# Suez Canal - Factsheet

## Overview

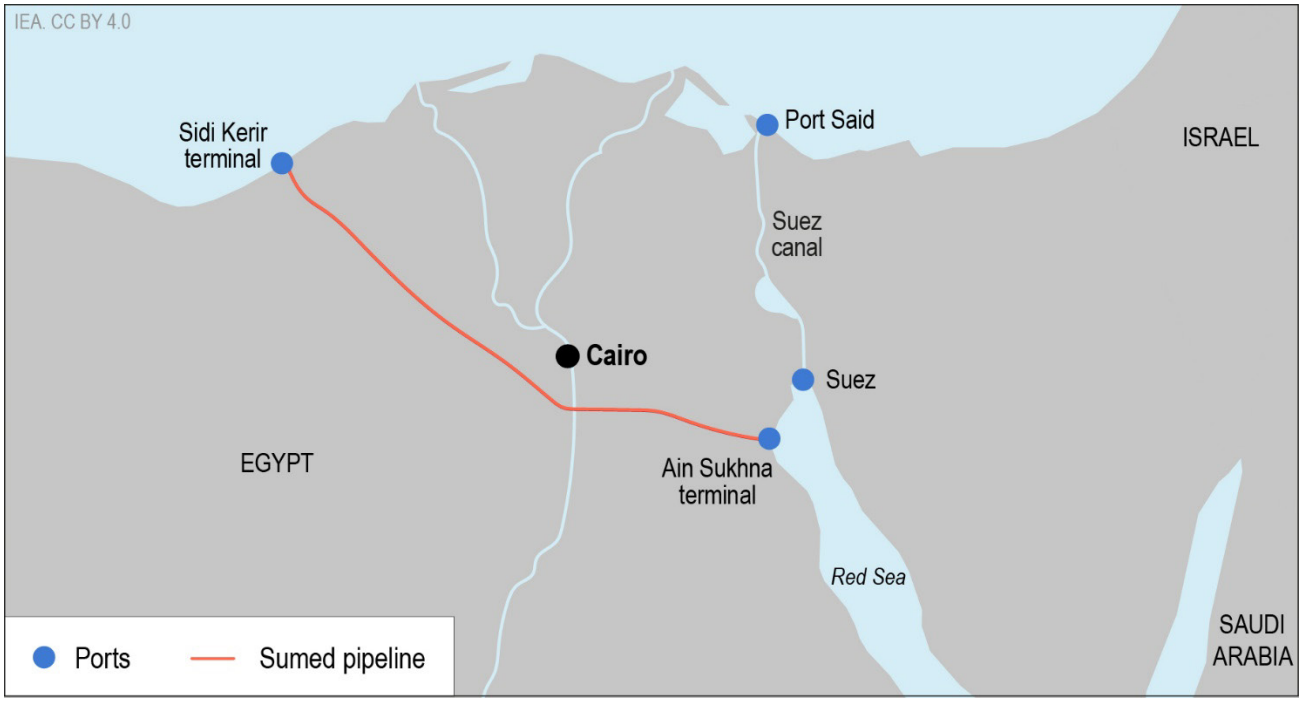
### *Suez Canal*

Approximately 7.5 million barrels per day of oil and 36 billion cubic meters of liquefied natural gas (LNG)—respectively 10% and 8% of global seaborne oil and gas trade—passed through the Suez Canal over the Jan-Oct 2023 period.

### *Alternative routes*

The Sumed Pipeline has 1.5 mb/d of available pipeline capacity to avoid the canal and re-direct crude flows westwards.

Oil tankers and LNG carriers could also go around the African continent, passing the Cape of Good Hope. However, this option would involve extra costs and delayed deliveries in an already strained energy market.




### Oil & LNG passing through the Suez Canal (Jan-Oct 2023)

| | Crude oil (mb/d) | Oil products (mb/d) | LNG (bcm) |
|---|---|---|---|
| **Eastward** | 2.5 | 1.8 | 17 |
| **Westward** | 1.2 | 1.8 | 19 |
| **Total** | 3.8 | 3.7 | 39 |

Sources: Kpler & ICIS (2023), LNG Edge.

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The Suez Canal, nearly 200 km long, is a major trade route connecting the Mediterranean Sea to the Red Sea. Oil and LNG transit through the canal in both directions, allowing trade between western and eastern markets.

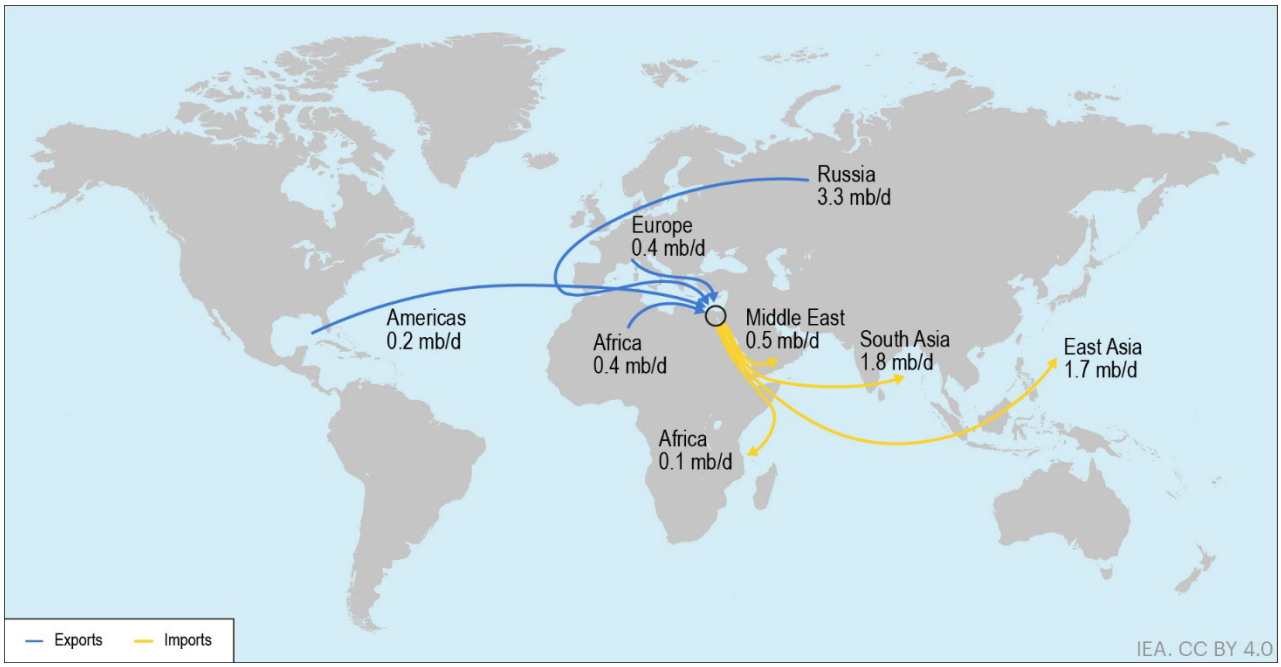
From January to October 2023, an average 7.5 mb/d of oil transited the canal, or about 10% of total seaborne oil trade. Similarly, about 8% of global LNG trade transited the canal, making it a vital passage for energy trade.

Swift options to bypass the canal are only available in a westward direction for crude oil, through the Sumed Pipeline. The other possibility is re-routing ships around Africa, which would lead to higher prices and delayed deliveries in an already tight market.

In recent years, the volume of both oil and LNG transiting the canal has increased. Following the Russian invasion of Ukraine, significant flows of Russian oil—previously destined for European markets—are now going eastwards through the canal while European markets are importing more oil from the Middle East. The volume of US and Qatari LNG exports transiting the canal has also increased.

## Eastward flows

### Total eastward oil flows in 2023 (January-October)




Source: IEA analysis based on Kpler.



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## *Crude oil*

Between January and October 2023, 2.5 mb/d of crude oil flowed eastward through the Suez Canal, accounting for 6% of global seaborne crude oil trade. While the majority of crude was shipped from Russia (87%, including Kazakh crude shipped from Russian territory), a small portion was shipped from North Africa, mainly Libya and Algeria (7%). Crude oil was flowing primarily towards India and China. The increase in eastward flows since 2022 is a consequence of Russia's invasion of Ukraine, which has seen crude from Russia re-routed towards Asia.

## *Oil products*

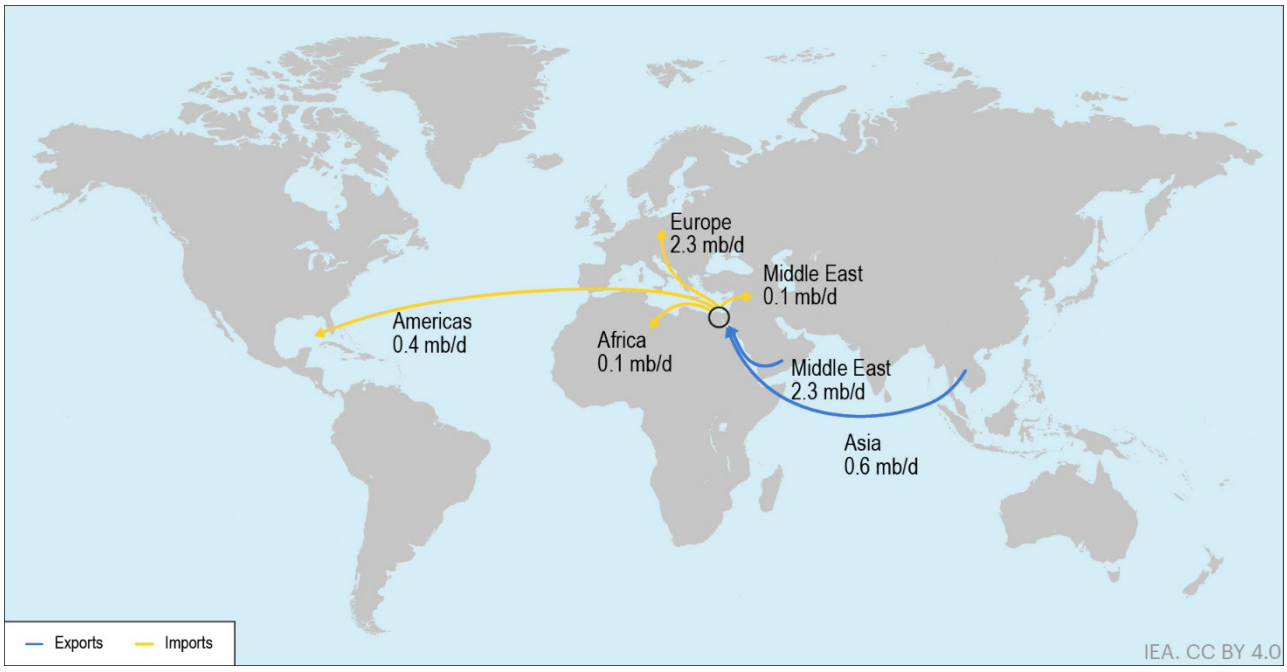
1.8 mb/d of oil products, representing 6% of global oil product trade, flowed eastward through the canal over the Jan-Oct 2023 period. The majority originated from Russia (65%) and was destined for the Middle East and Asia.

## *LNG*

Shipping data indicates that eastward flows via the Suez Canal accounted for less than 4% (or 17 bcm) of global LNG trade in the first ten months of 2023. US deliveries to markets in Asia and the Middle East accounted for around half of the total eastward transit flows via the Suez Canal. Markets in Asia can be reached via the Panama Canal or via the Cape of Good Hope. The duration of US LNG shipments to West India would increase by around 5 days if delivered via the Cape of Good Hope versus the Suez Canal. The closure of the Suez Canal would increase shipping distances and add upward pressure on spot LNG charter rates.

## Westward flows

**Total westward oil flows in 2023 (January-October)**




**Total exports do not match sum of individual destinations as some exports' destination are unknown.**

Source: IEA analysis based on Kpler.

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## Crude oil

1.2 mb/d of crude oil flowed westward, representing 3% of global seaborne crude oil trade, in the first ten months of 2023. The vast majority came from the Middle East (68% from Iraq alone and 16% from Saudi Arabia) and was essentially destined for Europe, with smaller quantities flowing to the Americas.

### *Oil products*

1.8 mb/d of oil products flowing from the Red Sea to the Mediterranean (6% of global seaborne oil product trade) mostly came from the Middle East, consisting primarily of middle distillates which represented an aggregated 73%. While exports were mainly destined for Europe (75%) and the Americas (19%), 4% was imported by African countries. These flows increased following Russia's invasion of Ukraine, to compensate for the EU ban on seaborne Russian oil imports.

### *LNG*

Shipping data indicates that westward flows via the Suez Canal accounted for around 4% (or 19 bcm) of global LNG trade in the first ten months of 2023. Deliveries from Qatar to European markets accounted for over 90% of the total westward transit flows via the Suez Canal during this period. All LNG deliveries from Qatar to Europe transited via the Suez Canal as this is the shortest trading route. Qatari LNG supplies could reach Europe via the Cape of Good Hope, although this would double the shipping time. This would put upward pressure on spot LNG charter rates and ultimately translate into higher LNG supply costs.

### *Alternative routes*

The Sumed Pipeline—which has the capacity to transport 2.5 mb/d of crude oil westwards—is the only swift option available in the event of a disruption affecting the Suez Canal. Currently, it has total spare capacity estimated at 1.5 mb/d.

Another option would be to bypass the canal with tankers navigating around the African continent – around the Cape of Good Hope. This would increase transit time, along with higher shipping costs. Nonetheless, a significant portion of ships already bypass the canal due to dimension and weight constraints.

## Potential Market Impact

### *Oil*

The volumes of oil transiting through the Suez Canal remain non-negligible. Quantities of oil flowing through the canal – in either direction – increased considerably following Russia's invasion of Ukraine. While Russia re-routed a significant amount of oil eastwards following the imports ban by European countries, Europe became more reliant on imports from the Middle East. If a blockage of the canal were to last beyond several days, some shipping firms could be forced to re-route vessels around the southern tip of Africa, which would add roughly two weeks to the journey. A prolonged blockage could also affect European simple refinery margins as naphtha and fuel oil would accumulate at ports of exports, but lower arrivals of diesel and jet fuel would be supportive for complex margins. For Mediterranean refiners, lower availability of Middle Eastern crudes would have a negative impact on margins. Furthermore, the potential would exist for localised product shortages, especially in the Mediterranean region.

### *LNG*

A disruption to LNG flows transiting through Suez would not translate into a loss of LNG supply but rather into lengthier shipping routes, increased LNG charter rates and ultimately to higher LNG supply costs both to European and Asian markets.



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