



Issue 15

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**Global Trade:
Suez and Panama Canals**



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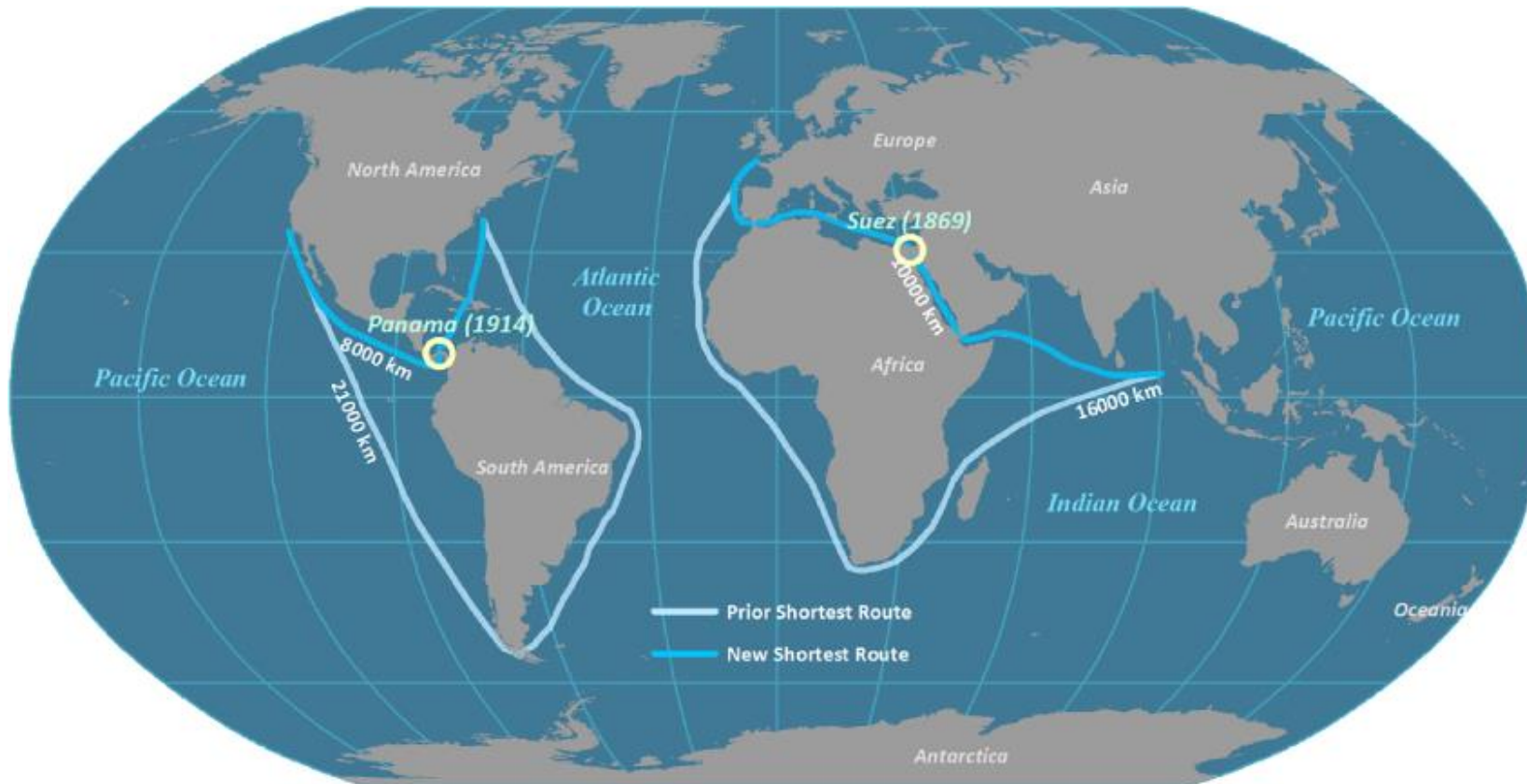
Canals come in all types and sizes, and defined as the waterways connecting the oceans to the small waterways within the cities. There are many cities around the world that host such known channels and contain the most important water channels in the world; among which are Suez and Panama canals. The construction of these canals had substantial impacts on global trade, mainly from two perspectives. The first and most obvious is the reduction of travel distances across economic regions, while the second relates to the introduction of the steamship during the same period which was able to use more direct routes at a faster and consistent speed, compounding the gains from shorter travel distances.



Question 1

What is the definition of waterway canals and what are the top 10 World famous canals?

The international waterways are straits, canals, and rivers that connect two areas of the high seas or enable ocean shipping to reach interior ports on international seas, gulfs, or lakes that otherwise would be land-locked. International waterways also may be rivers that serve as international boundaries or traverse successively two or more states. Ships have a right of passage through international waterways. This right is based on customary international law and treaty arrangements.



What is the definition of waterway canals and what are the top 10 World famous canals?



The White Sea-Baltic Sea Canal

- An important waterway that regularizes traffic internally along the Russian waterways starting from the White Sea in the north and extending to the Baltic Sea down south, constructed in 1933.
- Length: 227 km.
- Carry between 10-40 ships per day.



Rhine-Main-Danube Canal (Europa Canal)

- Located in Bavaria, Germany; connecting the Main and the Danube rivers across the European Watershed running from Bamberg via Nuremberg to Kelheim, was completed in 1992.
- Length: 171 km.
- Capacity to carry 1,200-ton ships with a height of 406 meters



Suez Canal

- Is an extremely essential shipping canal allowing the passage of vessels between the Mediterranean and the Red Sea, constructed in 1859.
- Length: 193 km.



What is the definition of waterway canals and what are the top 10 World famous canals?



Houston Ship Canal

- Mainly utilized to provide passage of ships entering the Houston harbor into the Gulf of Mexico, opened in 1830.
- Length: 81.3 km.



Volga-Don Canal

- Interlinks the Russian rivers Volga and Don, providing an important water passage through the Azoff Sea (a bay of the Black Sea) and the Caspian Sea to the major oceanic networks, opened in 1952.
- Length: 101 km.
- Ships can pass with 5,000 tons cargo capacity.



Kiel Canal

- Connecting the Baltic Sea with the North Sea, the Kiel Canal passes through the German province of Schleswig-Holstein, opened in 1895.
- Length: 98 km.



What is the definition of waterway canals and what are the top 10 World famous canals?



Welland Canal

- Is a ship canal in Ontario, Canada, connecting Lake Ontario and Lake Erie, opened in 1932.
- Length: 43 km.
- Carries 3,000 ships.



Manchester Ship Canal

- It passes through the Rivers Irwell and Mersey in the province of Liverpool and extends up to Manchester, opened in 1894.
- Length: 58 km.



Danube-Black Sea Canal

- An important passage in western Europe; connecting the Danube River to the Black Sea, this shipping canal also in a way interlinks the Black Sea to the North Sea by way of the Danube-Main-Rhine conduit and provides a maritime passage to Eastern Europe by way of the Volga-Don canal.
- Length: 64.4 km.



Panama Canal

- One of the most crucial maritime gateways in the western region, it provides connectivity between the Pacific and the Atlantic Oceans through the Panama isthmus, build in 1914.
- Length: 77.1 km.



The Suez Canal was inaugurated in **November 1869** after **10** years of construction.

Gamal Adel Nasser nationalized the Suez Canal in **1956** sparking the Suez Crisis.

The Canal operation was suspended in **1967** as a result of the six-day war then it was reopened in **1975**.

The **1980** expansion which increased the Canals capacity from 38 to 53 feet and added 42 miles two-channel waterway to the waterway

The project of drilling started in 2014 with cost of 8 BN USD. The **2015** expansion added another 22 miles increasing the Canal's capacity to 90 vessels a day

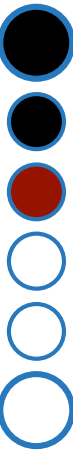
1869

1956

1967

1980

2015



- The Suez Canal is a **human-built artificial waterway** that connects the Red Sea and the Mediterranean.
- One of the world's most heavily used shipping lanes, the Suez Canal provides the **shortest maritime route** between Europe and the lands lying around the Indian and western Pacific oceans.
- **The Universal Maritime Suez Canal Company** was owned primarily by **France and the United Kingdom**, had a 99 year ownership rights over the canal since 1854.
- After the **1923** and **1936** treaties between Egypt and Britain, the British forces retreated from Egypt except for the Suez Canal region.
- It is estimated that around **120,000 Egyptians** were perished during the digging of the Canal.
- **This 120 mile (193 km)** stretch of water allows ships to travel between Europe and South Asia without navigating around Africa, reducing the sea voyage distance by about 4,300 miles (7,000 km); creating efficiency in the trade routes.
- **The project of drilling started in 2014 with cost of 8 BN USD.** However, the Egyptian government budget could not bear the whole cost so it issued certificates of investment with a return 12% for 5 years to raise 60 BN EGP per month. The Egyptian government succeeded in collecting **64 BN EGP (8.5 BN USD)** in just eight days. Since the opening in August 2015 until March 2016 the revenues reached **3.5 BN USD** with total number of passing ships reaching **17,483**.
- In 2016, **Aramada Karken** the giant oil tanker crossed Suez Canal paying **4.5 MM USD (81 MM EGP)** and this was the highest standard charges paid through the Canal history.



1904

The Americans took over the project and purchased the French assets in the canal zone for 40 MM USD in 1902 and after the French company went bankrupt

1935

The Panama Canal became a vital component to expanding global trade routes in the 20th century

2006

Panamans voted to pass a 5.2 BN USD project aimed at expanding the Panama Canal.

1881

The construction of the canal began

1914

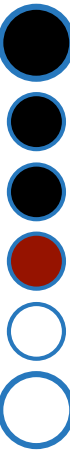
The canal construction was complete

1977

After decade of unrest, President Carter signed treaties that guaranteed Panama would regain control of Panama Canal

2016

5.25 BN USD is the cost of the project that will double the capacity of the canal as of June 2016



Question 3

What is the history of Panama Canal and its activities?

The length of the canal is **48 miles**

The amount of material excavated to build the canal was **15,910,972 m³**

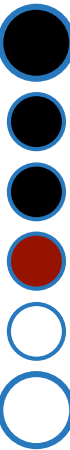
It takes **8-10 hours** to cross the canal



United States spent **8.6 BN USD**

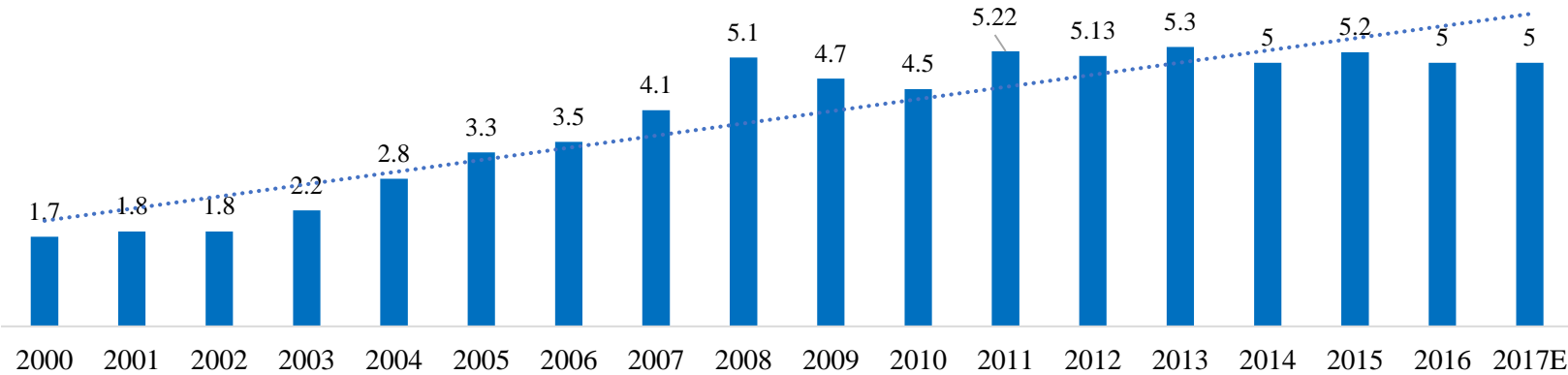
The average number of ships passing daily are **40 ships.**

99% of the world's container ships can pass through the newly expanded canal.

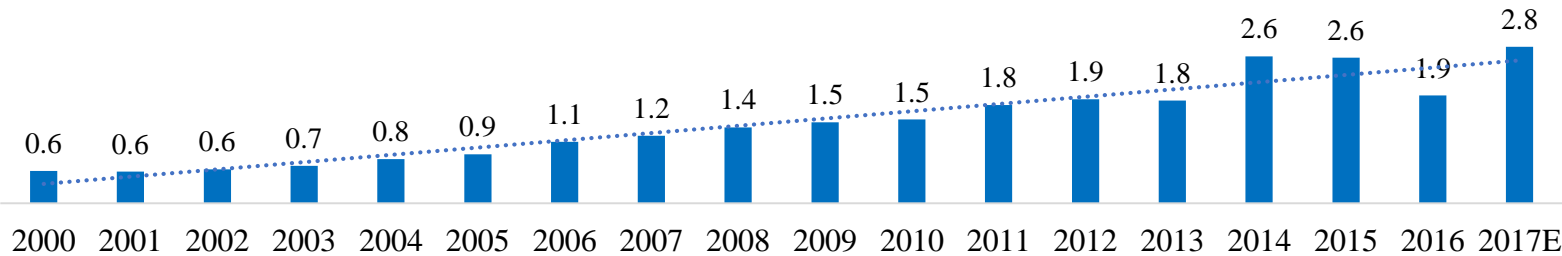


There are **locks** at each end to lift ships up to **Gatun Lake**, an artificial lake created to reduce the amount of excavation work required for the canal, 26 meters (85 ft) above sea level, and then lower the ships at the other end. **The original locks are 33.5 meters** (110 ft) wide. A third, wider lane of locks was constructed between September 2007 and May 2016.

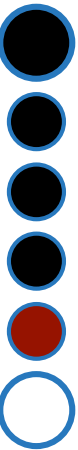
Suez Canal Revenues (BN USD)



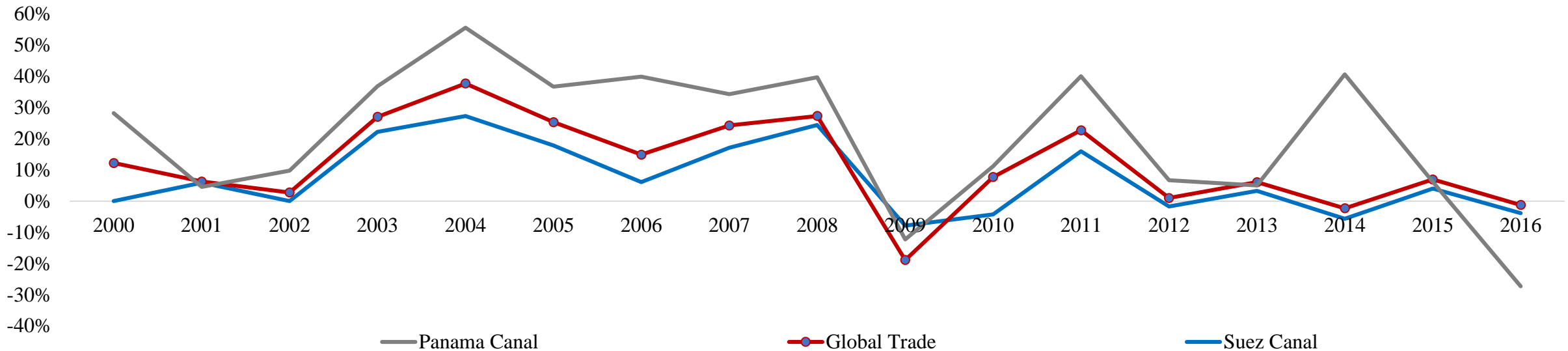
Revenues of Panama Canal (BN USD)



- Suez Canal revenues have recently declined reaching around **5 BN USD**.
- The Suez Canal income has declined by **4%** in January 2017 reaching 395.2 MM USD compared to 411.8 MM USD in January 2016.
- On the other hand, Panama revenues have declined in 2016 reaching **1.93 BN USD** compared to 2.61 BN USD, but it is expected to increase reaching 2.8 BN USD during 2017.



The Annual Growth of Suez Canal, Panama Canal and Global Trade



- Global trade indicates the collective worldwide movement of goods and services. The chart illustrates the annual rate of growth for global trade, Suez Canal trade and Panama trade.
- The rate of growth in Suez Canal, Panama Canal and Global Trade witnessed a significant drop in 2009 reflecting the financial crisis; however the overall trend later increased.
- The Global Trade and Suez Canal stabilized at a steady trend in the recent years that didn't yet reach the same levels prior to 2009, while the rate of growth in Panama canal didn't follow the same pattern; significantly increasing in 2014 followed with a strong drop in 2015 and 2016.

Suez Canal

- **Length:** 193 km
- **Revenues in 2016:** 5 BN USD
- The Suez route is well-supplied with coaling stations, etc., as there are plenty of islands and other points of call.
- Coal is easily and cheaply available on the Suez route, especially as coal occurs in many of the areas served by the Suez route.
- The Suez route serves some of the most thickly populated areas and carries therefore a much larger traffic.
- The Suez Canal is longer, has no locks.

Panama Canal

- **Length:** 77.1 km
- **Revenues in 2016:** 1.9 BN USD
- The Panama route suffers lacking the passage of enough islands and halting stations as the Pacific is a dreary ocean with little commerce.
- The Panama route serves regions which are deficient in coal. It has, however, considerable amount of oil.
- Panama route serves poor mountainous or desert regions like those on the east coast of North America or South America.
- Panama fees are less than Suez Canal.

The Panama and Suez Canals are the biggest achievements in ocean history within the past couple of centuries considered as important trade channels worldwide. Unlike Panama Canal, Suez Canal rate of growth is directly correlated to that of the global trade; indicating that the future trend would follow the same trend for a given forecasted period. Both the Panama Canal and the Suez Canal will likely continue expansion projects into the predictable future as mega-vessels continue to be introduced on carrier service strings.



**THANK YOU
THE END**

Cairo Office

Zepter Building:
Building S5-6, Area 5
District 1, 5th Settlement
New Cairo, Egypt
P.O. Box: 11477

Research Department Contact:
research@multiplesgroup.com

Dubai Office

Office No. N 415
North Tower, Emirates
Financial Towers, DIFC
P.O. Box: 506726
Dubai, UAE.
Tel: +97143518187

