

# Suez Canal Blockage 2021

In March 2021, the Suez Canal was blocked by a 20,000 TEU container ship, Ever Given. The Ever Give was caught in a sandstrom due to which its operators lost control of the ship causing it to be wedged across the waterway with bow and stern stuck in the canal banks.

The blockage of the Suez Canal had a severe negative impact on the international trade between Europe, Asia and the Middle East

This article will give further details about the Suez Canal Obstruction within the context of the Civil Services Examination.

## Background of the Event

The Suez Canal is one of the busiest shipping lanes of the world if not one of the most important. By 2021 approximately fifty ships per day travelled through the canal, about 12% of total global trade at the time. Although expansion projects are underway, most of the canal is single lane.

Ever Given is owned by Shoen Kisen Kaisha, a subsidiary of the Japanese Imabari Shipbuilding company. It is operated by Taiwan-based company Evergreen Marine and the vessel is managed by Bernhard Schulte Shipmanagement.

On March 23, the Ever Given was travelling across the Suez Canal when it was caught in a sandstorm. This led to a loss in the ability to steer the ship. Causing the hull to deviate. What resulted was the ship running aground and turning sideways, blocking the conal on both sides. At the time of the incident, the Ever Given was part of a fifteen ship convoy from Tanjung Pelepas, Malaysia to the Port of Rotterdam in the Netherlands .

Over 300 vessels at both ends of the canal were obstructed by Ever Given, including five other container ships of similar size. These included 41 bulk carriers and 24 crude oil tankers. The affected vessels represented roughly 16.9 million tonnes (37 billion pounds) of deadweight. Some docked at ports and anchorages in the area, while many remained in place.

## Efforts to Free the Suez Canal Blockage

The first step taken was to move vessels behind Ever Given to make space for salvage operations. Fuel and ballast water were emptied to lighten the ship and excavators to dig its bow out.

- On 25 March, the Suez Canal Authority (SCA) suspended navigation through the Suez Canal until Ever Given could be refloated.

- On 26 March, the SCA accepted an offer made by a United States Navy assessment team of dredging experts to assist in efforts to remove the ship.
- On 27 March, the SCA said that 14 tugboats were trying to take advantage of that day's high tide and that more would arrive the following day if the attempt failed.
- On 28 March, efforts to dislodge the ship allowed for some movement of the ship's stern and its rudder at high tide.
- On 29 March, the stern of Ever Given was refloated at 04.30 local time and a second seagoing tug, the Italian Carlo Magno, with a bollard pull of 153 tonnes arrived, giving a further large increase in towing capacity.

The vessel was subsequently impounded by the Egyptian government on 13 April 2021 for refusing to pay a reported \$916 million in fees demanded by the government, including \$300 million in "loss of reputation".

## Impact of the Suez Canal Blockage

The incident exposed a need to investigate issues of supply chain resilience and disruption to just-in-time manufacturing already facing shortages from COVID-19 pandemic impacts.

Events during the several days the canal was blocked highlighted the difficulties of saving larger ships, which requires more time and more equipment.

The event had delayed goods, which impacted industries with existing shortages, such as with semiconductors, thereby influencing markets already at risk of collapsing.

- To mitigate shortages of goods in the long term, future shipments could be ordered earlier than normal until the difference has been made up.
- However, a consultant at another firm noted that even a short-term disruption at the Suez Canal would have a domino effect for several months along the supply chain, an effect already apparent in the weeks following the incident.
- Some freight forwarders noted that demand for alternative means of transportation was expected to rise within the next few weeks on Europe to Asia routes, as a consequence of shippers seeking to avoid the disruption and uncertainty caused by the blockage of the canal.
- Following the resolution of the incident, forwarders in India noted difficulties with securing shipments to Europe or Africa, with many prior bookings cancelled and increased freight rates hitting small and medium sized exporters particularly harshly.

The default alternative route for maritime traffic between Asia and Europe is to go around Africa via the Cape of Good Hope, a trip which can add up to two weeks to journey time, with this alternative having already been taken by some ships as of 26 March. Russia used the incident to promote its Arctic shipping routes as a shorter alternative to carrying goods around Africa.