

From Trade Routes to Conflict Zones: The Geopolitical and Economic Stakes of the Suez Canal and the Red Sea

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Received: 18-07-2025 Revised: 22-08-2025 Accepted: 02-09-2025 Published: 13-09-2025

ABSTRACT

Key maritime chokepoints that influence international trade and power dynamics include the Red Sea and the Suez Canal. The Red Sea links the Gulf's energy resources to international markets, while the Suez Canal has been a conduit for the movement of manufactured products, natural gas, and oil between Europe and Asia since 1869. However, these rivers are disputed geopolitical areas in addition to being important economic routes. Their susceptibility to regional wars and great power competition is demonstrated by recent interruptions, such as Houthi attacks on ships. This research uses realism to investigate how governments and non-state entities vie for control over these vital routes, drawing on document analysis as a qualitative technique. The study shows that the international order is still defined by the traditional dynamics of rivalry by arguing that control of the Red Sea and Suez Canal reflects larger conflicts for security and power.

Keywords: Suez Canal, Global Trade, Terrorism, Conflicts, Red Sea, Choke Point

INTRODUCTION

The Suez Canal has been a symbol of human achievement and an essential route for global trade since it opened in 1869. The length of the maritime route between Europe and Asia is significantly reduced by creating a channel between the Mediterranean and Red Seas, which eliminates the need for ships to circumnavigate Africa by passing around the Cape of Good Hope. This essential waterway contributes significantly to the global economy by facilitating the efficient transportation of commodities such as consumer products, natural gas, oil, and raw minerals. It is hard to overstate the importance of the canal, which serves as both a vital route for maritime trade and a focal point of geopolitics that influences international relations and regional power dynamics. The Red Sea has grown in geopolitical significance at the same time, serving both a vital maritime commerce route and a focal point for regional disputes. It is surrounded by Africa, the Middle East, and Asia because of its advantageous location at the meeting point of major maritime routes that connect the East and West. The Red Sea is also a crucial link in the global energy supply chain as it allows cargo ships and oil tankers to pass through its waters, linking the oil-rich Gulf region with markets in Europe and Asia. Recent events have brought attention to how vulnerable these maritime routes are to geopolitical tensions and conflicts. Shipping in the Red Sea has become increasingly dangerous, especially because of the Houthi movement in Yemen, which has attacked ships due to wider regional tensions. Such actions not only jeopardize global trade but also highlight the complex interrelationship between regional conflicts and global trade dynamics. The Red

Sea and the Suez Canal are strategically important in addition to their roles in advancing trade. They are sites of regional power struggles, centers of global diplomacy, and representations of patriotism. As the global economy continues to evolve, the significance of these maritime routes in shaping political and economic settings cannot be overstated. Examining the Red Sea and the Suez Canal's historical, economic, and geopolitical aspects, as well as their roles in world maritime trade and the challenges they confront in the face of shifting regional conflicts and international relations, is the aim of this research (Youvan, 2024).

The realism paradigm provides the best explanation for the study of the Red Sea and Suez Canal in the field of international relations. Power, security, and state interest are emphasized by realism as the main forces influencing international politics. The strategic significance of these rivers exemplifies the fundamental principles of realism: in order to survive in anarchic international systems, governments aim to gain access to vital resources and maximize their authority. Power projection to protect national interests is seen in China's port infrastructure development, Russia's naval comeback, and the United States' longstanding presence in the Mediterranean. Regional players who see control of these sea lanes as crucial for both security and economic leverage, such as Egypt, Saudi Arabia, Iran, and Turkey, also battle for influence. Since they directly threaten the stability of maritime trade and erode state authority, non-state entities like the Houthis in Yemen also illustrate realism's preoccupation with conflict and competition. Therefore, realism is the best perspective for comprehending why the Red Sea and Suez Canal continue to be sites of competition rather than exclusively cooperative areas for international trade.

This study examines the geopolitical and economic importance of the Red Sea and Suez Canal using qualitative document analysis. A methodical examination of written resources, including academic research, government policy papers, media coverage, reports from international organizations, and historical records, is made possible by document analysis. These records shed light on how governments, organizations, and academics see these maritime chokepoints' strategic significance. This analysis finds recurrent patterns of rivalry and conflict by looking at both recent disturbances, like Houthi attacks on shipping, and historical occurrences, like the 1956 Suez Crisis. Additionally, the approach enables triangulation between many sources, which improves depth and dependability. Because it documents the development of power conflicts and the interaction between trade and security in one of the most strategically disputed maritime regions in the world, document analysis is especially well-suited for this topic.

Significance for the Global Trade

The Suez Canal is an essential component of the global supply chain and logistics, and its significance in international trade cannot be overstated. This crucial waterway significantly reduces the distance that ships must travel to do business between Europe and Asia by connecting the Mediterranean and Red Seas. Before the canal, ships had to undertake the arduous and hazardous trip around the Cape of Good Hope, which is located at the southern tip of Africa. By cutting thousands of nautical miles off the sea distance between ports in Europe and Asia, the canal offers a faster and more direct route, which has a big impact on the global economy, energy supply, and trade dynamics (Soriani, 2024).

The Suez Canal is one of the busiest maritime routes in the world, handling around 12% of all international traffic. A sizable portion of the world's seaborne oil is transported via the canal daily in the form of millions of barrels of oil and petroleum products. The shipment of liquefied natural gas, or LNG, also depends on the canal, making it essential to global energy markets. The canal plays a vital role in the transportation of many commodities. In addition to energy supplies like crude oil and natural gas, this also includes consumer goods, auto parts, cereals, and other bulk and containerized cargo. The efficient

transportation of these goods is essential to sustaining supply chains and meeting the demands of global markets (Glazyev et al, 2024).

Many countries, especially those in Europe and Asia, depend on the Suez Canal to ensure the timely flow of energy resources and goods. It helps economies import and export goods more efficiently by promoting international trade. Delays, increased shipping costs, and broader global economic repercussions might arise from a canal blockage. The importance of the canal was highlighted by the Ever Given incident in March 2021, when a cargo ship blocked the canal, creating a significant backlog of boats and highlighting the fragility of international supply lines (Chorev, 2023).

The efficiency and strategic location of the Suez Canal reduce transportation costs and delays, hence reducing the cost of moving goods around the globe. This efficiency is particularly important for companies that use perishable goods and just-in-time delivery systems. Due to increased fuel consumption and additional operational costs, the alternative route around the Cape of Good Hope is not only longer but also more expensive. The canal's significance extends to the energy sector as a crucial route for the transportation of LNG and oil from the Middle East to Europe and other global markets. Beyond sea traffic, the canal is strategically important economically since any disruption might directly affect global energy supply networks and pricing (Douglas, 2024).

HISTORICAL BACKGROUND

The history of the Suez Canal has been marked by its strategic importance as well as its vulnerability to wars and geopolitical crises. Since its opening in 1869, the canal has been the scene of several international power struggles, blockades, and wars, underscoring its pivotal role in global trade and military strategy. The Suez Crisis, also known as the Tripartite Aggression, began in 1956 when Egyptian President Gamal Abdel Nasser nationalized the Suez Canal, which had previously been under the control of British and French interests. This move prompted military intervention by Israel, the United Kingdom, and France in an attempt to recover the canal and topple Nasser. The crisis highlighted the importance of the canal to European countries and the lengths they would go to maintain access to this vital economic route. The conflict caused the canal to be temporarily closed and highlighted how vulnerable it was to geopolitical unrest. The 1967 Six-Day War between Israel and its Arab neighbors had a major impact on the Suez Canal. Egypt blocked the canal following the war since it was a boundary between Egypt and the Israeli-occupied Sinai Peninsula. This closure, which persisted until 1975, severely hampered international trade channels and demonstrated how vulnerable the canal was to local conflicts. Because ships were forced to take the longer route around the Cape of Good Hope, the closure had a significant impact on the dynamics of international commerce and trade. Even while the Yom Kippur War in 1973 did not lead to the canal's immediate closure—it had been blocked since the Six-Day War—it did underscore the strategic importance of the waterway in the context of Middle Eastern geopolitics. The confrontation between Israel and a coalition of Arab states led by Egypt and Syria caused more damage and minefields, delaying the restoration of the canal region (Lutmar, 2023).

Due to its important location, the canal has been the subject of military actions and blockades throughout its history. Its closure throughout the war has demonstrated the significance of this canal to the global economy and the far-reaching consequences of any disruption to its operations. In recent years, the canal has been threatened by regional conflicts, including the tensions in the Red Sea region and the instability in the Sinai Peninsula. The threats to maritime security in these areas underscore the Suez Canal's ongoing vulnerability to geopolitical developments and the necessity of international cooperation to ensure its safety and uninterrupted functioning. The history of the Suez Canal demonstrates both its critical role in global trade and the enduring impact of geopolitical wars on its functioning. These events

have shaped the history of the canal and brought attention to the importance of safeguarding this vital international waterway from future dangers and conflicts (Bhattacharya, 1982).

TRADE LOSS AMIDST THE DISRUPTION IN THE SUEZ CANAL

The global economy has been greatly impacted by disruptions to the Suez Canal, an essential component of international sea traffic. Whether due to accidents, technical issues, or geopolitical conflicts, these disruptions underscore the importance of the canal and its impact on international trade and economic stability. Commodities may travel more swiftly between Asia and Europe because to the canal. Supply chains throughout the world collapse and transit times rise by weeks when ships are forced to detour around Africa's Cape of Good Hope due to closures. From the supply of raw materials to the distribution of finished goods, this delay affects the global manufacturing, retail, and consumer sectors. The diversion significantly increases fuel prices, transportation costs, and ultimately the cost of goods for consumers. For example, the March 2021 Ever Given container ship blockage caused a sudden rerouting of boats and the resulting logistical difficulties, which rapidly increased shipping costs. The canal is essential for shipping liquefied natural gas (LNG) and oil from the Middle East to Europe and the United States. Disruptions that affect oil prices may have an effect on global energy markets. Uncertainty brought on by canal blockages may lead to speculative price hikes that have an impact on businesses and customers worldwide (Soriani, 2024).

Businesses that depend on just-in-time supply chains are especially susceptible to Suez Canal interruptions. Production lines can be stopped by component supply delays, which results in a scarcity of inventory and missed revenue. Global food supply and pricing are impacted by the canal's ability to convey grain and other agricultural products. A shutdown may raise the price of animal feed, which would impact the meat and dairy industries and ultimately impact the cost of consumer foods. Prolonged interruptions may have an effect on trade balances as import costs rise and export volumes fall. In nations that import, this discrepancy might make inflationary pressures worse. The strategic importance of the Suez Canal has the potential to intensify geopolitical tensions as countries and corporations vie for dominance and influence over this crucial waterway. These disagreements may create a cycle of instability that affects global business. In response to these challenges, governments and shipping companies have tried to develop strategies to mitigate the impact of canal closures. These include increasing stock levels of necessary goods, diversifying shipping routes, and investing in additional transit corridors, such as rail links between Asia and Europe (Glazyev et al, 2024).

The consequences of the Suez Canal interruption highlight the susceptibility of the infrastructure supporting global trade and the need for strategic planning and international cooperation to ensure the stability of crucial maritime routes. The importance of the Suez Canal to global trade has not diminished while the global economy struggles with the disruptions, underscoring the need for ongoing investments in its effectiveness and safety. The Red Sea and Suez Canal have emerged as major sites of renewed great power rivalry in the twenty-first century. In order to safeguard allied interests and commercial routes, the United States has naval forces in the Red Sea and Mediterranean. Russia has restored its influence after decades of diminished presence during the Cold War, especially through its base in Tartus, Syria, and alliances with neighboring governments. China has made significant investments in port infrastructure, particularly in Djibouti and Port Said, as part of its Belt and Road Initiative (BRI), indicating long-term strategic goals in the area. Global competitiveness and regional rivalries coexist at the same time. Shipping in the Red Sea is directly challenged by the Saudi-Iranian rivalry, which is reflected in the Yemen crisis, while Turkey aims to increase its influence as a maritime and regional force. These

intersecting struggles highlight the realist theory that key waterways serve as platforms for the projection of power, as regional and international players battle to influence events to suit their objectives.

CONTEMPORARY DYNAMICS

The Red Sea has re-emerged in recent years as one of the most contested maritime spaces in the world, serving both as a vital trade artery and a geopolitical hotspot. Its strategic location, linking the Mediterranean via the Suez Canal with the Arabian Sea and the Indian Ocean through the Bab el-Mandeb Strait, makes it indispensable to global commerce. Approximately 12% of world trade, including substantial flows of energy resources, food, and manufactured goods, transits this corridor. However, the maritime stability of the Red Sea is increasingly challenged by regional conflicts, great power competition, and the actions of non-state actors. The Red Sea has become deeply entangled in the ongoing conflict in Yemen. Since 2015, the Houthi movement has expanded its military campaign beyond land-based warfare into the maritime domain. Beginning with sporadic missile and drone attacks, the Houthis have increasingly targeted commercial shipping in the Bab el-Mandeb Strait and Gulf of Aden. Between late 2023 and mid-2024, they launched over 100 documented attacks on vessels, disrupting traffic through one of the most crucial maritime chokepoints (Hoover Institution, 2025). These attacks are not only designed to hurt global trade but also serve as leverage against Saudi Arabia and its allies, reflecting how regional conflicts spill into global maritime security.

The economic repercussions of these attacks have been immediate and severe. Container traffic through the Suez Canal fell by nearly 50% in early 2024, leading to a historic revenue drop from \$10.25 billion in 2023 to only \$3.9 billion in the first seven months of 2024 (Hoover Institution, 2025). Shipping companies rerouted vessels around the Cape of Good Hope, adding 3–4 weeks to transit times and significantly increasing fuel and insurance costs. For example, major carriers such as Maersk and MSC temporarily suspended their Red Sea operations, highlighting how non-state actors can exert disproportionate influence over global trade flows.

Beyond regional instability, the Red Sea has become a stage for strategic competition between global powers. The United States, France, and Japan maintain naval bases in Djibouti, while China opened its first overseas military facility there in 2017. Russia, too, has expressed ambitions to establish a naval base in Port Sudan, further underscoring the global scramble for presence in the Red Sea (Vertin, 2019). These deployments reflect the region's role not only as a trade corridor but also as a strategic frontier in the emerging multipolar order.

Investments in infrastructure intensify this competition. In order to establish strategic footholds and economic influence, China's Belt and Road Initiative (BRI) has invested billions of dollars in Red Sea ports, such as Port Sudan and Doraleh in Djibouti (Dekel, 2025). By making investments in port infrastructure throughout the Horn of Africa, from Assab in Eritrea to Berbera in Somaliland, the United Arab Emirates has likewise increased its sway. By enabling nations to project power and secure influence along vital maritime channels, these projects demonstrate how port infrastructure is not only economic but also profoundly political.

Global shipping has proven remarkably flexible in spite of setbacks. Container lines responded to Red Sea instability by changing port calls, adding more ships, and increasing capacity on alternate routes, according to a recent research by Xu, Yang, and Notteboom (2024). They contend, using the Structure-Conduct-Performance paradigm, that while these tactics reduce losses, they also highlight how vulnerable

supply chains are to ongoing conflict. The global economy is further impacted by regional insecurity as a result of the higher expenses, longer transportation times, and insurance premiums that eventually trickle down to consumers. More general concerns regarding marine governance are also brought up by the Red Sea conflict. Although they offer naval escorts and deterrent, current security efforts like the US-led Operation Prosperity Guardian and the EU's Operation Aspidos highlight how dependent international trade is on precarious security arrangements (European External Action Service, 2024). The Red Sea is a microcosm of the difficulties facing global trade regulation in an era of multipolarity because of the complexity of coordination caused by the variety of actors—regional nations, big powers, and non-state organizations.

CONCLUSION

The Red Sea and Suez Canal are strategic chokepoints that represent the persistent realities of power politics, and they are much more than just waterways for the transportation of goods. Since 1869, the Red Sea has developed into a vital conduit for trade and energy supplies, and the Suez Canal has transformed international trade by reducing the distance between Europe and Asia. Yet, their history reveals repeated disruptions—from colonial rivalries and the Suez Crisis to modern blockades and attacks—that expose their vulnerability to geopolitical tensions. The application of realism underscores that states and non-state actors alike view these waterways as arenas for advancing power, securing resources, and gaining strategic advantage. Contemporary dynamics, including U.S. hegemony, Russia's naval resurgence, China's economic expansion, and regional rivalries, confirm that great power competition remains central to their significance. As the international order shifts toward multipolarity, the stability of the Suez Canal and Red Sea will continue to influence not only regional security but also the resilience of global trade. Safeguarding these routes will therefore require balancing cooperation with the unavoidable realities of rivalry.

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