



The role of the Suez Canal for a new centrality of the Mediterranean

Massimo DEANDREIS
General Manager, SRM

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maritime
economy

Outline



Why a research on the Suez Canal



The centrality of the Mediterranean and the role of China



Main trends in global shipping



Final remarks

This is the **third Report** produced by Alexbank and SRM to monitor the dynamics of the Suez Canal



- The **first Report** was published in **2015** to **analyse the impact of the doubling of the Canal** on Mediterranean trades and routes.
- In **2018**, we produced a **second Report** in which we focused in particular on **the effects of China's Belt & Road Initiative** and on investments in the **Suez Canal Zone**.
- In **2021**, the **third Report** monitors **traffic trend during the Covid-19 pandemic** with a focus on the **competitiveness indicators** and the **Suez Canal Zone**.

The most important data on ports and shipping in the MED

**the Mediterranean Sea
is increasing its centrality
in the global economy**

27%
WORLD
CONTAINER
LINER
SERVICES

20%
GLOBAL
SHIPPING
TRAFFIC

71%
SHARE OF
TRADE BETWEEN
ITALY & MED
BY SEA

18
ports
THROUGHPUT
> 1 M TEU

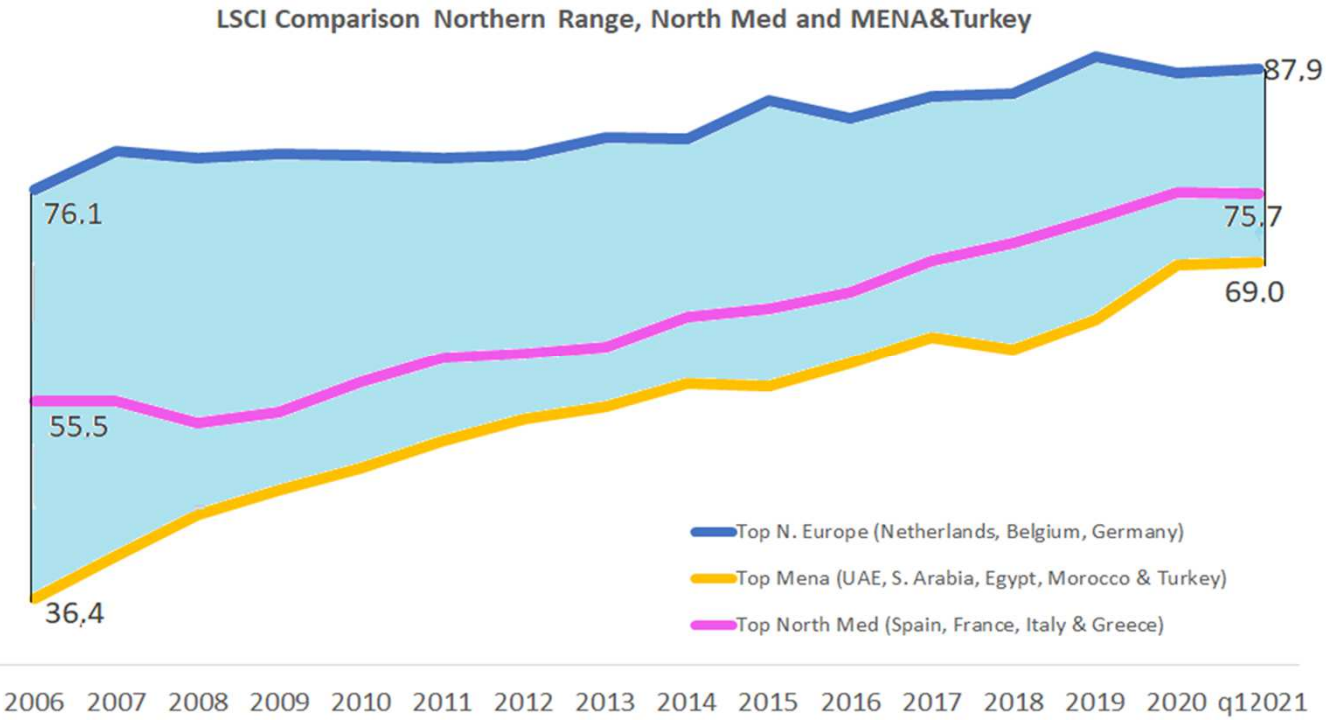
MORE THAN
1 bn tonnes
SUEZ GOODS
TRAFFIC

+500%
GROWTH
OF CONTAINER
TRAFFIC SINCE
1995

659 M
tonnes
SHORT SEA
SHIPPING

Source: SRM on Eurostat, Suez Canal Authority, ISTAT, Port Authorities

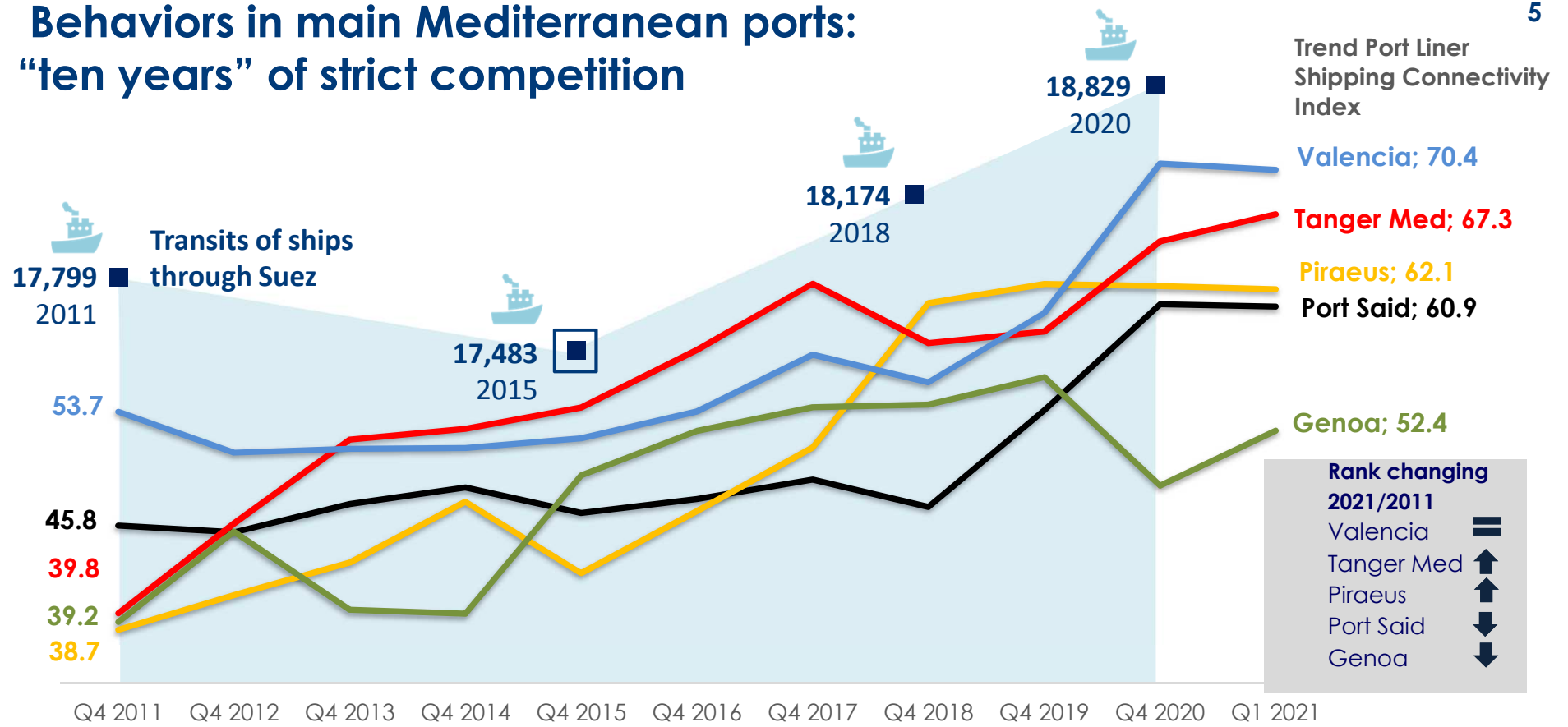
The Mediterranean ports are less efficient than those of the Northern Range but are improving...



Source: SRM on UNCTAD



Behaviors in main Mediterranean ports: “ten years” of strict competition



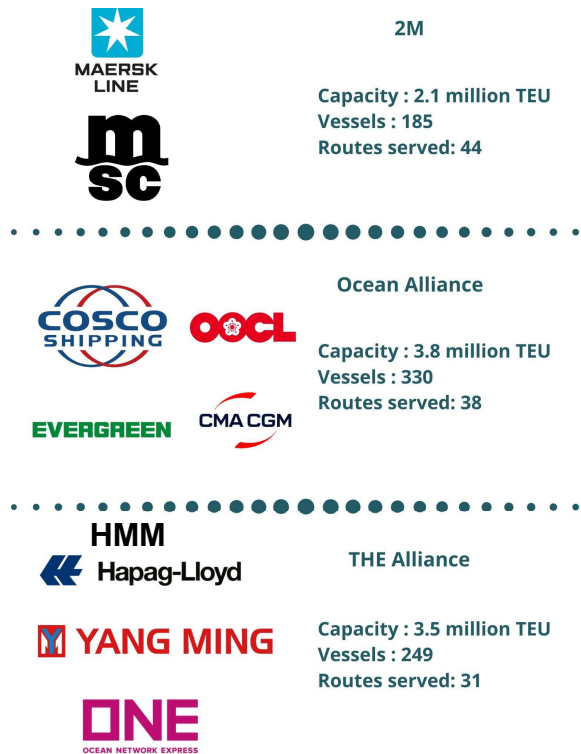
Source: SRM on UNCTAD

For Asia the Mediterranean is a crossroads to meet European markets, North Africa and the Middle East with an option to reach the East Coast of the US



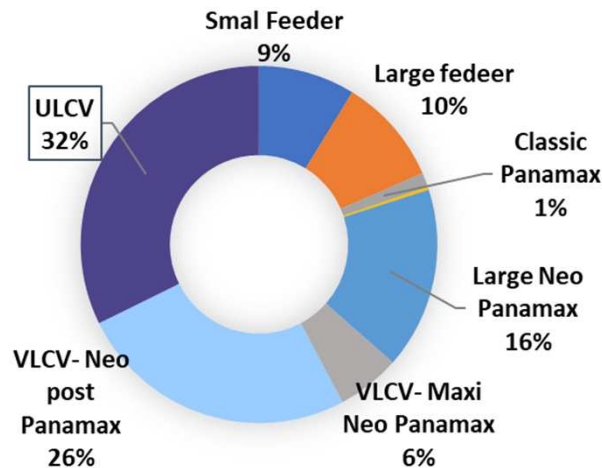
Main trends in global shipping: alliances, gigantism and vertical integration...

Alliances



Gigantism

Orderbook by Dimension-capacity in TEUS (%)

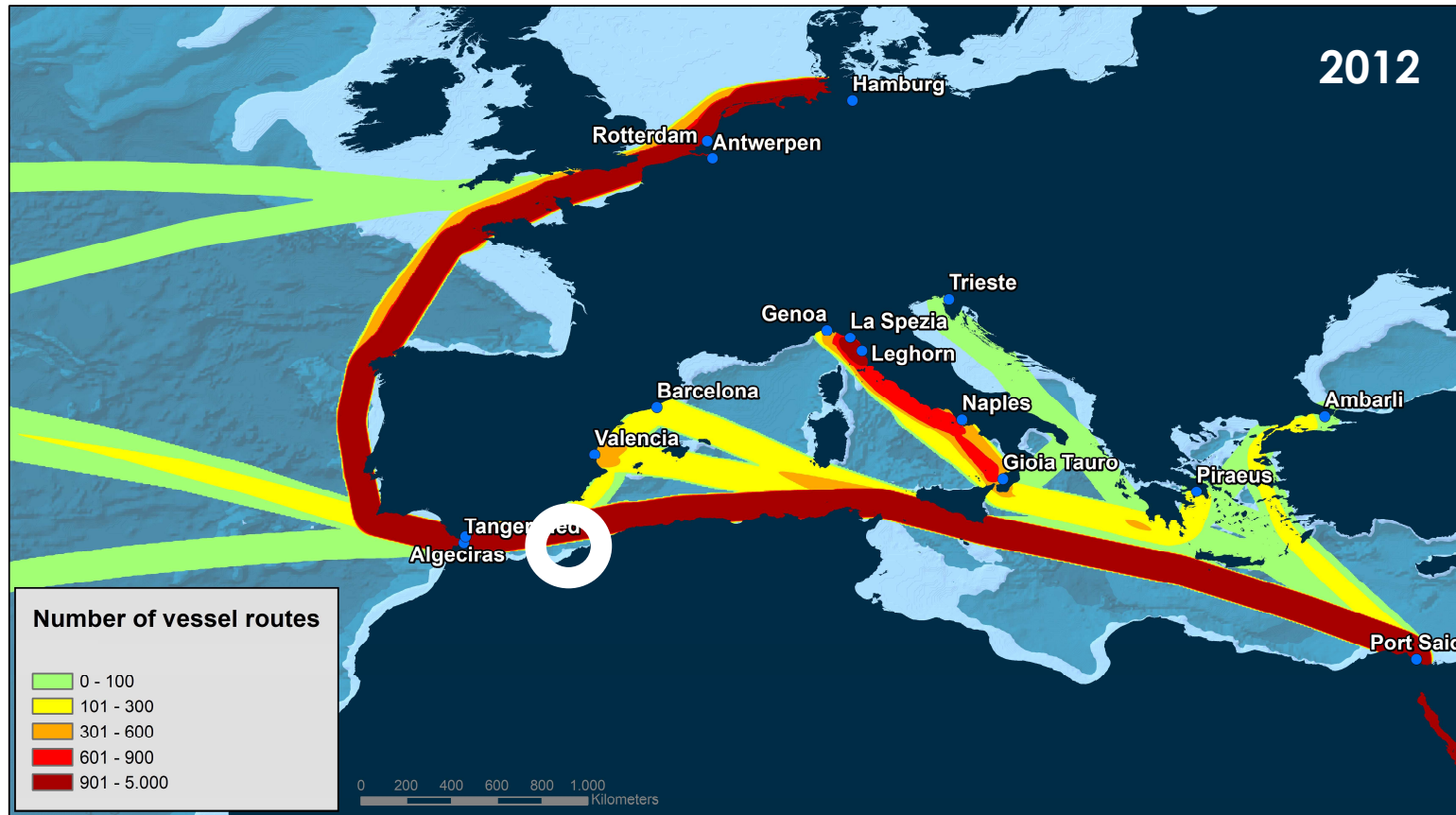


SRM on Drewry, OECD

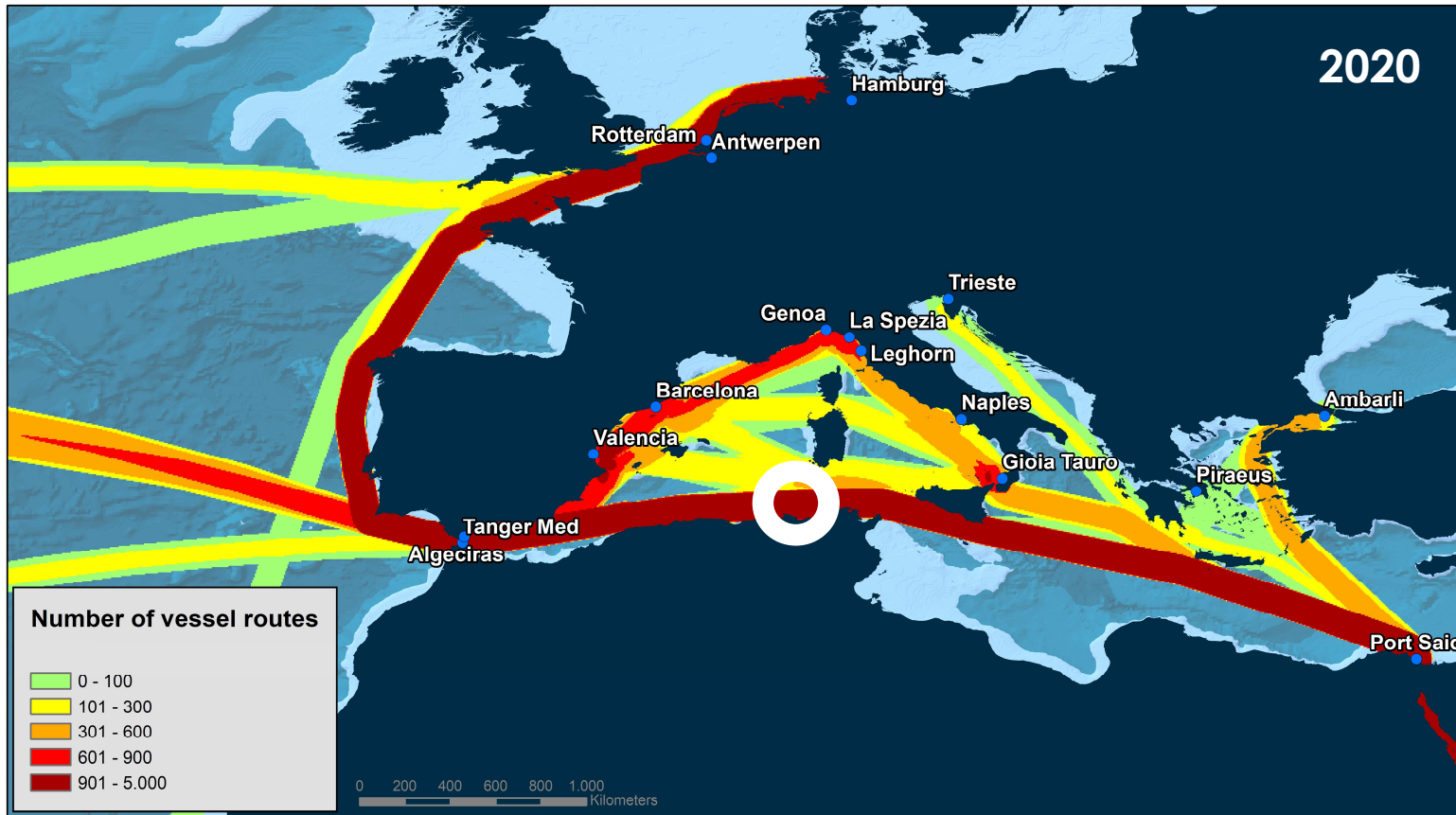
Vertical integration

Carrier	Terminal	Logistics	Rail	Truck
Maersk	■	■	■	■
MSC	■	■	■	■
CMA CGM	■	■	■	■
Cosco	■	■	■	
Evergreen	■	■	■	■
Hapag-Lloyd	■	■		
ONE	■	■		■
Yang Ming	■	■		■
HMM	■	■	■	■

The increasing centrality of the Mediterranean: the shift of the traffic's center of gravity within the Basin... from Gibraltar...



...to Suez



The new strategic routes, but not alternatives

The Shanghai - Rotterdam case



Note: Average speed NSR 8-10 knots other routes 15 knots.
 Source: SRM on www.sea-distances.com and Didenko 2018



2,213 freight trains **+96% y-o-y** FEBRUARY 2021

209,000 TEUs **+106% y-o-y**



Source: SRM on China State Railway Group

Some final remarks

11

- The impact of the Covid-19 pandemic has been severe but **Suez has shown remarkable resilience**.
- Even in difficult economic times, the Canal has remained **a strategic hub for traffic in the Mediterranean** and **an important crossroad between the Med and the Far East**.
- **The lack of real alternatives makes Suez a doubly strategic hub**. **The African route via the Cape of Good Hope** forces carriers to bear the associated costs in terms of fuel, bunkering and delays in delivery of goods. **The Arctic Route** could meet some needs in the future, but it is still a seasonal route, albeit one that is experiencing strong growth.
- The **doubling of the infrastructure** had already **raised** the issue of **megaships**. Gigantism is one of the main trends in global shipping.
- **The Suez Canal will be further expanded** and dredged in the southern part of the waterway (24 months is the estimated time to complete the work).



Thank you for your attention

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