These vulnerabilities may stem from a variety of factors, which include, but are not limited to the following: geopolitical conflicts, infrastructure limitations, environmental hazards, and accidents. The Suez Canal, for instance, facilitates about 12% of global trade, and its six-day blockage in 2021 caused significant economic repercussions worldwide. The single event, lasting less than a week, caused widespread delays, highlighting how a localized disruption can create a ripple effect throughout the global economy, affecting supply chains, commodity prices, and shipping costs.

Similarly, the Strait of Hormuz, through which approximately 20% of the world's oil is transported, is frequently subject to geopolitical tensions that threaten its stability; ranging from issues like territorial disputes to potential military blockades. The concentrated reliance on such critical chokepoints amplifies the risk of severe economic consequences in the event of even a brief disruption. Moreover, natural disasters, such as typhoons and tsunamis, further increase the effect of these vulnerabilities, as climate change intensifies the frequency and severity of such events. As the backbone

of international commerce, any disruption at these chokepoints has the potential to halt or delay shipments, destabilize markets, and impact millions of livelihoods worldwide.

Geopolitical Tensions and Maritime Security

The maritime domain is increasingly becoming a theatre for geopolitical conflicts. Strategic waterways, vital for international commerce, are often situated in regions marked by historical disputes, territorial claims, and political instability. This makes them susceptible to a range of security threats, including piracy, terrorism, and the use of economic leverage in diplomatic conflicts. Such tensions disrupt not only the movement of goods but also the stability of global markets, with far-reaching economic consequences.

Piracy remains a significant concern in regions like the Gulf of Aden and the Strait of Malacca, where shipping vessels and crews face threats of hijackings and ransom demands. These incidents not only endanger lives but also impose heavy financial burdens on shipping companies due to increased insurance premiums, security measures, and potential ransom payments. In 2020 alone, there were 195 reported incidents of piracy and armed robbery against ships worldwide, with the Gulf of Guinea accounting for over 95% of crew kidnappings. Similarly, acts of maritime terrorism, aimed at causing disruption or asserting political influence, further compromise the safety of critical trade routes, with over 80 documented incidents targeting maritime infrastructure globally between 2010 and 2020.

Regional disputes, such as those in the South China Sea, exacerbate these challenges. The region handles one-third of global shipping, with an estimated \$3.4 trillion worth of goods passing through annually. However, overlapping territorial claims by nations like China, Vietnam, the Philippines, and Malaysia have led to a 50% increase in naval patrols in contested areas since 2015. This militarization heightens the risk of unintended clashes, potentially obstructing shipping lanes through which over 60% of global maritime trade transits. For example, the area accounts for nearly 30% of global crude oil and natural gas shipments, making any disruption there a direct threat to energy security worldwide.

Economic warfare has also emerged as a pressing concern, with nations leveraging their control over strategic waterways to exert pressure during international disputes. For instance, the Strait of Hormuz sees nearly 21 million barrels of oil transported daily, representing about 20% of global oil trade. Even a temporary closure of the strait could cause oil prices to spike by 30% within weeks, triggering inflation and destabilizing markets. The cost of rerouting ships around disrupted chokepoints is estimated at \$300–400 million per day, further highlighting the financial toll of such tensions on global trade.

Environmental Challenges and Natural Disasters

Climate change and environmental factors are emerging as significant threats to oceanic trade routes. More frequent and severe storms, long-term sea level rise, and the melting of Arctic ice present new challenges for maritime commerce; a crisis not just for economies but for humanity at large. These environmental changes can disrupt shipping schedules, damage infrastructure, and alter the viability of existing routes while opening potential new ones.

The frequency of extreme weather events has surged alarmingly over the past few decades. According to the World Meteorological Organization, the number of severe storms has increased by nearly 40% since the 1980s, with tropical cyclones and typhoons now causing an estimated \$26 billion in annual damage to infrastructure, vessels, and cargo. In 2020 alone, Cyclone Amphan disrupted shipping operations in the Bay of Bengal, causing delays to nearly 200 vessels and resulting in billions of dollars in lost trade. With scientists predicting a continued rise in storm severity as global temperatures climb, these disruptions threaten to become the new normal, with devastating consequences for economies reliant on maritime trade.

Rising sea levels, too, pose a dire threat. The global mean sea level has risen by over 20 centimeters since 1880, with a further rise of 0.6 to 1.1 meters projected by the end of this century if emissions are not curtailed. For ports and canals already operating at capacity, this means a heightened risk of flooding, infrastructure failure, and the eventual need for costly adaptations. A 2019 report by the World Bank estimated that sea level rise could render nearly 75% of the world's key ports partially or fully inoperable by 2100, displacing millions of livelihoods and costing the global economy trillions of dollars. The financial burden of fortifying ports—estimated at \$50 billion annually by 2050—falls disproportionately on developing countries, where resources are scarce and vulnerabilities are highest.

Technological Vulnerabilities

As the shipping industry becomes more reliant on technology, it faces new vulnerabilities. Cyber attacks targeting navigation systems, port operations, and logistics networks pose significant risks. Cyberattacks targeting navigation systems, port operations, and logistics networks have risen sharply, with over 400% more incidents reported between 2017 and 2022. GPS spoofing incidents, which mislead vessels into deviating off course, are becoming more frequent, leading to accidents, delays, and heightened risks in congested waterways. Furthermore, the emergence of autonomous vessels—while promising innovation—brings regulatory and security challenges, as these systems remain susceptible to

hacking and operational failures. These technological threats underscore the urgent need for robust cybersecurity measures and international regulatory frameworks to safeguard global trade in an increasingly digital era.

Economic Implications of Trade Route Disruptions

Disruptions in key oceanic trade routes have far-reaching economic consequences. They expose vulnerabilities in global supply chains, particularly for just-in-time manufacturing systems. Such disruptions can cause price volatility in commodities and consumer goods due to shortages, and lead to increased insurance premiums and operational costs for shipping companies, affecting the entire global economy. A single delay at a chokepoint like the Strait of Hormuz or the Suez Canal can halt production lines across multiple industries, from automotive to electronics. For example, the 2021 Suez Canal blockage caused an estimated \$9.6 billion in daily global trade losses, highlighting the immense economic cost of even temporary interruptions.

The consequences extend beyond manufacturing, affecting everyday consumers and businesses. Supply shortages caused by such disruptions often lead to price volatility in essential commodities like oil, gas, and agricultural goods. In 2022, the instability in Black Sea trade routes following geopolitical tensions resulted in a 60% increase in global wheat prices, severely impacting food security in importing nations. Moreover, increased risks associated with disrupted trade routes force shipping companies to pay higher insurance premiums and operational costs, ultimately raising the cost of goods globally. These cascading economic implications underscore the urgent need for resilient strategies to protect maritime trade routes and maintain global economic stability.

Major Parties Involved and Their Views

United States of America

The United States plays a significant role in this context, advocating for free maritime commerce and investing in port infrastructure to enhance trade resilience. It also provides economic assistance to developing nations affected by trade disruptions, recognizing that stability in these regions is crucial for global security. The U.S. engages in international partnerships to address the challenges posed by SALW proliferation, emphasizing the importance of cooperation in maintaining safe trade routes.

As the world's largest economy, the United States is highly dependent on maritime trade, with over \$1.5 trillion worth of goods passing through major sea routes annually. With strategic military alliances and a strong naval presence, the U.S. seeks to protect global trade flows, particularly through regions like the South China Sea, the Persian Gulf, and the Strait of Hormuz, where tensions frequently disrupt commerce. The U.S. Navy's Fifth and Seventh Fleets, along with the Combined Maritime Forces, conduct operations to counter piracy, enforce freedom of navigation, and prevent illicit trade that could destabilize economies.

To combat trade disruptions, Washington has invested heavily in port infrastructure, cybersecurity, and supply chain diversification. The Infrastructure Investment and Jobs Act (2021) allocated \$17 billion to modernize U.S. ports, reducing congestion and improving trade resilience. Additionally, the U.S. has been promoting "friendshoring"—shifting supply chains away from politically volatile nations—to minimize reliance on adversarial economies. However, while the U.S. strongly advocates for global maritime security, it is also one of the world's largest arms exporters, with \$21 billion in foreign military sales recorded in 2023. This paradox raises concerns, as weapons proliferation in conflict-prone areas can exacerbate instability, indirectly impacting trade. Furthermore, ongoing sanctions on countries like Iran and Russia have added to geopolitical volatility, affecting maritime supply chains and global oil prices.

People's Republic of China

China has emerged as a key player in Africa through its Maritime Silk Road initiative, which aims to strengthen trade ties and infrastructure across the continent. By investing heavily in ports and promoting South-South cooperation, China seeks to expand its influence while also addressing the needs of developing nations. However, concerns arise regarding the potential for these investments to inadvertently fuel conflicts by supplying arms to unstable regions.

China's Maritime Silk Road Initiative, a key pillar of the Belt and Road Initiative, has transformed Beijing into the largest maritime investor in Africa and Southeast Asia. The country controls, owns, or operates over 100 global ports across 63 nations, including critical hubs like Pakistan, Sri Lanka, and Greece. These investments enhance China's trade resilience while also expanding its strategic influence in global shipping lanes. China's dominance in container shipping—where its firms handle nearly 50% of the world's shipping containers—means that disruptions in its trade routes have worldwide ramifications. The South China Sea, through which 30% of global trade (\$5.3 trillion annually) passes, remains a flashpoint due to territorial disputes. The presence of China's People's Liberation Army Navy—PLAN, and militarization of artificial islands have heightened tensions, increasing the risk of trade blockades.

European Union

The EU accounts for 15% of global trade, with over 70% of its imports and exports transported via sea. This dependency on maritime trade has led the EU to prioritize the diversification of shipping routes, reducing reliance on the Suez Canal and Strait of Gibraltar, both of which have been affected by political instability, climate disruptions, and cyber threats.

The European Union takes a collective approach to maritime trade issues, advocating for diversification of trade routes to reduce reliance on vulnerable chokepoints. The EU provides financial assistance to regions impacted by trade disruptions and emphasizes sustainable development in maritime infrastructure. Its policies are designed to promote security and stability, recognizing that a well-managed maritime environment is essential for economic growth.

When it comes to the question of security, the EU has deployed Operation Atlanta in 2008; an anti-piracy naval task force in the Horn of Africa, where Somali piracy once cost global trade over \$7 billion annually. Moreover, the EU's Coordinated Maritime Presence (CMP) initiative has expanded to the Gulf of Guinea, a region where over 95% of reported maritime kidnappings occurred in 2021. Despite its security efforts, the EU faces internal divisions over trade disruptions, especially concerning sanctions on Russia following the Ukraine conflict. The restrictions on Russian shipping routes have forced Europe to restructure its energy supply chains, increasing costs and straining alternative trade corridors.

Group of 77 (G77)

The Group of 77 (G77) represents the interests of developing countries, advocating for economic support mechanisms and technology transfer to help these nations cope with the challenges posed by SALW proliferation. By pushing for greater representation of developing nations in global discussions, the G77 highlights the unique struggles faced by these countries in securing their borders and managing arms trade effectively.

Furthermore, the UN Conference on Trade and Development reports that global trade disruptions disproportionately harm developing nations, with small island economies experiencing shipping cost surges of over 300% during crises like the Ever Given Suez Canal blockage in 2021. G77 nations argue that wealthier countries, particularly those in the G7, should contribute to a Trade Stability Fund to offset these economic losses.

World Trade Organization (WTO)

The World Trade Organization plays a crucial role in setting international trade rules, helping to reduce barriers that can exacerbate SALW issues. By providing a platform for negotiation and dispute resolution, the WTO aims to ensure that trade flows remain predictable and secure. This stability is vital for preventing the misuse of arms and promoting responsible trading practices.

The WTO's Trade Facilitation Agreement has helped lower the average global shipping time by 47%, ensuring smoother cross-border trade. However, the WTO struggles with enforcement power, as seen in the U.S.-China trade war, where tariff escalations disrupted \$550 billion worth of goods without WTO intervention.

World Bank Group

The World Bank Group offers financial support and technical assistance for developing maritime infrastructure, which is essential for enhancing trade facilitation. By focusing on capacity building in developing nations, the World Bank helps strengthen their ability to manage arms trade and improve security measures at ports and borders.

Russian Federation

As one of the world's largest energy exporters, Russia's economic stability is deeply tied to its maritime trade, particularly through the Baltic and Black Seas, which serve as crucial conduits for its oil and natural gas exports. Before the Ukraine conflict, Russia exported over 7.8 million barrels of crude oil

per day, with nearly 60% of these shipments directed toward Europe. However, following Western sanctions—including the EU’s ban on Russian seaborne crude imports in December 2022 and the G7-imposed \$60 per barrel price cap—Moscow has been forced to restructure its trade routes, shifting focus toward Asian markets.

The redirection of oil exports to China and India has significantly altered global supply chains. In 2023 alone, India’s imports of Russian crude surged by over 1,500%, making Russia India's top oil supplier, surpassing traditional exporters like Saudi Arabia and Iraq. Similarly, China has ramped up its Russian crude imports by 19%, benefiting from steep discounts. However, these shifts come at a cost—longer shipping distances have increased freight costs by nearly 30%, while dependence on a smaller buyer pool reduces Moscow’s bargaining power.

Additionally, Russia's ability to navigate global maritime trade is increasingly constrained by the closure of key Black Sea trade routes. Ukrainian drone strikes and naval blockades have disrupted Russia’s grain and oil exports, forcing Moscow to rely more heavily on alternative ports, such as Novorossiysk and Murmansk. Meanwhile, the Northern Sea Route (NSR)—which Russia has long touted as a strategic alternative—remains underdeveloped and largely inaccessible due to harsh Arctic conditions and infrastructure challenges.

Republic of India

With a \$1 trillion trade economy, India is heavily reliant on Indian Ocean trade routes, particularly the Strait of Malacca, through which more than 40% of its total trade passes. This vital chokepoint, linking the Indian Ocean to the South China Sea, remains one of the world’s most congested maritime corridors. However, the region is increasingly threatened by rising geopolitical tensions, piracy, and territorial disputes, particularly in areas where China is expanding its maritime presence.

To mitigate these risks and secure its trade future, India has launched the Sagarmala Project, a \$123 billion initiative aimed at enhancing port connectivity, modernizing infrastructure, and reducing logistics costs by up to 20%. One of the most ambitious components of this project is the development of deep-sea ports in states like Gujarat, Tamil Nadu, and Odisha, which are intended to serve as transshipment hubs, reducing dependency on foreign ports such as Colombo and Singapore.

Republic of Türkiye

Turkey occupies a strategic position in global maritime trade, controlling the Bosphorus and Dardanelles Straits, two of the most critical passageways for international shipping. These straits facilitate the transit of over 48,000 vessels annually, carrying approximately 10% of global oil trade and 3% of global liquefied natural gas shipments. The importance of these waterways cannot be overstated—any disruption could send global oil prices soaring, affecting supply chains far beyond Turkey’s borders.

Beyond oil, Turkey also serves as a key gateway for Russian grain exports, particularly after the collapse of the Black Sea Grain Initiative in 2023, which had allowed for safe passage of Ukrainian and Russian agricultural shipments. With Russia seeking alternative trade routes, Turkey’s Mersin and Istanbul ports have become vital transit hubs for rerouted shipments.

However, Ankara’s maritime trade policies remain highly controversial, particularly due to its involvement in arms exports and military engagements across multiple conflict zones. Turkey has become a major weapons supplier to nations involved in Middle Eastern and North African conflicts, including Libya and Azerbaijan. This has raised concerns about the indirect role of Turkish arms sales in fueling regional instability, which in turn affects maritime trade security.

Development of Issue/Timeline

Date	Event	Outcome
July 26, 1956	The Suez Crisis (1956)	The Suez Crisis began when Egypt nationalized the Suez Canal, leading to a brief closure of this vital trade route and highlighting the vulnerability of key maritime passages.
June 5, 1967	Closure of the Suez Canal (1967)	The Six-Day War erupts, resulting in the closure of the Suez Canal for eight years, forcing ships to reroute around Africa and demonstrating the

		long-term impact of geopolitical conflicts on global trade.
April 8, 2009	Maersk Alabama Hijacking (2009)	Somali pirates hijacked the Maersk Alabama, an American cargo ship, in the Indian Ocean. This event highlighted the growing threat of piracy in the Gulf of Aden and the need for international naval cooperation. Following the incident, the U.S. and NATO deployed anti-piracy missions, leading to a 70% reduction in Somali pirate attacks by 2015.
April 18, 2005	Adoption of Maritime Security Measures (2005)	The International Maritime Organization (IMO) adopts amendments to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, addressing maritime security threats including terrorism.
March 23, 2021	Ever Given Blockage (March 2021)	The container ship Ever Given became stuck in the Suez Canal, blocking the vital waterway for six days and blocking 12% of global trade throughout. This ended up causing major disruptions to global trade, estimated at \$9.6 billion per day.

<p>February 24, 2022</p>	<p>Russian Invasion of Ukraine (February 2022)</p>	<p>Russia invades Ukraine, leading to significant disruptions in Black Sea shipping and affecting global grain supplies, highlighting the far-reaching impacts of regional conflicts on maritime trade. The conflict caused a 30% increase in global grain prices, which increased the food shortages in Africa and the Middle East. The collapse of the Black Sea Grain Initiative (2023) further strained global trade, prompting alternative shipping routes through Romania and Bulgaria</p>
<p>July 12, 2023</p>	<p>Houthi Attacks on Red Sea Shipping</p>	<p>Yemen’s Houthi rebels, backed by Iran, targeted commercial vessels in the Bab el-Mandeb Strait, a key route through which 10% of global oil trade passes. Several container ships were damaged, prompting Western navies to increase patrols. Not to mention that shipping companies also had to reroute via the Cape of Good Hope, which ended up adding 10-14 extra days to journeys and driving up costs.</p>
<p>December 21, 2023</p>	<p>Panama Canal Drought Crisis</p>	<p>Severe drought, caused by El Niño weather patterns, reduces</p>

		water levels in the Panama Canal, forcing authorities to limit ship crossings to 24 per day (down from 36). This disrupts trade routes between the Atlantic and Pacific Oceans, delaying \$270 billion in goods and forcing vessels to seek alternative routes, such as the Suez Canal or around South America. The crisis emphasizes the impact of climate change on maritime infrastructure.
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Previous Attempts to Solve the Issue

International Maritime Security Efforts

The International Maritime Organization took a significant step in 2005 by adopting amendments to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation. These amendments aimed to enhance maritime security and address potential threats, including terrorism.

International Trade Regulation

The World Trade Organization has played a crucial role in establishing international trade rules that help create more predictable and secure trade environments. By providing a platform for negotiation and dispute resolution, the WTO has worked to minimize barriers that could potentially exacerbate trade route vulnerabilities.

Economic Support and Infrastructure

Individual nations and international organizations have also developed economic assistance and infrastructure support programs. These initiatives focus on building capacity in developing countries, improving maritime infrastructure, and creating more resilient global trade networks.

Possible Solutions

Trade Flow Diversification

Trade flow diversification represents a critical strategy for mitigating risks associated with maritime trade route disruptions. By developing alternative maritime routes and reducing dependency on single strategic chokepoints, nations can create more robust global trade networks that are less vulnerable to localized disruptions.

Technological Innovations

Technological innovations offer promising avenues for addressing maritime trade challenges. Enhancing cybersecurity for navigation systems, developing advanced tracking and rerouting technologies, and implementing comprehensive digital infrastructure can significantly improve the resilience of maritime commerce.

International Cooperation

International cooperation emerges as a fundamental approach to managing maritime trade route risks. Strengthening multilateral agreements on maritime security, creating joint economic support mechanisms, and developing collaborative early warning systems can provide a more comprehensive and coordinated response to potential trade disruptions.

Climate Adaptation Strategies

Climate adaptation strategies are increasingly important given the growing environmental challenges facing maritime trade. Investments in infrastructure resilient to environmental changes, development of navigation technologies for emerging routes like the Arctic passage, and creation of comprehensive climate risk assessment frameworks can help anticipate and mitigate potential disruptions.

Supply Chain Resilience

Supply chain resilience requires a multifaceted approach. This includes developing more flexible inventory management systems, creating backup supply routes, and investing in technologies that allow for rapid adaptation to changing global trade conditions.

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Appendix

Appendix A: Definition of Key Terms

Maritime Chokepoints: Strategic narrow channels along widely used global sea routes, such as the Suez Canal and the Strait of Hormuz, where maritime traffic can become concentrated and vulnerable to disruption.

Economic Impact Multiplier: The cascading effect of trade disruptions on various sectors of the global economy, including manufacturing, energy, and food security.

Supply Chain Resilience: The capability of a supply chain to prepare for and adapt to unexpected events, maintaining continuous operation during disruptions and recovering quickly to its original state or better.

Trade Flow Diversification: The strategic distribution of trade routes and partners to reduce dependency on single channels or regions.

Economic Vulnerability Index: A measure of a country's exposure to external economic shocks, including trade route disruptions.

Trade Finance Instruments: Financial tools and mechanisms used to facilitate international trade and mitigate risks associated with global commerce.

Appendix B: Relevant Figures and Statistics

Approximately 90% of world trade is conducted through oceanic pathways.

The Suez Canal handles about 12% of global trade and 30% of all global container traffic, representing over USD \$1 trillion worth of goods annually.

MINISTRY OF FOREIGN AFFAIRS AND TRADE

The Strait of Hormuz is a critical chokepoint for transporting oil, petroleum products, and liquefied natural gas (LNG). In 2022, around one-fifth of global LNG trade transited the Strait of Hormuz.

U.S. ENERGY INFORMATION ADMINISTRATION

Appendix C: Timeline of Key Events

1956: Suez Crisis – Egypt nationalized the Suez Canal, leading to a brief closure and highlighting the vulnerability of key maritime passages.

1967: Closure of the Suez Canal – The Six-Day War results in the canal's closure for eight years, forcing ships to reroute around Africa and demonstrating the long-term impact of geopolitical conflicts on global trade.

2005: Adoption of Maritime Security Measures – The International Maritime Organization (IMO) adopts amendments to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, addressing maritime security threats including terrorism.

2021: Ever Given Blockage – The container ship Ever Given becomes stuck in the Suez Canal, blocking the vital waterway for six days and causing major disruptions to global trade, estimated at \$9.6 billion per day.