



UNCTAD

United Nations Conference on Trade and Development

PANAMA CANAL

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STRAIT OF
MALACCA

Agenda:

Ensuring Trade Continuity
and Supply Chain Security
Amid the Weaponization of
Strategic
Maritime Chokepoints.



90% of what you own has passed through the oceans. What happens if someone closes that door?



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I. LETTER FROM THE EB

Dear Delegates,

Welcome to UNCTAD at DCMUN 2026!

With great delight, we are excited to have you in what we believe is one of the most important economic policy committees. UNCTAD sits at the intersection where power structures are exposed, where inequalities of the global economy are documented without apology, and where the voice of the developing world finds its most rigorous institutional home.

The topic before us "Ensuring Trade Continuity and Supply Chain Security Amid the Weaponization of Strategic Maritime Chokepoints" involves complex economic, geopolitical, and developmental dimensions.

In November 2023, some Houthi rebels in Yemen used drones that cost a few thousand dollars to attack big ships in the Red Sea. This had an impact. The cost of moving containers from Shanghai to Rotterdam went up by 256% in just six weeks. The issue of trade continuity and supply chain security is really important because of things like this. This is not a new story. It has unfolded across centuries. Portugal took control of the Strait of Hormuz in 1507. Britain took over Egypt in 1882 to manage the Suez Canal. Today in 2026 new problems around Hormuz are again putting energy security at risk. The location is still the same. The idea is still the same. Only the countries and tools involved have changed.

This is where the idea of NEXUS TEMPORUS, the theme of DCMUN 2026 really matters. The problems we are facing now are not separate from what happened, it is part of a larger continuum where past precedents shape current vulnerabilities and future uncertainties. Our task is not to resolve military tensions in chokepoints like the Strait of Hormuz, but to build a durable policy framework which insulates developing nations. We want all the people coming to the committee to really understand the actual matter. How freight rate shocks translate into inflation, how inflation becomes hunger, how hunger



drives instability, and how such instability feeds back into the very conflicts that disrupt global trade routes.

If you have any questions about the upcoming sessions, feel free to reach out to us on dcmununctad@gmail.com.

Chairperson: Shreya Dafria

Vice-Chairperson: Naavya Seksaria

Vice-Chairperson: Dev Bam

Rapporteur: Aneeshka Mittal

Looking forward to the incredible discussions and ideas you'll bring to the table!

Warm regards, The Executive Board of UNCTAD, DCMUN 2026.

II. INTRODUCTION TO THE COMMITTEE

UN Trade and Development (UNCTAD) is the UN's leading institution dealing with trade and development. It is a permanent intergovernmental body established by the United Nations General Assembly in 1964. Headquartered in Geneva, Switzerland, and reporting to both the General Assembly and the Economic and Social Council, UNCTAD has become a central forum for international dialogue on trade, development finance, technology, and economic cooperation. UNCTAD is part of the UN Secretariat and has a membership of 195 countries, one of the largest in the UN system.

UNCTAD supports developing countries to access the benefits of a globalized economy more fairly and effectively. To do this, it provides analysis, facilitates consensus-building, and offers technical assistance. This helps them to use trade, investment, finance, and technology as vehicles for inclusive and sustainable development.



UNCTAD holds quadrennial ministerial conferences and several board, multi-year and expert meetings throughout the year on a wide range of topics driven by an intergovernmental machinery. It also hosts high-profile events such as the World Investment Forum, eWeek and the UN Trade Forum.

The Trade and Development Board serves as UNCTAD's governing body between its quadrennial conferences, overseeing the organization's activities and addressing policy, management and institutional matters. It's made up of 160 members, elected from UNCTAD's 195 member States based on nominations from regional groups, ensuring equitable geographic representation and inclusivity in decision-making.

The organization carries out its work through three pillars: research and analysis, which provides evidence-based policy advice; consensus-building, where member states negotiate common perspectives; and technical assistance, which offers practical support to developing countries.

III. COMMITTEE OVERVIEW

The UNCTAD is a permanent body that was created by the United Nations in 1964 in response to the increasing inequality in the economic sphere between the developed and developing nations after the decolonization period. The UNCTAD emerged during a time when the newly independent states were seeking to increase their influence over international economic relations and was a very useful platform in advocating for fair trade systems, market entry, and cooperation. Over the years, the committee has made considerable contributions to the areas of trade openness, commodity reliance, debt relief, foreign investments, and sustainable development among others. In regard to maritime economics, the committee conducts research in the areas of shipping connectivity, freight charges, ports, and shipping costs through its annual Maritime Transport Reports.

UNCTAD has long emphasized the impact of disparities in access to trade routes, escalating costs of transportation, and disruptions in international logistics on developing



countries that depend on foreign maritime trade. Regarding the problematic maritime choke points, UNCTAD has paid more attention to the increasing significance of global shipping routes in recent years and the vulnerability thereof. The committee has analyzed the potential for disruption of trade and transportation along such strategic points as Suez Canal, Panama Canal, Bab-el-Mandeb Strait, and Strait of Hormuz and assessed the impacts thereof on global commerce, energy sector, food security, and international shipping. Recent geopolitical conflicts, climate change, piracy, as well as detouring of maritime cargo have increased fears about possible weaponization of international shipping routes. Accordingly, UNCTAD has pointed out that developing countries are especially vulnerable to these disruptions with the associated costs of elevated shipping prices, inflationary pressure, lack of goods, and decreased economic resilience. Consequently, the committee calls for maintaining open and secure maritime shipping routes as well as sustainable transport policy in an effort to ensure global trade in an increasingly geopolitical environment.

IV. MANDATE

The United Nations Conference on Trade and Development (UNCTAD) is a permanent intergovernmental body of the UN General Assembly, headquartered in Geneva. It has a mandate to be the focal point of the UN system for the integrated treatment of trade, investment, finance, technology and sustainable development. Its mandate derives from General Assembly resolutions and UNCTAD's quadrennial conferences, in particular the "principal functions" laid down in resolution 1995 (XIX) and further elaborated in documents such as the Nairobi Maafikiano.

Operationally, UNCTAD supports countries in confronting macro-level development challenges, including integration into the trading system for development, diversification from commodity dependence, limited exposure to financial volatility and debt, attracting development-friendly investment, trade facilitation, consumer protection and the promotion of competition, innovation and digital access, all within the framework of the 2030 Agenda and the Sustainable Development Goals.



UNCTAD's mandate is to promote a comprehensive approach to the treatment of trade and development and related issues in the areas of finance, technology, investment and sustainable development. It is mandated to assist developing countries to participate more effectively in the global economy through policy analysis, consensus building and technical cooperation. UNCTAD also gives special attention to the special needs of developing countries, in particular the least developed countries, landlocked developing countries and small island developing States, so that they can strengthen their trade capacity and reduce structural disadvantages in the international economic system.

UNCTAD is a powerful forum for trade and development policy — but it has clear limits. Every solution must stay within these boundaries.

UNCTAD CAN:

- Publish research, data, and vulnerability assessments on maritime trade disruptions
- Recommend trade facilitation frameworks, financing mechanisms, and resilience policies
- Support capacity-building programs for LDCs, SIDS, and LLDCs
- Facilitate intergovernmental consensus on supply chain resilience and trade continuity
- Propose insurance reform, strategic reserve standards, and alternative corridor financing
- Advocate for equitable, inclusive, and development-oriented payment and settlement systems
- Coordinate technical assistance on digital logistics, port modernisation, and customs reform
- Call on member states to adopt voluntary trade protection commitments

UNCTAD CANNOT:

- Deploy naval forces, authorise military escorts, or order military operations of any kind



- Issue binding resolutions that compel member states to act
- Override United Nations Security Council authority on peace and security matters
- Impose trade sanctions, tariffs, or financial penalties on member states
- Compel physical access to any strait, canal, or territorial waters
- Adjudicate legal disputes between states — that is the role of the International Court of Justice

V. RECENT SESSION AND CURRENT POLICY

United Nations Conference on Trade and Development, in its sixteenth session (UNCTAD XVI), in 2025, established the Geneva Consensus that strengthens UNCTAD mandate for promoting sustainable, resilient and smart transport, logistics, trade facilitation and supply chains. Among other priorities mentioned in the Geneva Consensus there is "towards resilient, sustainable, and inclusive supply chains and trade logistics". In the previous UNCTAD meeting in 2021 (UNCTAD XV), the member States agreed to adopt the Bridgetown Covenant, in which one of the four main transformations to ensure a transition towards a more resilient world, is identified as "transforming economies through diversification". This issue of maritime transport resilience has been raised by member States of UNCTAD in Bridgetown Covenant as well as in the 2022 Policy Brief where ports and transport infrastructure were considered.

The present UNCTAD policy suggests urgent investments in ports' infrastructures that can resist the changes in the climate as well as installation of early warning systems and intensification of processes of digitalization using, for example, Automated System for Customs Data (ASYCUDA). To protect supply chains, the present policy suggests diversification of the shipping routes and increasing number of regional shipping connections and decreasing dependency on weaponized corridors. Strategies regarding



maritime transport resilience will be further advanced at the second UNCTAD Global Supply Chain Forum in late 2026.

VI. TOPIC BACKGROUND

1. THE EVOLUTION OF GLOBAL POWER THROUGH STRATEGIC TRADE ROUTES (1500–PRESENT)

“Whoever commands the sea, commands the trade of the world; and whoever commands the trade of the world commands the riches of the world, and consequently the world itself.” — Sir Walter Raleigh

1.1 Strategic Chokepoints and the Historical Foundations of Inequality

And there is a single sentence that encapsulates the history of geopolitics for the past five centuries: whoever controls the strait controls the price of everything that moves through it. It is not just a nautical image. It is a principle on which the modern global trading network was built and from which large swaths of the developing world have been systematically excluded.

The Portuguese Model: Hormuz, 1507. By capturing Hormuz, Portugal was not only trying to enhance its prestige by claiming new territories. It was building a toll road empire. In selecting Hormuz, Aden, and Malacca, Portugal was attempting to monopolize chokepoint access between the Indian Ocean, Persian Gulf, Red Sea, and East Asian trade. It was an early example of how a country could generate revenues by regulating goods without producing them.

The Dutch Inheritance: VOC and Malacca. This model was perfected by the Dutch. With armed power, monopoly rights, and corporate sovereignty, the VOC transformed the chokepoint strategy into one of the most profitable business models ever devised. The Dutch subjugated local Southeast Asian producers and local merchants to European



monopoly pricing and shipping routes. They converted the flow of regional trade into imperial income.

The British Empire and the Suez Canal. Britain was a master in combining finance and coercion. Through acquiring the Egyptian share in the Suez Canal Company and occupying Egypt, Britain turned the Suez Canal into a “lifeline of the Empire.” The Suez Canal reduced transit time to India and choke point control became indispensable to imperial dominance. Egypt supplied the geography and labor; Britain extracted the strategic gain.

The American Architecture. The United States expanded this model through both maritime and financial influence. The Panama Canal allowed for Washington to have its navy operate efficiently on two oceans, while the creation of the U.S. dollar-dominated monetary system created yet another form of chokepoint – a payments architecture that became essential for international business dealings. In today’s world, choke points can not only be geographic, but also economic.

What developing nations inherited was therefore not a neutral trading system, but a layered architecture of unequal access: a world in which some states build power by controlling transit, while others bear the price of dependency.

Era	Controlling Power	Chokepoint Controlled	Mechanism	Primary Victim
1507–1600s	Portugal	Hormuz, Malacca, Bab el-Mandeb	Military conquest and toll extraction	Arab, Indian, and Malay traders
1641–1780s	Dutch VOC	Malacca, Banda, Java routes	Corporate monopoly backed by naval force	Southeast Asian producers



1875–1956	Britain	Suez Canal	Finance, share acquisition, military occupation	Egypt and the wider Arab world
1944–present	United States	Panama Canal, dollar/SWIFT architecture	Legal, naval, and financial architecture	LDCs and emerging markets
2023–2026	Houthi / Iran-linked pressure	Bab el-Mandeb / Hormuz	Asymmetric warfare and coercive signaling	Global trade, with worst impact on LDCs
2020s–ongoing	US–China contestation	Taiwan Strait / semiconductor supply chain	Structural dependency and strategic deterrence	Every technology-dependent economy

1.2 The evolution of the chokepoints

Phase I: Spices and Silk. Early chokepoints selected luxuries like spices, silk, gold, and other commodities. Whoever controlled the passage of goods between two oceans would have both mobility and margins.

Phase II: Coal and Oil. The Industrial Revolution changed the dynamics, rendering the Strait of Hormuz irrelevant insofar as spices were concerned and relevant as an energy passage for a crucial commodity that had been rendered a commodity by the process of industrialization. From the point at which economies became wholly dependent on their access to energy, the chokepoint gained economic and macroeconomic significance.



Phase III: Semiconductors. In the contemporary age, the most critical chokepoint has left the seas entirely and taken up residence in Taiwan. Due to the concentration of chip manufacturers there, the digital economy rests on the ability of a region to produce semiconductors. Strategically speaking, this represents the classic chokepoint dynamic in a new guise – an immense economic value locked into a small geographical area.

Phase IV: Data and Submarine Infrastructure. The movement of trade is no longer confined to ships alone; it takes place on invisible networks as well, as undersea cables transmit data across continents. In such a way, the chokepoint has developed from being an area of water into an actual network, where anyone able to interfere with data flow holds an equivalent amount of power compared to pirates of old times.

In present, *Taiwan's role* in semiconductor production represents the clearest modern example of chokepoint concentration. Advanced chips power smartphones, cloud servers, AI systems, precision weapons, telecommunications, and industrial automation. When one geography dominates that production chain, disruption ceases to be a regional issue and becomes a global concern.

This problem is compounded by rare earth and critical mineral dependencies. Developing countries may possess reserves, but value addition, processing, manufacturing, and intellectual property remain concentrated elsewhere. This reproduces an old pattern in a new sector: the Global South supplies the raw material, while the strategic and financial premium is captured at the node of processing and technological control.

In other words, the pattern has not disappeared. It has been upgraded. The chokepoint now includes sea lanes, energy corridors, chip fabs, payment rails, and subsea cables, all of which must be understood through UNCTAD's development mandate.

1.3 Decision Chain: Disruption to Development Crisis

TRIGGER EVENT



(Military attack / sanctions / climate shock / infrastructure failure)



PHYSICAL CHOKEPOINT IMPACT

(Transit drop / rerouting / congestion / closure)



SHIPPING MARKET REACTION

(Freight spike / insurance surge / schedule disorder / capacity squeeze)



TRADE FINANCE DISRUPTION

(Letter of credit delays / FX strain / settlement friction)



IMPORT–EXPORT SHOCK

(Food, fuel, pharma cost surge / export delay / input shortages)



MACROECONOMIC TRANSMISSION

(Inflation / reserve depletion / currency depreciation / debt stress)



DEVELOPMENT REGRESSION

(Poverty increase / SDG setback / fiscal compression / humanitarian strain)



UNCTAD MANDATE ACTIVATED

(Trade facilitation / compensation / route diversification / resilience policy)

1.4 Uneven Gains: Who Benefits from Disruptions in Global Trade

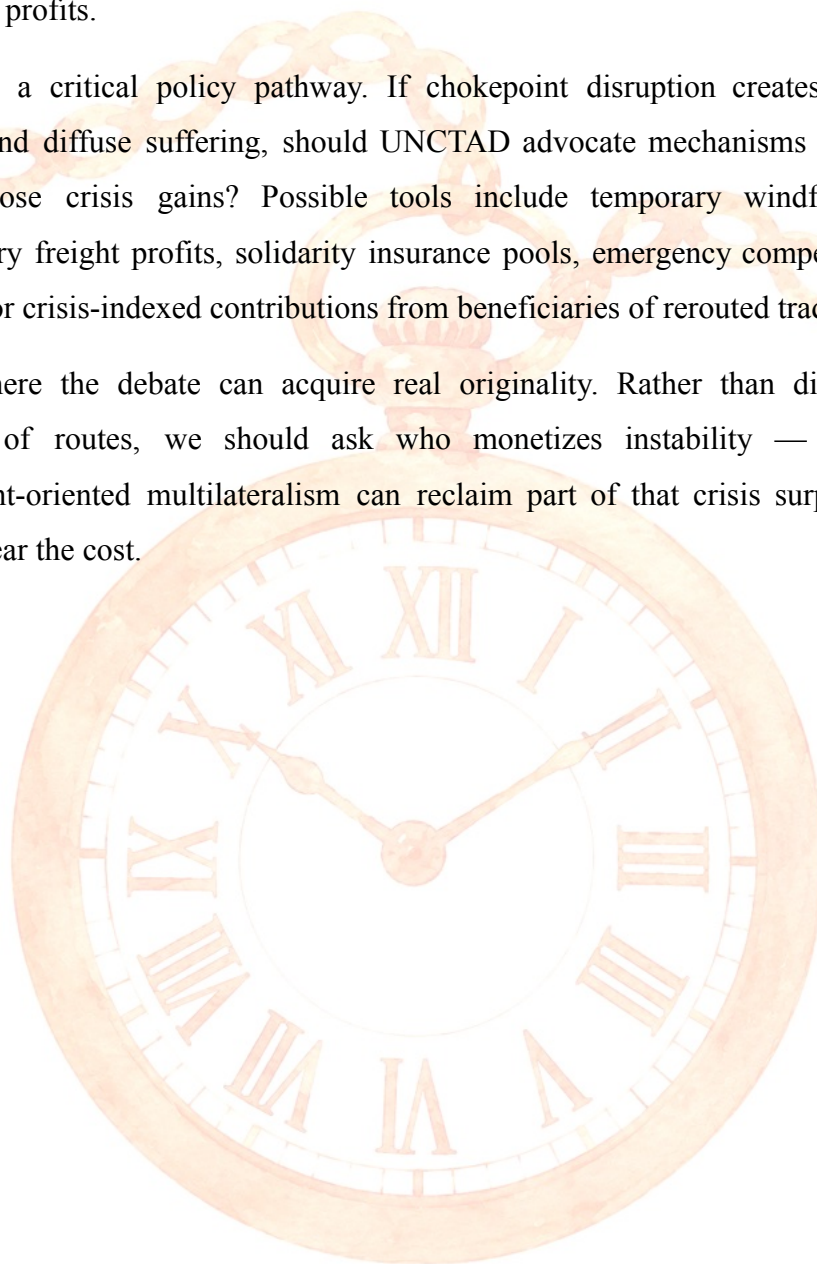
However, chokepoints do not only lead to victims; they also result in windfall profits. When the cost of shipping skyrockets, companies using other routes, the world's major shipping firms, commodities traders, insurance companies, and even airfreight companies



may earn exceptional profits. This imbalance is important since it highlights a grave injustice in the global trading system. While a crisis situation leads developing countries to face hyperinflation and deplete their reserves, it can also make some individuals earn exceptional profits.

This opens a critical policy pathway. If chokepoint disruption creates concentrated windfalls and diffuse suffering, should UNCTAD advocate mechanisms to redistribute part of those crisis gains? Possible tools include temporary windfall levies on extraordinary freight profits, solidarity insurance pools, emergency compensation funds for LDCs, or crisis-indexed contributions from beneficiaries of rerouted trade.

This is where the debate can acquire real originality. Rather than discussing only protection of routes, we should ask who monetizes instability — and whether development-oriented multilateralism can reclaim part of that crisis surplus for those forced to bear the cost.





Potential Beneficiary	How the Entity Benefits	Potential UNCTAD Policy Response
Major ocean carriers	Higher freight rates, longer routings, tighter effective capacity, stronger pricing power.	Windfall levy above crisis threshold; contribution to LDC compensation fund.
War-risk insurers	Sharp premium increases during high-risk transit periods.	Solidarity surcharge feeding subsidized cover for LDC-bound cargo.
Alternative pipeline or route operators	Greater demand for bypass infrastructure during chokepoint disruption.	Emergency access fee or multilateral contribution mechanism.
Commodity traders and energy funds	Profits from volatility, forward positioning, and arbitrage in oil, LNG, and staples.	Crisis transaction contribution to resilience or food security facilities.
Air freight providers	Modal shift from sea to air for urgent, high-value cargo.	Temporary contribution for humanitarian cargo subsidy schemes.



2. STRUCTURAL IMPORTANCE OF MARITIME TRADE

2.1 Maritime trade as the backbone of the global economy

Maritime transport serves as the main artery of global trade. Intricate networks of shipping routes, ports and maritime chokepoints have enabled globalization and strengthened the interconnectedness of the world economy. Maritime transport is the backbone of international trade and the global economy. Over 80% of the volume of international trade in goods is carried by sea, and the percentage is even higher for most developing countries. Maritime chokepoints are narrow passageways crucial for global commerce and security, funnelling the bulk of global trade. Maritime trade volumes reached 12,292 million tons in 2023, marking a 2.4 per cent increase after contracting in 2022. This growth was driven by growth in the global economy, which averted a predicted recession and grew by 2.7 per cent despite the most significant monetary tightening in decades. Total estimated ton-miles reached 62,037 billion in 2023, an increase of 4.2 per cent over 2022. Growth was driven by the recovery in the world economy, as well as increased demand caused by vessel rerouting. In the period 2025–2029, (UNCTAD) projects that total seaborne trade will grow on average by 2.4 per cent and containerized trade by 2.7 per cent. This growth is driven by increased demand for major bulks such as bauxite, coal, containerized goods, grain, iron ore and oil.

2.2 Supply chains, ports, and trade dependence

This sector is facing numerous challenges that threaten the efficiency, reliability, resilience and sustainability of maritime transport. Disruptions to international shipping routes and maritime chokepoints create a daunting operating landscape for shipping and trade. They can lead to changes in network configurations and trade patterns. Any disruption to global maritime transportation networks can have far-reaching implications for a highly globalized world economy. Due to limited alternative routes, disruptions at



chokepoints have negative impacts on supply chains and lead to systemic consequences affecting food security, energy supply and the global economy.

2.3 Importance for developing countries

Declining seaborne transport volumes could spell trouble to many developing countries, especially small island developing States which rely almost exclusively on this trade. The escalating costs arising from maritime chokepoint disruptions translate into higher shipping rates that are inevitably passed on to consumers. In addition to uncertainty and volatility, this situation exacerbates inflation and undermines economic growth, with small island developing States and the least developed countries hit the hardest.¹ Small Island Developing Nations (SIDS) are projected to experience a 0.9 percent consumer price inflation purely from these freight surges. Providing technical assistance and support, including financial aid and guarantees, to help SIDS and Least Developed Countries (LDCs) would help mitigate global logistics shocks and support decarbonization and the energy transition in shipping and ports.

3. GLOBAL MARITIME CHOKEPOINTS: CLASSIFICATION, STATUS, AND TRADE RISK

Not all chokepoints are equally dangerous. The key task is not merely to know where chokepoints are, but to understand which are already weaponized, which are vulnerable to weaponization, and which appear stable while hiding serious structural fragilities.

Tier	Classification	Chokepoints
Tier 1	Weaponized / actively disrupted	Strait of Hormuz; Bab el-Mandeb / Red Sea
Tier 2	High-risk / potentially weaponizable	Suez Canal



Tier 3	Currently stable but structurally vulnerable	Strait of Malacca; Panama Canal
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3.1 Weaponized / Actively Disrupted

Strait of Hormuz

History (1507-2026); Tanker War; Crisis (2025-26); Energy Price Effects

The Strait of Hormuz is the world's most crucial strategic waterway for oil exports. The strait is an extremely narrow waterway located at the entrance to the Persian Gulf and transports a huge proportion of international oil and gas shipments. Its strategic importance is not new. From Portuguese fortification in the 16th century to modern US–Iran confrontation, Hormuz has repeatedly demonstrated that narrow waterways can function as geopolitical levers over far larger economies.

The Tanker War of the 1980s established the modern precedent for chokepoint weaponization through attacks on civilian shipping. The lesson was clear: direct disruption of commercial transit can impose macroeconomic costs far beyond the battlefield. In the present era, even partial disruption of Hormuz transmits rapidly into oil markets, LNG supply uncertainty, insurance premiums, freight costs, and fiscal stress in import-dependent economies.

Oil dependence	Hormuz carries a critical share of global petroleum flows.	Any disruption becomes a global energy and inflation shock.
LNG dependence	Qatari LNG and Asian import systems are heavily exposed.	Gas price spikes rapidly affect power costs and industrial production.



Narrow transit geography	The strait is extremely narrow relative to the trade volume it handles.	Small-scale disruption can have disproportionate systemic effect.
Rerouting limits	Pipeline alternatives exist but are insufficient to replace full flow.	Delegates must assume genuine scarcity under serious closure scenarios.
Import-dependent states	South and East Asian energy importers are heavily exposed.	The debate must consider development, not just naval security.

Bab el-Mandeb — Cold War to Houthis disruption; dual-strait threat; freight and food consequences

Bab el-Mandeb is among the most important bottlenecks in the current trading network due to its intrinsic linkage to the Suez Canal, forming a dual channel connecting Europe and Asia. Not only will any disruption cause trouble for that specific route, but it also compels the entire international shipping industry to redirect cargo around the African continent, increasing journey duration, vessel utilization, and worldwide freight rates.

The latest Red Sea situation highlighted how powerful non-state disruption can be. Attacks on commercial ships compelled cargo redirection via the Cape of Good Hope, increased insurance premiums, utilized global container fleets, and caused food, energy, and raw material prices to spike in nations reliant on imports almost immediately. It did not necessarily hurt the parties involved but rather nations susceptible due to their geography and dependence.

Evidence Parameter	Observed Crisis Effect
Commercial attacks	Repeated targeting of merchant shipping created sustained route insecurity.



Rerouting	Ships diverted around the Cape of Good Hope, increasing distance and time.
Freight rates	Asia–Europe freight rates rose sharply under crisis conditions.
Food and aid routes	Import flows and humanitarian deliveries were delayed or made costlier.
Dual-strait threat	Hormuz and Bab el-Mandeb together form a wider Arabian chokepoint arc.

3.2 High-Risk / Potentially Weaponizable

Suez Canal

colonial origins; 1956 crisis; 1967–75 closure; Ever Given; Egypt's revenue dependence

Constructed by Egyptian workers with external investments, it was the crowning glory of external political influence long before becoming a fully-fledged asset for Egypt. Its nationalization in 1956 gave it new meaning as an expression of post-colonial defiance, while its closure from 1967 to 1975 showed how much the international economy relied on its operation.

The Ever Given incident of 2021 provided another important insight. Without any military action involved, a simple blockage of this artificial waterway could hold up billions of dollars' worth of business and underscore the vulnerabilities of just-in-time production.

Egypt's current dependence on canal revenue makes the Suez case especially important for UNCTAD: a developing state may host a globally critical route while remaining deeply vulnerable to any disruption touching it.



3.3 Currently Stable but Structurally Vulnerable

Strait of Malacca — from conquest to cooperative security: why it has not been weaponized

The Strait of Malacca remains the artery of Asian trade. Its post-colonial history is notable not because it has been free of risk, but because cooperation among littoral states has so far prevented large-scale weaponization. This relative stability demonstrates that chokepoints need not be governed only by confrontation; they can also be stabilized by shared interest, regional institution-building, and practical security cooperation.

Yet Malacca also represents structural vulnerability on a vast scale. The dependency of major Asian economies on its uninterrupted use means that any future geopolitical confrontation affecting it would radiate rapidly into global manufacturing, energy security, and supply chain continuity.

Panama Canal — sovereignty, concessions, and climate-driven capacity reduction

The Panama Canal illustrates a different category of vulnerability. Its strategic history is deeply geopolitical, but its recent disruptions have highlighted climate as a chokepoint variable in its own right. Because the canal relies on freshwater lock systems, drought can reduce its capacity even without military conflict or sabotage. This is a reminder that chokepoint security in the 21st century is not only about missiles and blockades; it is also about rainfall, hydrology, and the environmental reliability of trade infrastructure.

To sum up:

Chokepoint	Why It Is Vulnerable	Main Exposure	UNCTAD Relevance
Hormuz	Military confrontation, tanker seizure risk, energy concentration.	Oil, LNG, energy-importing developing states.	Energy inflation, reserve depletion, trade continuity, compensation logic.



Bab el-Mandeb	Non-state attacks, Red Sea instability, insurance spikes.	Container trade, food corridors, East Africa and Asia–Europe routes.	Freight inflation, aid disruption, route diversification, LDC protection.
Suez Canal	Conflict spillover, navigational blockage, revenue dependence.	Europe–Asia transit, Egyptian macro stability.	Host-state vulnerability, global transit dependence, resilience planning.
Malacca	Extreme traffic density, strategic rivalry, narrow geography.	Asian energy and manufacturing chains.	Preventive diplomacy, alternative routes, cooperative governance lessons.
Panama Canal	Freshwater dependence, drought, concession geopolitics.	Atlantic–Pacific trade, Americas connectivity.	Climate resilience, infrastructure adaptation, trade continuity planning.

4. WEAPONIZATION OF MARITIME CHOKEPOINTS: TYPOLOGY AND MECHANISM



4.1 Direct Weaponization

Direct weaponization involves the intentional use of military force, blockades, seizures, or attacks against maritime trade routes and strategic chokepoints. These actions are carried out either by states or armed non-state actors with the intent of blocking the movement of goods, energy, and commercial shipping.

It is on this basis then, that when a single disruption occurs in a major chokepoint, it has the potential of affecting economies globally. Recent events show that global trade systems are still vulnerable. Houthi attacks on commercial vessels created significant instability around the Bab el-Mendeb straits and the Suez Canal trade route. The Red Sea Crisis (2023–2026) serves as a prominent example of this phenomenon. (“Vulnerabilities in global trade routes”). The Russia-Ukraine conflict also caused disruptions in Black Sea grain exports, causing a food shortage in many import-dependent nations. In this respect, the closure of the Suez Canal during the 1956 Suez Crisis and between 1967 and 1975 showed how maritime chokepoints can be leveraged for geopolitical pressure. This according to United Nations Conference on Trade and Development (UNCTAD) results in increases in the freight charges, rising insurance premiums, delays in deliveries, and increased food insecurity especially in developing countries that depend on imports for survival. The Red Sea crisis also demonstrated the escalating power of non-state actors on global trading networks. Several shipping companies avoided the Suez Canal and



rerouted vessels around the Cape of Good Hope due to security concerns. The alternative route not only disrupted trade flows but also imposed substantial additional costs. More fuel was consumed, journeys took longer, and carbon footprints increased. Congestion became more apparent in alternative ports, while high transport costs were bound to precipitate a rise in prices for consumers across the world.

Developing nations suffered the most because they generally possess less logistical flexibility, and are more dependent on imported essentials such as food, fuel and medicine. This is an illustration of how direct weaponization of maritime chokepoints can exacerbate global inequalities.

4.2 Indirect Weaponization

Indirect weaponization entails the use of sanctions, financial restrictions, trade barriers, and coercive economic policies to disrupt global trade without physically blocking maritime routes. Often, financial systems become the strategic chokepoints which can impact policies on shipping and the global supply chain. A major case was after the Russia–Ukraine conflict, where several Russian banks were kicked out of the international payments system, SWIFT. Many trade transactions did not proceed smoothly, though, because sending payments, insurance claims, and shipping contracts depended on international financial networks. In response, Russia increasingly turned toward alternative financial systems such as China’s Cross-Border Interbank Payment System (CIPS) and Russia’s own SPFS payment network. They lacked the global reach and acceptance offered by the SWIFT payment system. Consequently, shipping firms, insurers, and banks became wary of processing transactions with sanctioned Russian entities. Its effects were felt way outside Europe. This meant that contracts existing in shipping could be disrupted and insurance expenses increased for various Least Developed Countries (LDCs), especially those relying on imported food and fertilizers. Sanctions against Russian underwriters and financial institutions introduced financing uncertainties into trade, thereby taxing and destabilizing imported consignments. UNCTAD warns that the increasing fragmentation of the global financial and trading



system could widen the gap between the developed and developing economies. These countries are also financially stronger and have alternative sources of supply, among other things. However, many of the developing nations have no alternative trade routes, reserve stocks, and mechanisms to finance sophisticated trade. Therefore, such indirect economic shocks are swift to cause inflation, food insecurity and industrial slowdown in such fragile economies.

4.3 Climate-Driven Weaponization

Climate change has become a new and highly disturbing influence in global maritime trade. Their economic impact is close to the traditional forms of chokepoint weaponization, even though climate-related disruptions are not done with intent as military blockades.

One major example identified by UNCTAD in its Review of Maritime Transport 2024 was the drought affecting the Panama Canal. Low water levels meant fewer vessels were allowed to pass through the canal, which disrupted the trade flow in the global market and raised shipping prices.

These climactic developments compel ships to take alternative routes, raise transportation costs, and reveal vulnerabilities in the global supply chain. During the recent instability in both the Red Sea and Panama Canal, many vessels were forced to travel around the Cape of Good Hope, significantly extending voyage times and fuel consumption.

UNCTAD noted that these reroutings put more strain on the global shipping systems by increasing the number of vessels and congestions in alternative maritime routes.

That impact is particularly harsh on the Small Island Developing States (SIDS) and Least Developed Countries (LDCs), which rely extensively on maritime imports for food, fuel, and medical products. Therefore, even a temporary disruption causes immense economic and humanitarian problems. Climate change has also increased international awareness regarding the Arctic Northern Sea Route as the melting ice now facilitates ship traffic between Europe and Asia. It would be possible to reduce the distances of travel and



transit time altogether and provide an alternative to the chokepoints such as the Suez Canal and the Strait of Malacca.

However, the Arctic route also presents equal concerns. Developed countries with advanced technology and ample financial wealth are likeliest to benefit from opportunities for trade arising from changes in the Arctic, while developing countries may face difficulties in accessing the same. Sustainability, militarization, and governance in the Arctic region also remain critical concerns.

UNCTAD therefore emphasizes that emerging trade corridors should be governed through international cooperation and inclusive multilateral frameworks rather than geopolitical competition.

4.4 Financial and Technological Weaponization

Modern maritime trade relies heavily on digital infrastructure, insurance systems, logistics platforms, and financial networks. It includes cyberattacks against ports and logistics systems, Limitations on payment systems, shipping insurance premiums, and data monopolization by major logistics platforms. UNCTAD emphasizes that supply-chain resilience now requires not only naval security but also digital and financial resilience.



5. CAUSES OF SUPPLY CHAIN DISRUPTION IN GEOPOLITICAL CONFLICTS

5.1 Physical infrastructure destruction

Physical infrastructure destruction refers to the damage or disruption of critical trade and transport infrastructure such as ports, railways, bridges, pipelines, and warehouses during geopolitical conflicts. Such destruction interrupts the movement of goods, increases transportation costs, causes production delays, and creates bottlenecks across global supply chains, often generating economic disruptions far beyond the immediate conflict zone.

Case Study: Ukraine-Black Sea Grain Corridor

On July 17, 2023, Russia announced that it was terminating participation in the Black Sea Grain Initiative, which allowed exports of grains and other agricultural products from Ukrainian ports. The deal, put in place almost a year before, was scheduled for its fourth renewal. Within hours of the announcement, Russia launched a missile attack on the port of Odesa. The following day, Russian missile attacks on key Ukraine grain handling facilities sent wheat futures prices to their largest one-day rise since February 2022. A cargo insurer operating under the agreement reportedly suspended its coverage of Ukraine Black Sea grain shipments.

5.2 Non-state actor disruption of commercial shipping — *Case Study: Houthi and the Red Sea crisis (2023–2026)*

Non-state actor disruption of commercial shipping refers to attacks or threats by armed groups, militias, pirates, or terrorist organizations targeting maritime trade routes and commercial vessels. Such disruptions increase insurance premiums, rerouting costs, shipping delays, and global freight inflation, particularly in strategically important chokepoints.



Case Study

In recent years, attacks on vessels in the Red Sea by the Houthis forced major shipping companies to divert routes around the Cape of Good Hope, significantly increasing transit times and fuel consumption while exposing the vulnerability of global trade to non-state actors operating outside traditional state-based conflicts.

5.3 Cybersecurity threats to trade logistics infrastructure

Cybersecurity threats to trade logistics infrastructure refer to cyberattacks targeting ports, shipping companies, customs systems, logistics platforms, and supply chain databases. As global trade becomes increasingly digitized, disruptions caused by ransomware, data breaches, or system shutdowns can delay cargo movement, interrupt port operations, compromise sensitive trade data, and generate significant economic losses.

Case Study - India's largest container port disrupted by global cyberattack in 2017

Operations at one of three terminals at India's largest container port JNPT, near the commercial hub of Mumbai, have been disrupted by the global ransomware attack..

The affected terminal is operated by Danish shipping giant AP Moller-Maersk , which said that the cyber attack had caused outages in its computer systems globally. Clients were notified in the morning that vessel operations at the terminal would be hit and that the company could not say when normal services would resume, according to one shipping industry source.

6. SYSTEMIC TRADE VULNERABILITIES AND UNEQUAL ECONOMIC EXPOSURE DURING MARITIME CHOKEPOINT CRISES

6.1 Systemic transmission of maritime chokepoint disruptions through global supply chains

Food



International trade in these commodities is growing, increasing pressure on a small number of ‘chokepoints’ – critical junctures on transport routes through which exceptional volumes of trade pass. Three principal kinds of chokepoint are critical to global food security: maritime corridors such as straits and canals; coastal infrastructure in major crop-exporting regions; and inland transport infrastructure in major crop-exporting regions. A serious interruption at one or more of these chokepoints could conceivably lead to supply shortfalls and price spikes, with systemic consequences that could reach beyond food markets. More commonplace disruptions may not in themselves trigger crises, but can add to delays, spoilage and transport costs, constraining market responsiveness and contributing to higher prices and increased volatility.

Case Study -Strait of Hormuz

The Iran war has turned the Strait of Hormuz into a food-security chokepoint. FAO warns that 20–45 percent of key agrifood inputs depend on passage through Hormuz and that a prolonged disruption could trigger a global agrifood catastrophe, especially by constraining fertilizer access, raising energy costs, and pushing up food prices later in 2026 and into 2027. The World Bank similarly warns that the Middle East conflict is already disrupting oil and fertilizer flows, with urea prices up nearly 46 percent month on month between February and March 2026, while the World Food Programme estimates that 45 million additional people could be pushed into acute hunger by mid-2026.

Energy

The blockage of oil transit through a major chokepoint, even temporarily, can lead to substantial supply delays and higher shipping costs, resulting in higher world energy prices. Although most chokepoints can be circumvented by using other routes—which adds significantly to transit time—some chokepoints have no practical alternatives. The world’s most important strategic chokepoints by volume of oil transit are the Strait of



Hormuz, leading out of the Persian Gulf, and the Strait of Malacca, which links the Indian and Pacific Oceans. In the first half of 2025, total world petroleum and other liquids supply was about 104.4 million barrels per day (b/d). It is estimated that about 76% of that amount (79.8 million b/d) traveled via seaborne trade. Oil tankers accounted for 28% of the world's shipping by deadweight tonnage in 2024, according to data from the United Nations Conference on Trade and Development (UNCTAD). In 2024, global natural gas supply was about 407 billion cubic feet per day (Bcf/d). It is estimated that about 13% of that amount (53 Bcf/d) traveled via seaborne trade.

6.2 How rerouting, higher fuel consumption, insurance surcharges, congestion, and shipping delays amplify global economic instability.

Disruptions at strategic maritime chokepoints such as the Suez Canal, Bab el-Mandeb Strait, Panama Canal, and Strait of Hormuz generate cascading consequences across global supply chains by triggering rerouting, shipping delays, port congestion, higher fuel consumption, and escalating maritime risk premiums. When insecurity, conflict, drought, or blockages reduce the reliability of these routes, commercial vessels are often forced to avoid affected passages and instead navigate significantly longer alternative routes, most notably around the Cape of Good Hope.

Moreover, rerouting increases average transit times by several days or even weeks, reducing the availability of vessels within global shipping networks and disrupting tightly interconnected “just-in-time” supply chains. The resulting delays weaken trade efficiency, slow manufacturing cycles, disrupt inventory management systems, and create shortages of critical goods ranging from industrial inputs to food and energy supplies. As maritime transport carries nearly 90 percent of world trade, even temporary disruptions at major chokepoints rapidly transmit instability across the global economy.

Longer rerouted voyages substantially increase fuel consumption and operational expenditure for shipping companies. Vessels travelling thousands of additional nautical miles require significantly larger quantities of marine fuel, while prolonged voyage durations also increase crew, maintenance, and chartering costs. Simultaneously,



heightened geopolitical tensions and security threats in vulnerable maritime regions generate sharp increases in war-risk insurance premiums and shipping surcharges. Insurers frequently classify conflict-prone waters as “high-risk zones,” compelling shipping firms to pay additional coverage fees or avoid these routes entirely. These increased operational and insurance costs are ultimately transferred into higher freight rates. UNCTAD reported that global container freight rates more than doubled during periods of Red Sea disruption due to rerouting pressures, fuel expenses, insurance surcharges, and vessel shortages. Such freight inflation contributes directly to broader economic instability by increasing transportation costs for raw materials, manufactured goods, food products, and energy resources, thereby intensifying inflationary pressures across global markets. Import-dependent developing economies and Small Island Developing States (SIDS) are particularly vulnerable, as they possess limited capacity to absorb rising transport and import costs.

Shipping delays and rerouting further intensify port congestion as vessels arrive irregularly and accumulate at major transshipment hubs. Congestion reduces port efficiency, prolongs cargo handling times, and creates bottlenecks across maritime logistics chains. Delayed cargo deliveries disrupt industrial production schedules and reduce supply reliability, while congestion simultaneously drives up demurrage fees, warehousing costs, and container shortages. In energy markets, disruptions to maritime routes elevate uncertainty surrounding oil and liquefied natural gas supplies, encouraging speculative price increases and volatility in global commodity markets. The cumulative effect of rerouting, elevated fuel consumption, insurance surcharges, congestion, and delayed deliveries therefore extends far beyond the shipping sector itself; these pressures weaken global trade stability, amplify inflation, increase production costs, and heighten the risk of broader macroeconomic instability within an increasingly interconnected international economy.

6.3 How dollar dependence and SWIFT disruptions undermine developing countries.

Dollar Dominance



The US dollar has served as the world's leading reserve currency since World War II. Today, the dollar represents 58 percent of foreign reserve holdings worldwide. The euro, the second-most-used currency, accounts for only 20 percent of foreign reserve holdings.

The U.S. dollar has reached historic high levels not seen for two decades, as the United States Federal Reserve has been increasing its interest rates aggressively since March 2022 amid stubbornly high inflation. Higher interest rates and the relative stability of the United States economy have boosted the dollar's appeal and triggered a 'flight to safety' in the international capital market.

For developing countries, rising interest rates in the United States and the appreciation of the U.S. dollar have translated into rising debt servicing and borrowing costs and worsening fiscal and current account balances, which is undermining the prospects of their full economic recovery from the pandemic. In the long run, a strong dollar can also negatively impact economic growth in developing countries by increasing the cost of capital and reducing public and private investments.

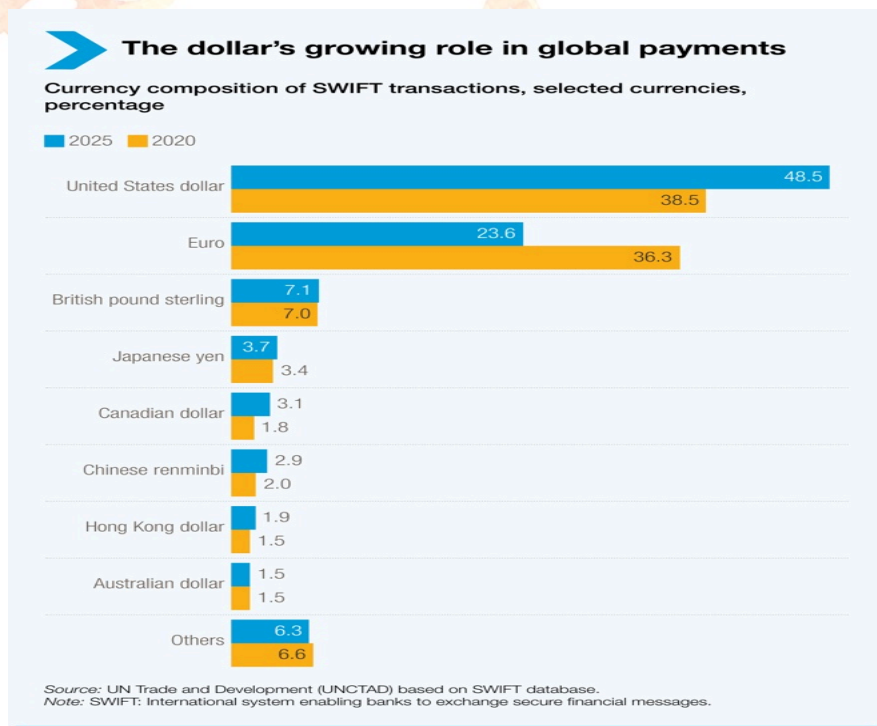
Furthermore, a strong dollar adversely affects the price of imports, especially for developing countries that rely heavily on imports to meet domestic demand for food and energy. While a strong dollar can help to contain inflationary pressures in the United States, it has the opposite effect on inflation in net food and energy importing developing economies. In the current geopolitical context, a stronger dollar is undermining the food and energy security of many developing countries, as the import prices of food grains and oil—denominated in local currencies—have risen sharply in recent months.

The policy challenges for developing countries are even more daunting now. There is little room to maneuver given the persistent supply-side bottlenecks aggravating inflationary pressures and high levels of dollar-denominated external debt. Also, the deteriorating economic outlook for developing countries will likely further weaken their exchange rates in the near term, exacerbating capital outflows and further worsening their financing conditions. Against this backdrop, many developing countries will face a



difficult uphill battle to steer a robust recovery, stimulate growth, and make progress towards achieving the SDGs.

Swift Disruptions



The weaponization of the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network has fundamentally shifted its role from a neutral financial utility to a pivotal instrument of geopolitical statecraft, creating profound systemic vulnerabilities for the Global South. While developed nations utilize SWIFT exclusions as a primary non-kinetic tool of coercion, developing countries bear the brunt of the resulting "fragmentation" of global financial markets. For emerging economies, a sudden disconnection or disruption such as the landmark exclusion of Russian banks in 2022 severely cripples trade by forcing reliance on archaic, manual, and high-risk alternative payment methods. This "de-risking" environment increases transaction costs, delays essential imports, and undermines foreign direct investment.



7. THE INTERNATIONAL NORTH-SOUTH TRANSPORT CORRIDOR (INSTC)

The INSTC connects India, Iran, Russia, and Central Asia to one another via a combination of maritime, rail, and freight. The INSTC aims to reduce transit times for goods moving between South Asia and Eurasia.

Provide alternatives to shipping by sea on existing European routes. It improves connectivity for landlocked developing countries in Central Asia and provides greater access to maritime trade routes. While the INSTC provides landlocked developing countries with multiple options by way of opening up new routes, ongoing geopolitical tensions involving Russia and the related sanctions regime raise concerns regarding future viability, finance, insurance, and other issues that may affect the corridor's long-term viability.

7.1 The India-Middle East-Europe Corridor (IMEC)

In 2023, the IMEC initiative was announced as part of the G20 summit and will connect India and the Gulf Coast region with Europe through a combination of rail and maritime infrastructure.

IMEC's goals are to enhance supply chain efficiency, reduce transit times, increase energy and digital interconnectivity, and enable greater economic integration across Asia, the Middle East, and Europe. All proponents of the IMEC project will continue to collaborate.

7.2 Belt and Road Initiative (BRI)

China's Belt and Road Initiative stands as one of the biggest infrastructure connectivity programs in modern history. Its maritime and land corridors aim to reduce dependence on vulnerable chokepoints like Malacca. Enhance Chinese trade connectivity. Set up ports and logistics hubs. BRI projects include Gwadar Port, the China-Pakistan Economic



Corridor (CPEC), and the initiative is a subject of debate when it comes to debt sustainability, dependency-security, concerns about sovereignty, and infrastructure governance. UNCTAD generally stresses that infrastructure connectivity can help development but that financing models have to remain transparent, sustainable and inclusive.





8. ENERGY AND COMMODITY SECURITY

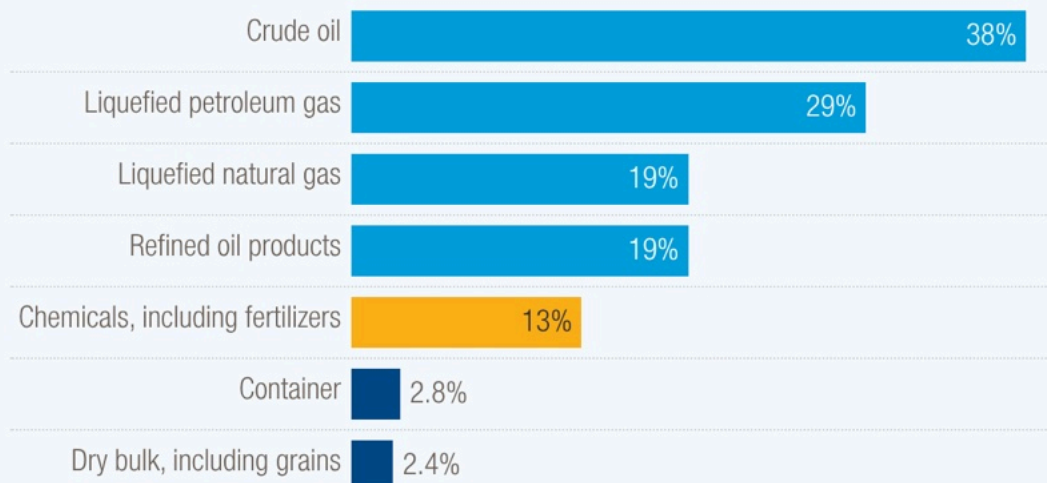
8.1 Oil, gas, coal, fertilizers, and critical minerals



The Strait of Hormuz is a vital passage for global trade

Share of global trade passing through the Strait, based on average flows during the week before the military escalation that began on 28 February

Oil and gas Chemicals Shipping



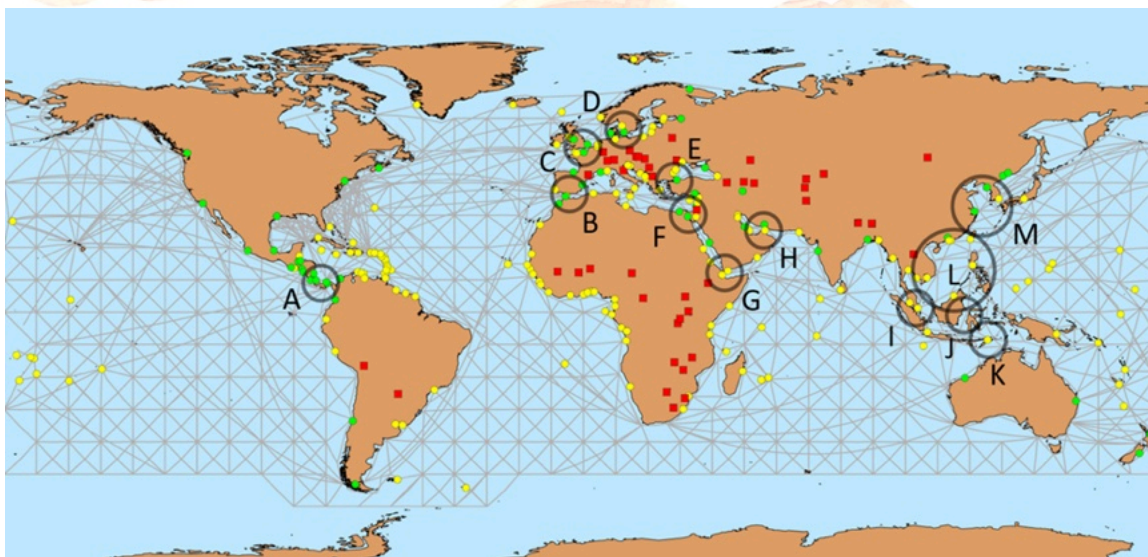
Source: UN Trade and Development (UNCTAD), based on data provided by Clarksons Research 2026.
Note: In 2024, total oil transported through the Strait was around 20 million barrels per day (bpd), or the equivalent of 25% of global seaborne oil trade. Crude oil and condensate account for 14 million bpd and petroleum products for 6 million bpd.

Disruptions along key maritime routes affect the transportation of oil, gas and other critical energy commodities. The Strait of Hormuz is one of the world's most important oil transit chokepoints. Before the current conflict, a fifth of the world's traded oil typically flowed through the strait every day, alongside massive volumes of liquefied natural gas (LNG). As the sector navigates these complexities in a world in which disruption is becoming part of the "new normal". Furthermore, the war in Ukraine and constrained shipping in the Black Sea have led Egypt to source grain from Brazil or the



United States instead of Ukraine and oil shipments from the Russian Federation have been directed towards China and India instead of Europe. Therefore, prioritizing the energy transition and fostering agile, resilient transport and logistics will go a long way towards helping global trade and the world economy thrive.

8.2 Trade dependence on chokepoints



Major marine chokepoints: (A) Panama Canal, (B) Gibraltar Strait, (C) English Channel, (D) Danish Straits, (E) Bosphorus Strait, (F) Suez Canal, (G) Bab-el-Mandeb Strait, (H) Strait of Hormuz, (I) Malacca Strait, (J) Lombok-Makassar Strait, (K) Ombai Strait, (L) South China Sea, and (M) East China Sea.

Maritime chokepoints are narrow passageways crucial for global commerce and security, funneling the bulk of global trade. Their strategic locations, lack of practical alternatives, and the landlockedness of certain states make them focal points of weaponized interdependency. The Suez Canal, connecting the Mediterranean Sea to the Red Sea, is one of the world's most crucial maritime passages, handling 12% of global maritime commerce. It functions as one of the shortest routes between the East and the West, acting as a bridge between Asia and Europe to facilitate the transportation of consumer goods. Blockage of any one of the key marine chokepoints will re-route global shipping. For



instance, the Suez Canal's importance was highlighted by the recent attack on ships in the Red Sea in late 2023, which forced approximately 470 container vehicles to reroute around the Cape of Good Hope. This alternative passage extended the turnaround time by almost 17 days, leading to an escalation in shipping rates that affected textile and automotive industries.

Moreover, elevated premiums alone can create trade chokepoints, even in the absence of a physical or military blockade. And since numerous countries depend on these key chokepoints for access to shipping, closure of key chokepoints will cause massive regional shipping delays and port backlogs.

8.3 Food security and humanitarian impacts

Over four fifths of all trade in the world flows through the high seas. This includes the crucial trade of food, energy, and other essential goods. As recent trade disruptions, and most notably that of Black Sea food exports due to the war in Ukraine have shown, in our interconnected world, billions of people need open ports and steady ships to eat, keep their lights on, and have their hospitals well-stocked. An UNCTAD report published on 20 October shows how the Black Sea Grain Initiative signed in July 2022 to resume exports of Ukrainian grain via the Black Sea amid the ongoing war has offered hope and shown the power of trade in times of crisis. The renewal of the UN-led initiative is vital to continuing to drive global food prices down and ensuring food security worldwide, especially in developing countries. The initiative was set up to reintroduce vital food and fertilizer exports from Ukraine to the rest of the world. The UN welcomes such initiatives, which have moved 25 million metric tons of grains and foodstuffs, helping to bring down food prices and stabilize global markets. Also, renewed threats in 2026 amid escalating tensions risk full blockades, with material consequences for grain and oil imports across dependent economies.

Furthermore, the Food and Agriculture Organization (FAO) of the UN notes that energy security and food security are inextricably linked; spikes in petroleum and natural gas prices directly inflate the costs of nitrogen-based fertilizers. A prolonged blockade of



energy chokepoints coincides with catastrophic risks for global cropland, heavily impacting food-import-dependent economies in sub-Saharan Africa and South Asia.

9. LEGAL AND GOVERNANCE FRAMEWORK

9.1 UNCLOS and maritime rights

The world's critical maritime chokepoints, the narrow straits through which global trade and other shipping transits, have always carried enormous strategic weight. In peacetime, the rules governing straits are codified in the United Nations Convention on the Law of the Sea 1982 (UNCLOS 1982). Articles 37 through 44 of UNCLOS explicitly govern the regime of transit passage in straits connecting parts of the high seas or exclusive economic zones. This legal framework guarantees ships and aircraft the right to continuous and expeditious passage, explicitly prohibiting coastal states from hampering or suspending this transit, a vital protection for energy corridors like the Strait of Hormuz.

9.2 Limits of current governance

The situation changes when conflict erupts. The legal architecture of transit passage, designed for the peaceful use of the seas, comes under strain, and the consequences of nations' actions in conflict ripple far beyond the main theatre of conflict. The analysis reveals that chokepoints governed by cooperative states tend to reinforce predictable legal regimes and operational access, whereas those in unstable or non-aligned regions expose systemic vulnerabilities. Security challenges like the attack on ships in the Red Sea, blockade by the Ever Given ship, and over-reliance on certain routes for energy security can result in a significant threat that smaller island nation-states can inflict upon major economies.

9.3 Gaps in enforcement and cooperation



In response to these growing challenges, UN Trade and Development's (UNCTAD) Review of Maritime Transport 2024 calls for swift and coordinated action to safeguard global trade and mitigate the effects of these chokepoint vulnerabilities. The organization emphasizes the need to: strengthen international cooperation and enhance monitoring systems to ensure well-functioning shipping routes, provide early warnings and enable the rapid, efficient rerouting of vessels. Improving international collaboration, strengthening trade pacts and alliances (to ensure smoother and more predictable maritime trade flows) and engaging in collaborative efforts to manage risks and disruptions in supply chains are the main objectives of the UNCTAD.

10. PRIVATE SECTOR AND INSURANCE

10.1 Shipping industry responses



Maritime trade under pressure: Growth set to stall in 2025

Growth in maritime trade, tons, annual percentage change, 2001–2025



Source: UN Trade and Development (UNCTAD), based on Clarksons Research, Shipping Intelligence Network time series (July 2025).
Note: Data for 2025 is a forecast.

Since mid-November 2023, disruptions along the shipping route in the Red Sea have led major players in the shipping industry to suspend transits through the Suez Canal. The number of monthly transits through the Suez Canal across all ship segments has declined since the onset of the disruptions. Significant shares of ships across all shipping segments on the Asia-Europe and Asia-Atlantic trade lanes have diverted trajectories and begun to sail around the Cape of Good Hope. The disruption to chokepoints seen in the past two years suggests the need for action in four areas to enhance the resilience of supply chains and ensure unhindered global maritime trade flows:

- Diversifying shipping routes to avoid overreliance on major hub ports and developing contingency plans that include alternative routes and ports.



- Enhancing cooperation among shippers, logistics providers and ports, to optimize supply chain efficiency, reduce transit times and decrease transport costs.
- Improving international collaboration, strengthening trade pacts and alliances (to ensure smoother and more predictable maritime trade flows) and engaging in collaborative efforts to manage risks and disruptions in supply chains.
- Using technology, data, demand forecasting and early warning systems, to enhance preparedness and optimize capacity at chokepoints.

In the event of severe chokepoint weaponization, the shipping industry is often forced to rely on the deployment of naval convoys and escorts. The impact extends heavily to seafarers—who constitute one of the world's largest multinational labour forces—exposing them to severe operational risks, stranding, and wage delays when commercial voyages are suddenly suspended by shipping conglomerates.¹

10.2 Route diversification and rerouting

Together, the war in Ukraine, the disruption in the Red Sea and the reduced water levels in the Panama Canal have caused maritime shipping and trade to shift onto longer routes. While rerouting away from the Suez increased logistical costs, it facilitated a commensurate increase in shipping rates from Shanghai to LA by 133%, and from Shanghai to Rotterdam by 158%. Average distances travelled per ton of cargo continued to expand in 2023, part of a trend that began about two decades earlier, with distances increasing from an average of 4,675 miles in 2000 to 5,186 miles in 2024. Diversifying shipping routes and supporting regional trade initiatives to reduce dependency on long-distance routes and boost intraregional trade flows is an integral part of the organisation.

Furthermore, while route diversification is theoretically viable for certain passages, it remains geographically impossible for others. For economies heavily reliant on Gulf energy exports, there is no viable maritime reroute around the Strait of Hormuz.



Moreover, with developing nations controlling a minimal fraction of global shipping tonnage, they lack the market heft to secure prioritized rerouting, leaving them highly vulnerable to logistical isolation.

10.3 Insurance markets and war-risk pricing

These disruptions are extending shipping routes, straining supply chains and raising costs, with profound impacts on food security, energy supplies and the global economy, as over 80 percent of world trade volume is carried by sea. When underwriters perceive heightened risks of attack or blockade, marine war-risk insurance markets react quickly to geopolitical crises at chokepoints, with premiums rising sharply or cover being suspended. Coverage that previously cost a fraction of a vessel's hull value for a limited period can jump several-fold, significantly increasing voyage costs and translating into higher shipping rates that are inevitably passed on to consumers.

11. TECHNOLOGY, DIGITALIZATION, AND THE RESILIENCE OF SUPPLY CHAINS

Digital transformation in global trade logistics Artificial intelligence, blockchain systems, cloud logistics platforms, and customs automation have improved efficiency but exacerbated vulnerabilities and inequalities. UNCTAD further emphasizes digital resilience in light of continuing trade and supply-chain security.

11.1 AI-Driven Logistics Platforms

Artificial Intelligence is used to optimize: shipping routes, cargo tracking port operation, forecasting of demands, inventory control, AI can boost efficiency and cut delays. However, there are fears that control over digital logistics systems is held by a few dominant firms and technologically advanced countries. Developing countries may face



limited digital infrastructure and dependence on foreign logistics platforms, reduced bargaining power, and unequal access to trade-related data. UNCTAD warns that digital trade technologies may exacerbate existing trade divides in the world.

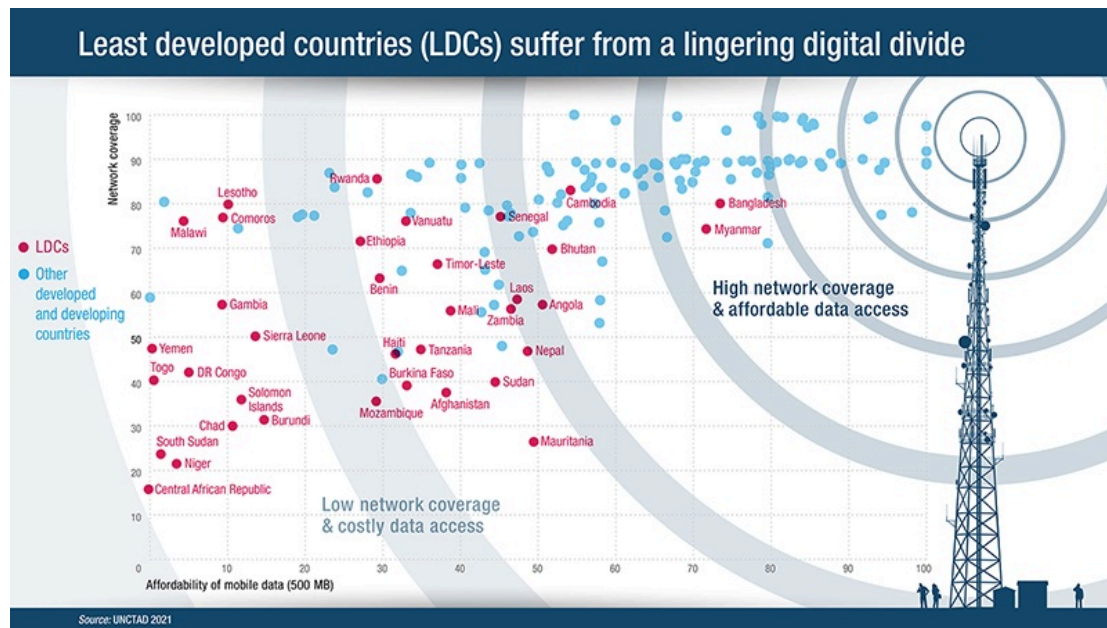
11.2 Blockchain Cargo Tracking and ASYCUDA Integration

Blockchain systems can enhance transparency and reduce fraud in cargo management through secure and traceable digital record-keeping. UNCTAD's ASYCUDA programme is an instrument for customs modernization and trade facilitation in over 100 countries and territories. According to UNCTAD, customs automation cuts down on clearance times. There is transparency in systems. Electronic documentation reduces transaction costs. Interoperability builds a more resilient trade. Finally, the new generation of ASYCUDA features cloud-based systems and enhanced integration of data to promote secure and efficient trade systems. For developing nations, digitalization of the customs can enhance the efficiency of trade and reduce corruption.

11.3 Cybersecurity of Ports and Logistics Infrastructure

This creates a great threat to the continuity of trade as ports are becoming more digitized. The cyber disruptions can be: tracking of containers, database for customs, scheduling of the port, cargo release systems, and shipping communications. The UNCTAD views cybersecurity as a trade and development issue, not just a technological one. A cyberattack against a major port facility could have comparable cascading economic consequences as blockading the ports physically, as it can cause a regional supply chain disruption. Developing countries are particularly vulnerable due to limited cybersecurity infrastructure, technical expertise, and financial resources.

11.4 Digital Infrastructure Gaps in LDCs



Least Developed Countries (LDCs) encounter significant obstacles in implementing high-level trade technologies. These include inadequate internet infrastructure, high costs of implementation, limited digital literacy skills, and lack of institutional capacity. UNCTAD argues that without international support, digital transformation could exacerbate global inequality instead of reducing it. Therefore, capacity-building, financing assistance, and technology transfer are critical components of resilient and inclusive trade systems.



12. ENVIRONMENTAL AND CLIMATE DIMENSIONS OF MARITIME TRADE SECURITY

12.1 Panama Canal

The Panama Canal Authority (ACP) has limited the number of vessels passing through the canal for several dry months due to water scarcity. Restrictions were also imposed on ships' depth while in the canal, curbing the amount of cargo they can hold.

Importance of panama canal

Panama is a small country that plays a big role in global commerce. The waterway accounts for almost 6% of global maritime trade, servicing 144 maritime routes used by more than 150 nations. Around 14,000 ships pass through the canal each year, carrying over 500 million tons of food, minerals and factory-made products. About \$270 billion in cargo is handled annually.

Geopolitical Tensions Surrounding the Panama Canal

The US and multiple South American and Caribbean nations issued a joint statement accusing China of “targeted economic pressure” and actions that have “affected Panama-flagged vessels”. They said China had detained Panama-flagged ships in its ports, adding that these actions were “a blatant attempt to politicise maritime trade and infringe on the sovereignty of the nations of our hemisphere”. China, however, hit back, accusing the US in particular of hypocrisy, while appearing to deny the claim that it had captured the Panama-flagged ships. “Who occupied the Panama Canal for a long time, invaded Panama with its military, and arbitrarily trampled on its sovereignty and dignity? Who covets the Panama Canal, seeks to turn this international waterway – meant to remain permanently neutral – into its own territory, and disregards the sovereignty of regional countries? The answer is self-evident,” Lin Jian, a spokesperson for China’s Ministry of Foreign Affairs, said on Wednesday. The flare-up comes three months after Panama’s



Supreme Court scrapped a longstanding concession held by a Hong Kong-linked company to operate the Balboa and Cristobal ports.

Impacts of the droughts

Severe drought conditions at the Panama Canal during 2023–2025 exposed the growing vulnerability of global maritime chokepoints to climate change and water scarcity. The canal depends on freshwater from Gatún Lake to operate its lock system, and declining rainfall linked to changing climate patterns and El Niño conditions forced the Panama Canal Authority to reduce daily ship transits and impose draft restrictions on vessels.

The economic effects of the drought extended across both developed and developing economies heavily dependent on maritime commerce. The United States and China, the canal's largest users, experienced delays in the movement of manufactured goods, energy shipments, agricultural commodities, and container trade. Increased transit costs and rerouting pressures affected supply-chain efficiency and raised broader concerns regarding global trade resilience. Developing economies in Chile, Peru, and Ecuador were particularly vulnerable because significant portions of their exports and imports transit through the canal. Caribbean Small Island Developing States also faced rising food and fuel import prices due to increased freight costs and shipping delays. Trade assessments by UNCTAD warned that prolonged disruptions in strategic maritime chokepoints could deepen inflationary pressures, weaken trade connectivity for developing economies, and increase global economic instability. The Panama Canal drought therefore became not only an environmental crisis, but also a major example of how climate change can threaten trade continuity, supply-chain security, and the neutrality of critical maritime infrastructure.



12.2 Arctic route opening: new development opportunity or new inequality in access and governance?

Emergence of New Shipping Routes

As Arctic sea ice diminishes, previously impassable regions are becoming navigable, leading to the development of new shipping routes. The Northern Sea Route (NSR), which runs along Russia's Arctic coast from the Kara Sea to the Bering Strait, has become increasingly viable during the summer months. In October 2025, the Chinese container ship Istanbul Bridge completed its maiden voyage via the NSR, reducing the typical Asia-Europe transit from 40-50 days via the Suez Canal to approximately 20 days. This reduction represents not only faster delivery times but also lower fuel consumption and reduced carbon emissions for shipping companies.

The Impacts of a Newfound Arctic Landscape:

1. Geopolitical Implications

The opening of Arctic shipping routes has significant geopolitical ramifications, prompting nations with Arctic coastlines, such as Russia, Canada, the United States, Norway, and Denmark (via Greenland), to enhance maritime capabilities to assert control over these emerging passages. Russia has invested heavily in expanding its icebreaker fleet and Arctic ports, while Canada has increased patrols along its Northwest Passage claims. Furthermore, China, though a non-Arctic nation, has attempted to tap into the Arctic riches. The launch of the China-Europe Arctic shipping route exemplifies this policy, forming part of a broader "Polar Silk Road" initiative. These developments could alter traditional trade patterns, decrease reliance on maritime chokepoints such as the Suez Canal and Panama Canal, and challenge existing alliances. In response to this increased activity, the United States and Finland announced a joint initiative to build 11 icebreakers to strengthen Arctic presence and security.

2. Economic Benefits of Arctic Shipping



New Arctic shipping lanes offer a lot of tangible economic benefits. This is because reduced voyage times translate to lower fuel costs, faster inventory turnover, and significantly lower shipping fees. For global trade hubs, shorter transit times from Asia to Europe could impact supply chains, enabling faster delivery of goods and more efficient freight scheduling. Analysts estimate that using the NSR instead of the Suez Canal can reduce costs by up to 30% for some container routes. Additionally, Arctic shipping could expand opportunities for natural resource extraction, such as oil, gas, and minerals through newer EEZs, although these activities are heavily regulated and environmentally sensitive.

12.3 Rerouting and carbon cost: trade efficiency vs. decarbonization commitments

Escalating Trade Costs and Carbon Inefficiency from Extended Shipping Routes

Global rerouting of maritime trade due to chokepoint constraints such as the Panama Canal drought has led to measurable increases in freight costs, transit times, and emissions intensity. Restrictions during severe drought periods reduced daily vessel transits significantly, forcing shipping lines to reroute through the Cape of Good Hope, adding approximately 7–10 extra sailing days per voyage depending on origin-destination pairs and increasing fuel consumption by up to 30% per trip in some long-haul container routes. Even a 1% increase in shipping distance can raise global trade costs by up to 0.4–0.6%, demonstrating the high sensitivity of freight markets to route disruptions. Congestion-driven rerouting and capacity limits at the Panama Canal have contributed to a sharp rise in spot freight rates for LNG and container shipping, particularly during peak demand periods when transit slots are reduced. These inefficiencies compound fuel burn, with heavy fuel oil vessels emitting significantly higher CO₂ per nautical mile on extended routes. Collectively, these disruptions are estimated to increase sectoral shipping emissions by millions of tonnes of CO₂ annually, directly undermining International Maritime Organization (IMO) decarbonization pathways.



Disproportionate Economic Burden on Developing Economies and SIDS

Drought conditions in the Panama Canal, instability in the Red Sea, and disruptions around the Suez Canal have extended shipping routes, strained supply chains and raised costs across global trade networks. As vessels reroute through longer alternatives such as the Cape of Good Hope, global vessel ton-mile demand has increased significantly, including a reported 12% rise in container ship demand. These extended voyages increase fuel consumption, freight costs, and greenhouse gas emissions, undermining efforts to reduce the carbon intensity of maritime transport. Since over 80% of global trade volume is transported by sea, disruptions in maritime chokepoints have direct implications for both trade efficiency and global climate governance.

Countries such as Colombia, Peru, Chile, Ecuador, Panama, Costa Rica, Guatemala, and Caribbean SIDS including the Dominican Republic, Jamaica, Barbados, and Trinidad and Tobago face disproportionate economic pressure from rerouting caused by disruptions at chokepoints like the Panama Canal. These economies depend heavily on maritime corridors for exports and essential imports, making them highly vulnerable to increased freight costs, delays, and supply chain instability when vessels are diverted to longer routes such as the Cape of Good Hope. In contrast, major economies such as the United States, China, and the European Union can absorb such shocks through diversified logistics networks, widening the inequality gap in global trade resilience.

12.4 Sea-level rise: port infrastructure vulnerability in SIDS, LDCs, and coastal developing states

Small Island Developing States (SIDS) share a number of socio-economic and environmental vulnerabilities that challenge their growth and development aspirations. Their climate, location and geomorphology, as well as their reliance on coastal transport infrastructure, in particular seaports and airports, exacerbate these vulnerabilities, including their susceptibility to climate variability and change (CV&C)



factors, such as sea-level rise and extreme weather events. At the same time, SIDS' capacity to adapt and to build resilience of their coastal transport infrastructure is constrained. SIDS have limited financial and human resources to conduct targeted vulnerability studies, carry out cost assessments, and identify and prioritize requisite adaptation options.

Two issues are pervasive:

1. The lack of information/data at a downscaled local level
2. Insufficient cooperation and coordination of action at all levels

Building on UNCTAD's related research and consensus building work, a United Nations Development Account funded project on "Climate change impacts on coastal transport infrastructure in the Caribbean: enhancing the adaptive capacity of Small Island Developing States (SIDS)" has been implemented.

The project — completed at the end of 2017 — aimed to strengthen the capacity of policy makers, transport planners and transport infrastructure managers in SIDS to:

1. Understand climatic impacts on coastal transport infrastructure - in particular seaports and airports.
2. Take appropriate adaptation response measures.

Case Study: Durban Port

The port of Durban was closed on Apr 12, 2022 after the city faced heavy rains in over six decades that caused flooding and mudslides in various parts of the city. The port, which is considered a key trade route for South Africa and its landlocked neighbors, had to put all operations at its terminals on hold since Monday night, as confirmed by Transnet SOC Ltd., the country's state-owned port and rail operator. The firm also mentioned that its Richards Bay ports, along with rail lines in a few parts of the KwaZulu-Natal province, were operating at "limited capacity" due to flooding.

The full economic cost of the floods is still to be calculated, but recent estimations by the government have put the figure at R17bn (\$1bn). Industry sentiment has also been



severely affected. For example, in April the Absa purchasing managers' index, which measures manufacturing sentiment, plummeted to 50.7 from 60 prior to the floods, its biggest fall in nine months.

VII. SUMMARY AND KEY FOCUS POINTS

Chokepoint	Key Goods Passing Through	Most Affected Countries	Current Risk Level	Core Legal Issue	Key UNCTAD Policy Option
Strait of Hormuz	Oil, LNG — 20–25% of world supply	Japan, India, South Korea, EU, Pakistan	Active / Disrupted	Iranian territorial claim vs. UNCLOS transit passage rights	Multilateral trade disruption compensation fund; energy reserve mandates
Bab el-Mandeb	Container goods, grain, oil, fertiliser	East Africa, Southern Europe, South Asia, Yemen	Active / Disrupted	Non-state actor disruption — no binding legal remedy exists	Emergency trade facilitation windows; rerouting cost subsidy for LDCs
Suez Canal	7–10% of all global trade	Europe-Asia corridor nations,	High Risk	Egypt's sovereign revenue vs. global trade access;	Canal revenue-sharing mechanism; LDC



		Egypt, East Africa		rerouting burden falls on poorest nations	freight stabilisation fund
Strait of Malacca	Electronics, oil, food — 20–30% of world trade	China, Japan, South Korea, ASEAN, India	Vulnerable	US-China rivalry; piracy; no single governance framework	ASEAN cooperative model as global template; UNCLOS transit passage protection
Panama Canal	Atlantic-Pacific goods — 5% of world trade	USA, Latin America, East Asia	Climate Risk	Climate drought reducing capacity; Chinese port concessions creating geopolitical tension	International climate-resilience infrastructure fund; neutral canal governance standards
Turkish Straits (Bosphorus)	Black Sea grain, Ukrainian exports, Russian energy	Ukraine, Russia, EU, MENA food importers, Turkey	Geopolitical	Montreux Convention rules on wartime passage; Turkish discretionary control	Neutral grain corridor framework; WFP-UNCTAD food security mechanism



Lombok / Sunda Straits	Alternative to Malacca if closed	Australia, China, regional ASEAN	Stable	Depth limitations; Indonesian sovereignty	Capacity investment; pre-agreed alternative routing protocols
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Civilizational Implications of Maritime Chokepoints

For more than five centuries, a nation who controlled the world's narrow waterways controlled its wealth. By taking control of the Strait of Hormuz in 1507, the Portuguese Empire gained control of a toll road connecting much of the Eastern hemisphere's commerce. With the purchase of the Suez Canal company in 1875 via a Rothschild deal completed in just two days, Great Britain ensured itself both the means to project power from London all the way to Calcutta with one fell swoop. In building the Panama Canal, the US armed its naval forces with the power of redeployment between two oceans, as well as tying the global economy into dollar-dominated settlements. As of 2026, the situation is identical. More than 80 percent of global trade by volume relies on shipping, traveling along routes so concentrated that less than ten chokepoints account for the lion's share of trade, energy, and food supplies carried around the planet.

The 2023-2026 Chokepoint Crisis

The Red Sea and Hormuz chokepoint crises of 2023-2026 have served as a real-time live stress test of chokepoint disruption in the age of JIT logistics. Following the use by Houthi forces of inexpensive (\$5,000-\$10,000) drones in late 2023 to disrupt shipping along the Bab el-Mandeb strait, the impact on container rates on the Asia-Europe route was instantaneous and exponential. Within six weeks, container rates on the Asia-Europe route increased by 256 percent. Shipping lines began rerouting ships through the Cape of Good Hope, thereby extending transit time by ten to fifteen days and drastically reducing effective ship capacity. Rates for war-risk insurance skyrocketed, and congestion became



more severe in alternative port routes. Meanwhile, the partial closure of the Strait of Hormuz from early 2026 placed twenty-one million barrels per day of oil transport, as well as essential Qatari liquefied natural gas cargos, at risk. According to the UN's FAO in March 2026, up to 20-45 percent of critical agrifood products, including fertilizer production chains that run through Hormuz, were potentially vulnerable to sustained disruption, increasing potential hunger among 45 million people.

Asymmetric Exposure

The most critical and underexplored feature of chokepoint crises lies in their asymmetrical exposure. The pain and gain are not evenly distributed. In the event of a spike in freight charges, developing countries – which generally rely on imports more heavily, have lower foreign exchange reserves, and possess less logistical maneuverability – will bear burdens they can neither shift nor hedge. Small Island Developing States, already amongst the most maritime-dependent nations on earth, confront direct consumer price inflation in tandem with freight rate increases. For landlocked developing countries, vulnerability is further aggravated by transit route dependency that denies any maritime alternative. At the same time, leading ocean liners like Maersk and CMA CGM experienced record profits during the Red Sea chokepoint crisis, with financial analysts pointing to high rates and constrained effective capacity as the primary drivers of their gains. War-risk insurers, alternative pipeline companies, commodity traders with substantial energy holdings, and Cape Town port authorities all stood to benefit from the very same disruption that forced malnourished peoples to the brink. Asymmetry is not an accidental feature of the global trade regime; it is a structural feature.

UNCTAD's Governance Role: Between the Bilateral and the Systemic

UNCTAD is not a security organization. It does not deploy naval assets, impose sanctions, or conduct freedom of navigation operations. Its authority is normative, analytical, and consensus-building. This is, paradoxically, its greatest strength in addressing the weaponization of maritime chokepoints, because the most durable



solutions to chokepoint vulnerability are not military — they are structural. A global framework for compensating LDCs affected by chokepoint disruptions, a windfall levy mechanism on extraordinary crisis-period freight profits, an expanded trade facilitation architecture that builds resilience into supply chain design, and cooperative governance frameworks for currently stable chokepoints — particularly the Strait of Malacca, where ASEAN's cooperative security model offers the world's only successful case of non-weaponized chokepoint governance — all fall squarely within UNCTAD's institutional space. The legal architecture requires attention as well. UNCLOS of 1982 guarantees freedom of navigation and transit passage through international straits, but its enforcement is state-dependent and its language does not address non-state actors. The SUA Convention of 1988 addresses maritime terrorism but relies on state cooperation that frequently does not materialize. UNCTAD's contribution is to build the development-oriented governance layer that neither UNCLOS nor IMO was designed to provide.

Five Key Points That Delegates should focus upon

Chokepoint Security and Trade Access

Which straits and canals are being threatened? How are they being disrupted by states, by non-state actors, or by climate? What legal and trade frameworks can protect open access for all nations?

Developing Country Vulnerability and Compensation

Who absorbs the cost of disruptions? How do LDCs, SIDS, and LLDCs survive freight cost spikes, food shortages, and supply shocks when they have no fiscal buffer and no alternative routes?

Financial Architecture and Payment Systems

Is the US dollar a fair global trade currency or a financial chokepoint? What do BRICS alternatives, digital currencies, and new payment systems mean for developing country trade finance? Who benefits from a neutral multilateral payment system?



Legal Frameworks and Governance Gaps

UNCLOS protects freedom of navigation but not from rebel drones. The SUA Convention criminalises maritime terrorism but cannot be enforced without state cooperation. Where are the gaps, and what new frameworks does UNCTAD recommend?

Resilience, Remedies, and Alternative Architecture

How do we build a world where no single strait, no single currency, and no single supplier can hold global trade hostage? Alternative corridors, strategic reserves, supply chain diversification, digital logistics, and insurance reform all live here.

VIII. QUESTIONS A RESOLUTION MUST ANSWER

1. How can the United Nations Conference on Trade and Development strengthen multilateral governance frameworks to prevent the weaponization of maritime chokepoints during geopolitical crises?
2. What institutional mechanisms can be developed to ensure uninterrupted access to critical maritime trade corridors for developing economies during armed conflict, sanctions, or regional instability?



3. How can international maritime resilience policies better protect Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States from disproportionate economic shocks caused by disruptions at strategic chokepoints?
4. To what extent should strategic chokepoints such as the Suez Canal, Panama Canal, and Strait of Hormuz be recognised as assets of global economic importance requiring enhanced multilateral cooperation and protection?
5. How can UNCTAD facilitate transparent, sustainable, and non-coercive infrastructure financing for emerging trade corridors and port connectivity projects in the developing world?
6. What coordinated international measures can reduce food insecurity, freight inflation, and energy price volatility arising from maritime disruptions and supply chain rerouting?
7. How can climate-induced disruptions to maritime trade routes, including drought-related restrictions affecting major canals, be addressed through adaptive infrastructure and international financing mechanisms?
8. What role should digital trade systems, customs modernisation programmes, and the expansion of ASYCUDA play in strengthening trade resilience and reducing delays during maritime crises?
9. Should internationally harmonised cybersecurity standards be established for ports, logistics platforms, and maritime infrastructure to counter rising cyber threats to global trade networks?
10. How can UNCTAD improve coordination with the International Maritime Organization, World Trade Organization, and World Customs Organization to develop an integrated global framework for maritime trade security, resilience, and sustainable development?



IX. GUIDE TO RESEARCH

While national newspapers may be acceptable sources of factual information, we recommend that delegates only use globally recognised organisations and their reports for statistical purposes. This is due to the fact that during a prolonged era of an intense conflict and struggles as great as the ones you have to address, statistical information such as death tolls, casualties and even simple facts may be dramatised by certain states due to national bias and jingoistic motives.

While we do not expect you to scrutinise every piece of information that comes your way, we highly recommend you double check important facts and figures.

Additionally, here is a list of resources we accept in our committee to aid your research journey:

- Reuters
- Al-Jazeera
- UN organisations or UN affiliated organisations' reports
- Strategic Organisations' Reports such as NATO, The EU, ASEAN and so forth
- Humanitarian Organisations and Political Think Tanks
- Government Statements, Press Releases and Reports

Certain sources which are often a source of contention in MUN include Wikipedia and information gained from unsophisticated sources such as social media, blogs, unofficial journals. While these are great sources to gain understanding and information for personal use, please note that statements in the committee made solely on the backing of such sources will not be acceptable unless the very same facts are supported by another viable source.



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