**The Six Choke Points That Can Upend Global Trade**

Disruptions to these critical waterways could upend maritime commerce and rekindle inflation.

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Whether it’s shoes, TVs or steel bars, there are vast economies of scale to be reaped from concentrating production in one part of the world, as long as you can ship goods safely and cheaply to where they’ll be consumed.不論時候在哪裏,大量的經濟規模集中產品在世界的一個地方,只要你可以運送便宜且安全的貨物到他們消費的地方, The pandemic stress-tested that proposition: Covid lockdowns and border closures caused supply chains to seize up, sparking a painful bout of inflation.

The coronavirus has been more or less corralled, but this is no time to be complacent. Global maritime commerce is facing the biggest confluence of risks in generations: wars in Ukraine and Gaza, China’s [tense standoff](https://www.bloomberg.com/news/articles/2024-05-10/biden-s-plan-to-hit-china-with-more-tariffs-is-mostly-symbolic) with its biggest trading partner, the US, and disruption to key waterways because of climate change.

Drone and missile [attacks by Yemen’s Houthi militants](https://www.bloomberg.com/news/articles/2024-05-18/oil-tanker-hit-by-missile-off-the-coast-of-yemen-afp-reports) on cargo ships traveling through the Red Sea—the shortest route between Europe and Asia—are a case in point. Most container ships are being [rerouted](https://www.bloomberg.com/news/articles/2024-04-28/red-sea-diversions-spew-carbon-emissions-equal-to-9-million-cars) around South Africa’s Cape of Good Hope, and shipping rates have [soared](https://www.bloomberg.com/news/terminal/undefined) as a result, complicating the task of central banks in Europe and the US that are in the difficult last mile of guiding inflation back to target. Fitch Ratings estimated in February that the trouble in the Red Sea was likely to [increase](https://www.fitchratings.com/research/sovereigns/jump-in-shipping-costs-intensifies-last-mile-inflation-challenges-26-02-2024) prices of US imported goods by 3.5 percentage points by the end of 2024.

Bloomberg News has identified six “choke points,” essential shortcuts that handle a disproportionate share of maritime trade, along with the risks they face, using data from Clarkson Research Services Ltd., a unit of the world’s largest shipbroker.

**Daily Vessel Transits**

which sealed off a port that handled $80 billion of goods in 2023.

Seafarers who over the centuries fell victim to the crosscurrents, unpredictable winds, reefs and shoals in this stretch of water at the entrance to the Red Sea named it the Bab el-Mandeb—Arabic for the “Gate of Tears.” Nowadays, navigating the 18-mile-wide waterway, the most important transit point to and from the Suez Canal and which handles more than 15% of all seaborne trade by value, is a [perilous undertaking](https://www.bloomberg.com/news/articles/2023-12-21/twin-crises-send-cargo-ships-back-to-18th-century-trade-routes) for different reasons. Since mid-November, the Iran-backed Houthis, who control northwestern Yemen, have launched a string of attacks on shipping that have included firing drones and missiles. As a result, most container lines have chosen to sail around Africa instead, adding almost 6,000 miles to the journey, or a fortnight of travel time. In a May 6 advisory note to clients, A.P. Moller-Maersk A/S noted that its ships are using [40% more fuel](https://www.bloomberg.com/news/articles/2024-05-06/maersk-sees-red-sea-conflict-absorbing-up-to-20-ship-capacity) per journey and charter rates are three times higher than normal.

Pivotal to trade for centuries, the Strait of Malacca, which links the Indian Ocean to the Pacific, is by far the world’s most important maritime choke point. Oil, liquefied natural gas and other commodities pass through to reach China and Asia’s other major economies, while manufactured goods move in the opposite direction. About 94,000 ships a year come through, many of them stopping at Singapore either to deliver cargo or to refuel. That turns the island state’s waters—and the approaches to them—into a vast parking lot, with huge tankers crossing paths with fishing vessels, raising the risk of collisions. Ships often need to slow down through the strait, which makes it [easier for pirates](https://www.bloomberg.com/news/articles/2019-07-03/china-raises-warning-for-shipping-in-malacca-strait-people-say) to board them. What’s more, Indonesia and other nearby locations are known for [volcanic activity](https://www.bbc.com/future/article/20230117-malacca-strait-the-sea-lane-that-could-trigger-world-chaos), raising the prospect that at some point an eruption could force ships to divert course. There are tentative plans for a new canal that would cut across southern Thailand, allowing shipments of oil and other critical commodities to bypass the Strait of Malacca. And with Arctic Sea ice melting, some shipping may soon start to avoid the strait by going north across the top of Russia, taking some pressure off the waterway.

Take the price of oil, and double it. That’s probably a conservative short-term assessment of any scenario in which Tehran follows through on threats made down the years—including in 2005, in 2008, in 2011 and in 2019—to [close the Strait of Hormuz](https://www.bloomberg.com/news/articles/2019-04-22/iran-will-close-strait-of-hormuz-if-it-can-t-use-it-fars). With some of the world’s biggest economies reliant on the oil pumped and shipped from the region, Iran is unlikely to attempt such a drastic move. But it’s repeatedly targeted merchant shipping there, [seizing vessels](https://www.bloomberg.com/news/articles/2024-04-17/msc-aries-israeli-linked-ship-seized-by-iran-carrying-industrial-goods) as a bartering tool in disputes or, more recently, to antagonize the US and Israel. Ships sailing through the strait are also vulnerable to mines because of its shallow depth, and its proximity to land—Iran, in particular—leaves vessels open to attack from shore-based missiles or interception by patrol boats and helicopters.

Source: Clarksons Research



Boats at the Øresund junction of the Danish Straits.*Photographer: Stephan Schulz/imageBROKER/Shutterstock*

About 45% of Russia’s seaborne oil exports must pass near the coastline of Denmark on their way to international markets. The waters here are relatively shallow and can be treacherous in bad weather, so international maritime authorities recommend that experienced local pilots guide vessels through the area. The risk of accidents has grown since 2022, when Russia began using a so-called shadow fleet of tankers—aging ships with dubious safety records and inadequate insurance cover—to get around a [US-led effort to restrict Moscow’s revenues](https://www.bloomberg.com/news/articles/2022-09-13/vital-oil-chokepoint-gets-caught-up-in-eu-s-sanctions-on-russia) from oil exports. The captains of many of these ships are increasingly choosing to navigate the straits without assistance, sowing alarm among Danish environmentalists. One tanker from Russia’s shadow fleet was involved in a collision near Denmark in March. If one of these vessels caused an ecological disaster, Denmark’s government would come under heavy pressure from the public to forbid them from its waters—potentially inflating energy prices.

Source: Clarksons Research



A ship passes in front of Istanbul’s Fatih Mosque.*Photographer: Diego Cupolo/NurPhoto/AP Photo*

Russia is also a major user of Turkey’s narrow Bosporus and Dardanelles shipping lanes to move its oil and other commodities from ports in the Black Sea. Turkey’s government has said in the past that it insists on clear proof of insurance for ships passing through the straits. Today, however, almost all the tankers sailing through them have opaque owner and insurance status—the hallmarks of shadow-fleet vessels. Should there be a major incident that threatened Turkey’s tourism industry and the value of prime real estate overlooking the straits, the government would close the channels immediately. So any kind of serious tanker accident in the area would be profound for the global commodity trade. Fog-ridden and sometimes beset by strong currents, the Bosporus and Dardanelles are prone to shipping mishaps. [Wildfires](https://www.bloomberg.com/news/articles/2023-08-23/turkey-closes-dardanelles-strait-to-save-water-to-fight-canakkale-forest-fire) also forced the government to close the straits for two days in 2023 to allow emergency services to reach affected areas.

Source: Clarksons Research



A container ship transits through the Cocoli Locks in the Panama Canal.*Photographer: Bienvenido Velasco/EPA-EFE/Shutterstock*

The Panama Canal is fed by a vast artificial lake—Lake Gatún—that allows the locks below to fill so ships can cut between the Atlantic and Pacific oceans. Climate change has [lowered Gatún’s water levels](https://www.bloomberg.com/news/articles/2023-12-04/panama-canal-bottleneck-prompts-detours-and-could-boost-inflation) to the point where the authority that oversees transits has had to curb how many vessels can pass. The dry weather last year has choked vessel traffic and cost shippers millions of dollars. The number of daily crossings has begun to recover from a low of 21 ships in late January, and a [La Niña weather phenomenon](https://www.bloomberg.com/news/articles/2024-03-14/chances-of-a-weather-roiling-la-nina-this-year-are-now-above-80) anticipated in late summer is expected to improve conditions. But daily traffic remains below the long-term average of 35 ships per day, and the canal authority will need at least the rest of this year to fully recover from the 2023 drought. *—With Brendan Murray and Julian Lee*

*Read More:*[*China Goods Flood Into Mexico, Making It Top Global Trade Route*](https://www.bloomberg.com/news/articles/2024-03-14/china-goods-flood-into-mexico-making-it-top-global-trade-route)