



THE SUEZ CANAL: ITS HISTORY AND SIGNIFICANCE

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The events of March 2021, during which the Golden Class container ship *MV Ever Given* ran aground and subsequently blocked transit through the Suez Canal, has brought international attention to the history and significance of this saltwater highway and, more broadly, the importance of global maritime supply routes.

The Suez Canal is an artificial waterway in Egypt cutting across the Isthmus of Suez to connect the Mediterranean Sea and Red Sea. The canal is 193 kilometres in length with a transit time of 13–15 hours.¹ To put this into perspective for the average Australian motorist, that is the same distance as driving from Sydney CBD to Goulburn. The canal is a key transit point for the movement of goods between Asia, Europe and North America, with ships carrying anything from crude oil and gas to livestock and luxury cars. In the year 2019, 18,880 vessels passed through the canal – an average of 51 vessels per day – representing around 12 percent of total global shipping.²



Ships and escort vessels travelling through the Suez Canal. Image courtesy of Suez Canal Authority.

The History of the Suez Canal

The origins of the Suez Canal can be traced back to canal building during the pharaonic period. Egypt's first canal is thought to have been built under the reign of Senusret III (c.1874 BC). This canal, which linked the Red Sea and Mediterranean Sea via the Nile River, was variously abandoned, reopened and expanded by Sity I (1310 BC), Necho II (610 BC), King Darius (522 BC), Ptolemy II (285 BC), Emperor Trajan (117 AD) and Amro Ibn Ellass (640 AD).

The first efforts to build a modern canal on the Isthmus of Suez are credited to Napoleon Bonaparte during his campaign in Egypt and Syria (1798–1801). His hope was to create trade problems for the English, forcing them either to pay the French to use the canal or continue with the slower route of sending goods overland or around the Cape of Good Hope. The Suez project began in 1799, however, its feasibility was thrown into doubt following an incorrect calculation by cartographers and engineers that the Red Sea was 30-feet higher than the Mediterranean. Upon the advice that the creation of the canal would lead to the flooding of the Nile Delta, Napoleon abandoned the project.

It was not until 1847 that this error was amended, when members of the French intellectual movement Saint-Simonians reviewed the Suez project and provided a new feasibility report. In 1854, that report encouraged former French diplomat and engineer Vicomte Ferdinand Marie de Lesseps to seek out an agreement with the Egyptian viceroy for the construction of the Suez Canal. Four years later, the concessionary firm Universal Company of the Maritime Suez Canal (Suez Canal Company) was formed with the authority to cut and operate a canal for 99 years, after which time ownership of the canal would be handed over to the Egyptian government. Construction commenced the following year, but proved slow and expensive – both financially and in terms of labour force attrition, with tens of

¹ "About Suez Canal," *Suez Canal Authority*, <https://www.suezcanal.gov.eg/English/About/SuezCanal/Pages/AboutSuezCanal.aspx>.

² *Suez Canal Traffic Statistics Annual Report 2019*, Suez Canal Authority, Planning and Research Department.



thousands of Egyptian labourers estimated to have died while working on the project.³

On 17 November 1869 (four years behind schedule), the canal was opened for international navigation. The canal, Valeska Huber observes, “developed into a thoroughfare carrying not only information and goods but also individuals and their ideas”, ultimately facilitating globalisation and the continued colonisation of Africa by European powers.⁴ The canal became one of the most important pieces of infrastructure in the nineteenth and twentieth centuries and, today, it remains an artery of world trade.

Tension, War and Disruption

In the more than 150 years since the Suez Canal was opened, it has been a site of colonial and postcolonial struggle.

On 26 July 1956, Egyptian President Gamal Abdel Nasser announced the nationalisation of the Suez Canal and the immediate seizure of control from the Suez Canal Company. Egyptian forces occupied the canal, the Suez Canal Company assets were frozen, and the canal was closed to some foreign shipping. At this point, British and French private nationals made up the majority shareholders of the Suez Canal Company and it was in the interests of those two nations to maintain private ownership and unrestricted access to the canal. The French and British governments conspired with Israel to regain control of the canal. When Israel invaded Egypt in October, France and Britain deployed their own military forces under the thinly veiled guise of a mediation force. Against the advice of his Minister for External Affairs, Australian Prime Minister Robert Menzies supported the military intervention in Egypt.⁵ However, Australia was

one of only a handful of supporters, with the UN Security Council demanding the withdrawal of forces and the US threatening to block Britain’s access to assistance from the International Monetary Fund so long as it remained in Egypt. Facing a financial crisis, damaged international prestige and protests at home, Britain was forced to withdraw.⁶



Smoke rises over the Suez Canal following the initial Anglo-French assault during the Suez Crisis. Image courtesy of Imperial War Museums, MH 23509.

In 1967, the canal was again in the public eye during the Six-Day War between Egypt and Israel. On 5 June, as Israeli forces crossed into Egypt and moved to take control of the east bank of the Suez Canal, President Nasser closed the canal, blocking each end with sea mines and scuttling ships to further prevent transit. A ceasefire was reached within a week, however, diplomatic tensions remained and the canal was not reopened until 1975 following Israeli-Egyptian peace negotiations.⁷ During this eight year

³ “Suez Canal History,” *Suez Canal Authority*, <https://www.suezcanal.gov.eg/English/About/SuezCanal/Pages/CanalHistory.aspx>; T.R. Witcher, “Harbinger of the Future: The Suez Canal (Part 1),” *Civil Engineering – ASCE* vol. 90 (4) (2020): 36–9.

⁴ Valeska Huber, *Channelling Mobilities: Migration and Globalisation in the Suez Canal Region and Beyond, 1869–1914* (Cambridge: Cambridge University Press, 2013), 1.

⁵ Peter Edwards and Gregory Pemberton, *Crises and Commitments: The Politics and Diplomacy of Australia’s Involvement in Southeast Asian Conflicts*

1948-1965 (Sydney: Allen and Unwin with Australian War Memorial, 1992), 184.

⁶ David Lee, *Search for Security: The Political Economy of Australia’s Postwar Foreign Defence Policy* (Sydney: Allen and Unwin, 1995), 159–60; British Ambassador to the US to Foreign Office, 27 November 1956, TNA: T236/4190, cited in James Boughton, “Northwest of Suez: The 1956 Crisis and the IMF,” *IMF Staff Papers* 48, no. 3 (2001): 20.

⁷ “The 1967 Arab-Israeli War,” Office of the Historian, Department of State, United States of America, <https://history.state.gov/milestones/1961->



closure, international shipping routes were forced to take the much longer route around the Cape of Good Hope adding an additional 4600 nautical miles to a one-way voyage. Scarcely surprisingly, the operating costs for international shipping increased sharply.⁸



Fifteen cargo ships were caught in the Suez Canal when it closed in 1967, forced to remain there for eight years. By 1975, the engines in all but two of the ships had seized, with the remaining ships having to be towed out of the canal.

MV *Ever Given* and the Maritime Shipping Ecosystem

The enduring significance of the Suez Canal to global maritime supply chains was brought into sharp relief on the morning of 23 March 2021 (local time) when, amid high winds and a dust storm, the Panama-flagged, Taiwanese operated container ship *Ever Given* ran aground. The 400 metre long vessel became wedged diagonally in a single-lane stretch of the canal, bringing shipping to a standstill. The ship was eventually refloated

after a week of intensive excavation involving the dredging and removal of 30,000 cubic metres of sand and with the aid of thirteen tugboats.⁹



MV Ever Given, one of the largest container ships in the world, ran aground in the Suez Canal. Image courtesy Suez Canal Authority.

Although the canal is once again operational, the impasse caused by *Ever Given* proved an expensive one and there are reverberating disruptions to global trade.

Sea transport is the most economic and efficient means for the movement of international trade, with almost 90 percent of world trade traveling by sea.¹⁰ More than 420 vessels were brought to a standstill on either end of the canal during the obstruction, with an estimated cost to global trade of \$9.6 billion per day.¹¹ These delays have impacts on supply chains beyond the cargo on board stranded ships. There are only so many containers in the world, and these are routinely filled, shipped, emptied and refilled as they travel from port to port. When ships are stranded, there is the second order effect of tying up the containers needed to maintain this cycle. Port congestion in the days following the refloating of

⁸ [1968/arab-israeli-war-1967](https://history.state.gov/milestones/1969-1976/shuttle-diplomacy); "Shuttle Diplomacy and the Arab-Israeli Dispute, 1974–1975," Office of the Historian, Department of State, United States of America, <https://history.state.gov/milestones/1969-1976/shuttle-diplomacy>.

⁹ James Feyrer, "Distance, Trade, and Income – The 1967 to 1975 Closing of the Suez Canal as a Natural Experiment," *National Bureau of Economic Research Working Papers*, 2009, <https://www.nber.org/papers/w15557>.

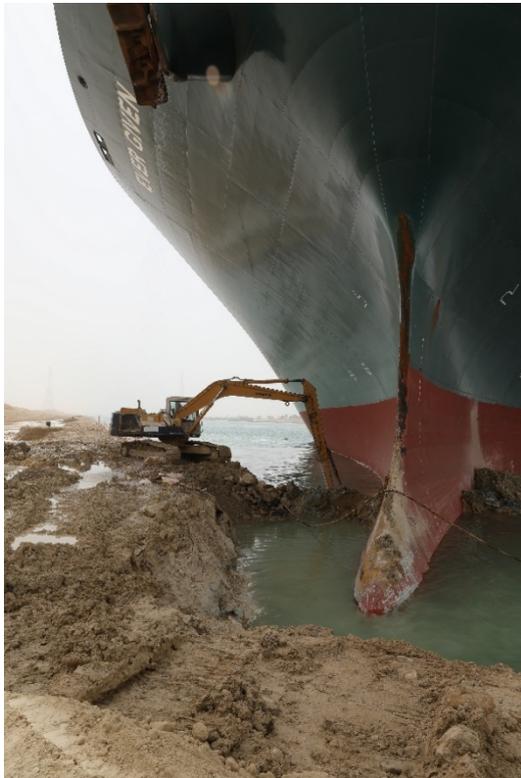
¹⁰ "Successful Refloating of *Ever Given*," 29 March 2021, *Suez Canal Authority*, https://www.suezcanal.gov.eg/English/MediaCenter/News/Pages/nav_29-03-2021.aspx.

¹⁰ "Shipping and World Trade: Predicted Increase in World Seaborne Trade, GDP and Population," *International Chamber of Shipping*, <https://www.ics.shipping.org/shipping-fact/shipping-and-world-trade-predicted-increase-in-world-seaborne-trade-gdp-and-population>.

¹¹ James Baker, Eric Watkins, David Osler, "Suez Canal Remains Blocked Despite Efforts to Refloat Grounded *Ever Given*," 24 March 2021, *Lloyd's List*, <https://lloydslist.maritimeintelligence.informa.com/LL1136229/Suez-Canal-remains-blocked-despite-efforts-to-refloat-grounded-Ever-Given>.



Ever Given also slowed traffic flows and some vessels were rerouted to avoid the Suez Canal. The cumulative effect is longer transit times, disrupted supply chains and assembly lines, and, ultimately, higher costs for consumers.¹² That such a level of disruption can emanate from a relatively short capacity point blockage calls attention to the complex and finely balanced ecosystem of maritime shipping.



The immense task of refloating Ever Given. Image courtesy Suez Canal Authority.

With more than 65 per cent of Australia's two-way trade centred in East, South and Southeast Asian

markets, the blockage of the Suez Canal has had only minor direct implications for the nation.¹³ However, Australia is one of the largest minerals, fuels and agricultural exporters in the world and the value of its annual exports by sea is in excess of \$252 billion. The nation's economy and the wellbeing of all Australians is materially linked to open and secure sea lines of communication (SLOC).¹⁴

The *Ever Given* incident has underscored a number of key tenants in maritime thinking. Firstly, the incident has highlighted how developments at sea shape activities and experiences ashore. Secondly, maritime activities are complex and it does not necessarily take conflict to disrupt them.

With this in mind, it is attendant upon the Royal Australian Navy and maritime strategists to continue prioritising secure SLOC, considering how the individual and cooperative actions of navies – such as routing, escort and screening operations – can prevent and alleviate interference to the free movement of shipping.



HMAS Anzac transiting the Suez Canal en route to Centenary of Anzac commemorations at Gallipoli.

¹² Stephen E. Flynn, "The World: Traffic in the Suez Canal Comes to a Halt," Interview, *Global Resilience Institute, Northeastern University*, <https://globalresilience.northeastern.edu/stephen-e-flynn-interview-with-the-world-traffic-in-the-suez-canal-comes-to-a-halt/>; Mary-Ann Ruston, "The Cost of the Suez Canal Blockage," 30 March 2021, *BBC*, <https://www.bbc.com/news/business-56559073>.

¹³ *Trade and Investment at a Glance, 2020* (Canberra: Department of Foreign Affairs and Trade, 2020), 11.

¹⁴ *Statistical Report: Australian Sea Freight 2016–17*, (Canberra: Department of Infrastructure, Transport, Cities and Regional Development, 2017), v. These figures are for 2016/17 and are the most recent available from the Department of Infrastructure, Transport, Cities and Regional Development.