

Trading and geopolitics: straits, canals, blockades

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The trader lives from the geography of flows, and that geography is a political one. The Straits of Hormuz and Bab el-Mandeb, the Suez Canal, the Strait of Malacca, the Panama Canal and the Black Sea concentrate a considerable share of the maritime transport of commodities, and every crisis that affects them feeds through into prices, freight rates and insurance. The attacks on ships in the Red Sea from late 2023 onwards forced part of the traffic to sail around Africa, lengthening voyages by several weeks and driving up freight costs. The war in Ukraine closed, and then reopened under conditions, grain exports from the Black Sea, while tensions in the Middle East weigh permanently on the Strait of Hormuz, through which a substantial share of the world's oil passes.¹

For the Geneva houses, these disruptions are both risks and opportunities. A trader whose cargoes are blocked or diverted suffers delays, additional costs and disputes, whereas a trader able to find alternative routes, available vessels and buyers for displaced cargoes earns exceptional margins. Geopolitical analysis teams, long informal, have become structured functions within the large houses, which follow conflicts, sanctions and trade policies with resources comparable to those of foreign ministries. International Geneva, with its diplomatic missions and its organisations, gives these teams an access to information that few financial centres can match.

1 Notes

1. International Transport Forum/OECD, The Red Sea crisis: impacts on global shipping, 2024: Houthi attacks intensified from mid-November 2023, traffic through Bab el-Mandeb down by around 55 per cent between November 2023 and February 2024 (container ships: -75 per cent), the detour via the Cape of Good Hope adding around 8,500 nautical miles to a Far East–Europe round trip; EIA, “World Oil Transit Chokepoints”: 4.9 million b/d through the Suez Canal/SUMED and 4.2 million b/d through Bab el-Mandeb in the first half of 2025, roughly half the flows of 2023; Strait of Hormuz: 20.9 million b/d, around 20 per cent of world consumption of petroleum products and a quarter of seaborne oil; Wikipedia (en), article “Black Sea Grain Initiative”: agreement signed in Istanbul on 22 July 2022, joint coordination centre established on 27 July, extensions in November 2022, March and May 2023, expiry on 17 July 2023, more than 1,000 vessels and nearly 33 million tonnes exported to 45 countries. ↩

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