

Geopolitics and Shipping

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ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ

UNIVERSITY OF PIRAEUS

Overview of topics to be discussed:

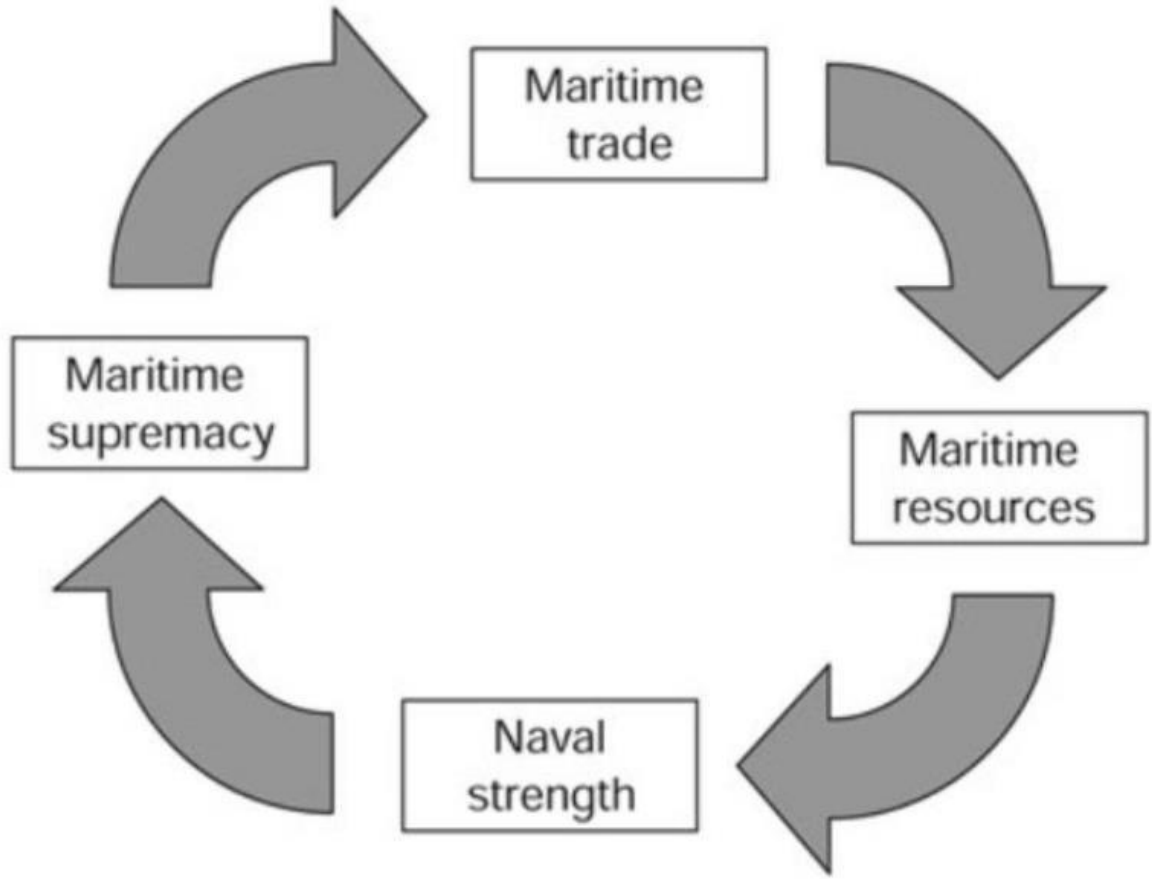
- *The big picture: Geopolitical competition

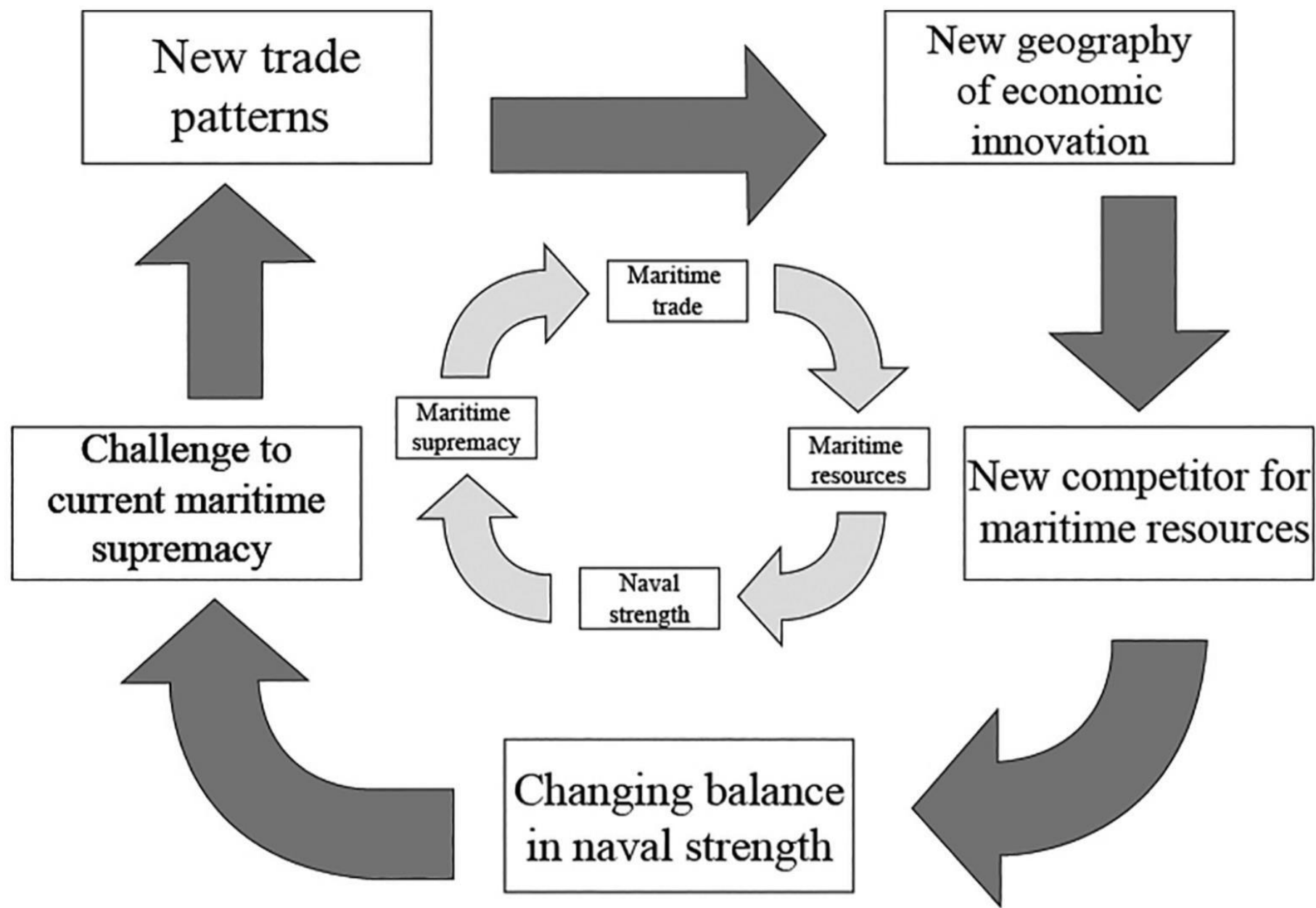
- *Threats and risks to the shipping corridors and chokepoints

- *Geo-economic trends: tariffs, sanctions, supply chains rebalancing, trade shifts

- *The geopolitics of shipbuilding and the issue of the port fees

- *The challenges of the shadow fleet

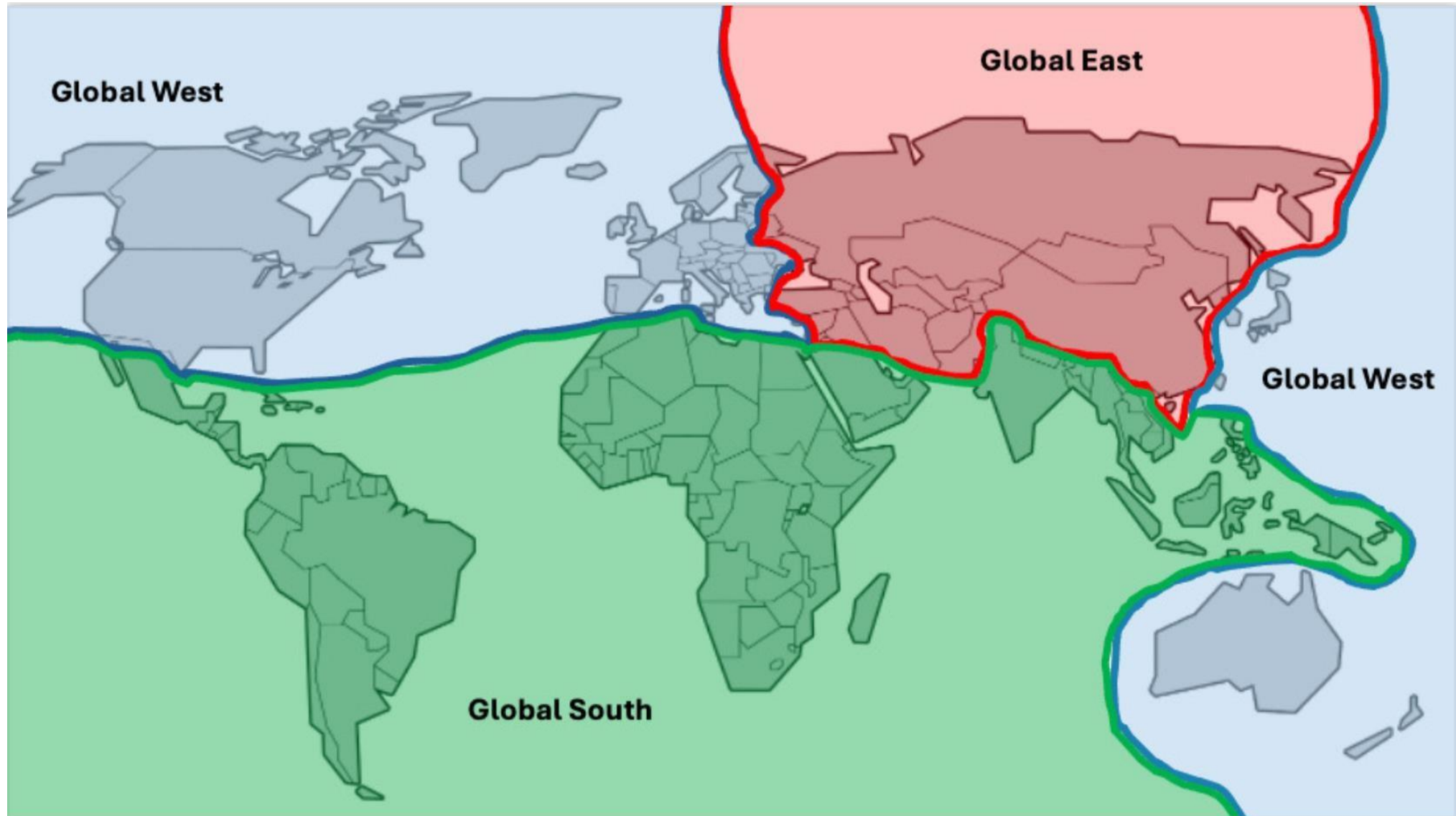




Evolving Global Framework

Bipolar Cold War	Unipolar Moment	Fragmented Globalization
U.S. and allies Soviet Union and allies	U.S. Globalization	2+2+ (two major powers: China and the U.S. two secondary powers: Russia and Europe) New Cold War

The new Cold War



New Cold War vs Old Cold War

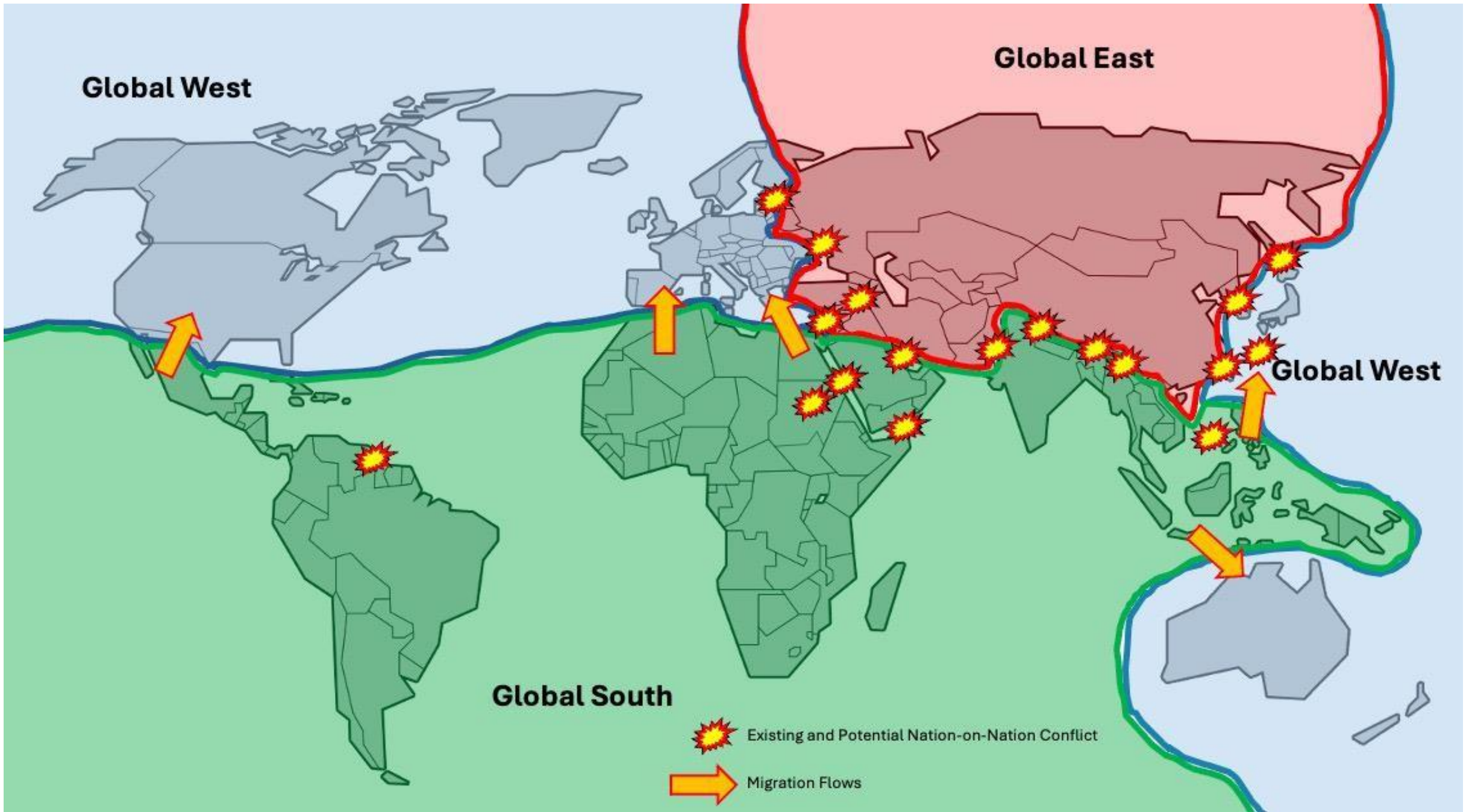
Competition shifts from Central Europe to Southeast Asia, from Land to the Sea

- Similarities

- Geopolitical competition for supremacy
- Arms race (nuclear, space, cyber, AI)
- Economic war
- Intelligence war
- Political warfare
- Tech competition
- Regional flashpoints

- Differences

- Much greater economic interdependence
 - No rigid alliance blocks
 - Weaponisation of everything
 - Strategic autonomy of middle powers
-



The Rise Of China

China's rise is **the most consequential geopolitical transformation of the 21st century**. Once viewed as a manufacturing hub or development story, China is now emerging as **a global power** —economic, demographic, technological, and strategic—and it is reshaping the very architecture of the international system.

Who's rebalancing whom?



GDP (PPP) in billions of dollars

	2005	2015	2025 est.
China	6,543	17,880	36,603
U.S.	13,039	18,206	28,035

"All the News That's Fit to Print"

The New York Times

THE WEATHER
Some forecasts indicate heavy snow
today, with high 12, low 10, and
further snow by the 20th. Snowfall
could reach 10 inches in some spots.
See Weather Page on 28, Page 111.

WEDNESDAY
No. 40,788

FRIDAY, JANUARY 8, 2010

\$ 3.00

DISPUTE HEATS UP ON INVESTIGATION OF ICE SHOOTING

MORE AGENTS ON WAY

U.S. Is Hastening Access to Evidence, Officials Say

Investigation by William Bradford Huie, Staff Writer

WASHINGTON — Federal agents are hastening to get access to evidence in the investigation of a shooting in the border town of Tijuana, Mexico, that killed a U.S. Border Patrol agent and a Mexican national.

The U.S. government is seeking to get evidence from the Mexican government, and officials say



Trump Asserts His Global Power Has One Limit: Himself

Presidential Host With Repertoire of Personas

By Katie Rogers

WASHINGTON — President Obama, who is sometimes lauded as a peacemaker, is not the only one who has a repertoire of personas. Mr. Obama, who is sometimes lauded as a peacemaker, is not the only one who has a repertoire of personas.

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Interview Reveals Blunt Views of World's Laws

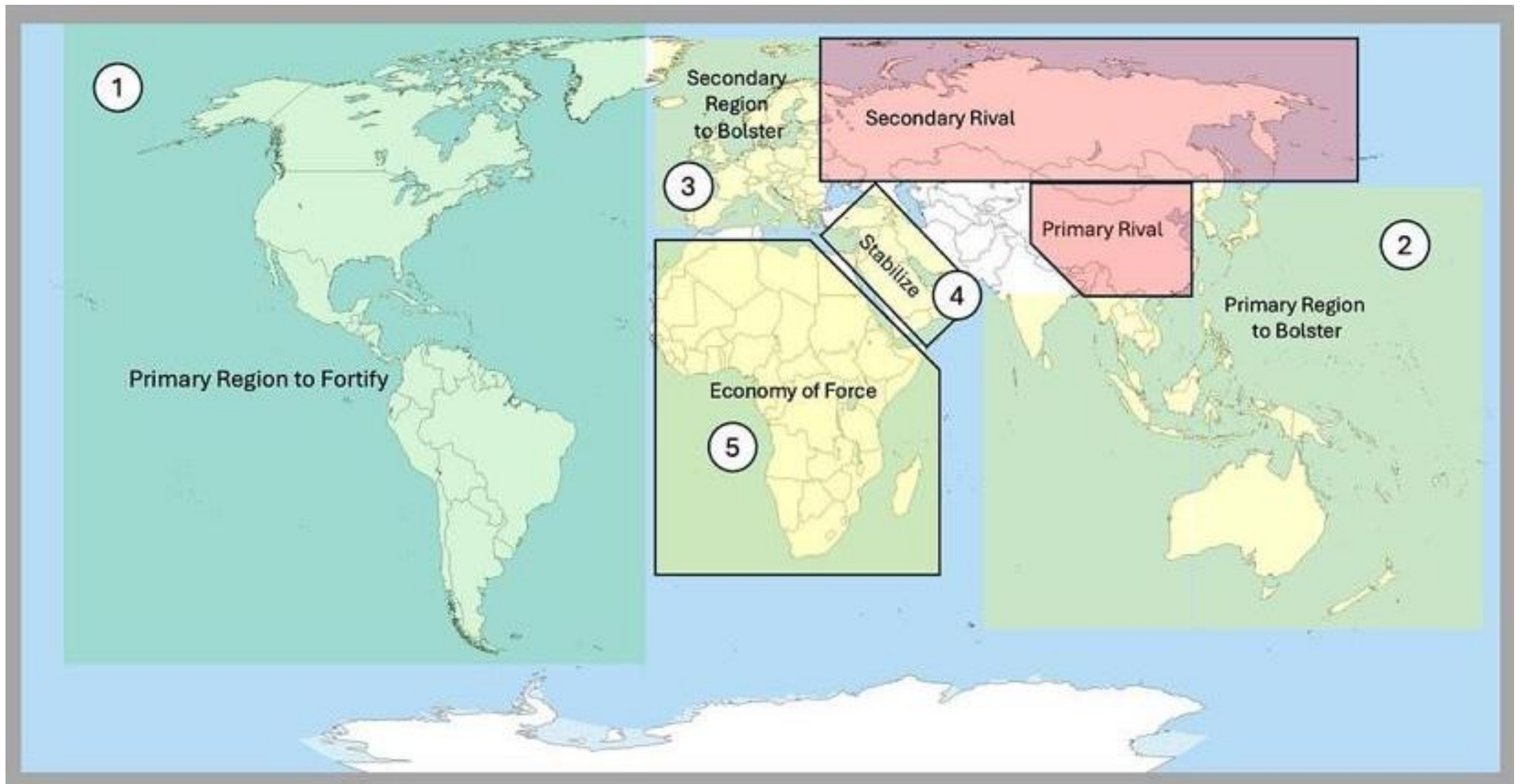
Interview by David E. Sanger
and Peter H. Ravitch

WASHINGTON — Donald Trump, who is sometimes lauded as a peacemaker, is not the only one who has a repertoire of personas. Mr. Obama, who is sometimes lauded as a peacemaker, is not the only one who has a repertoire of personas.

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- Importance of shipping in world trade: **80%** of global trade is seaborne.
- Ensuring the security of maritime routes is essential for maintaining the flow of goods worldwide, impacting economies globally. Maritime security protects shipping lanes from illegal activities that could disrupt trade.



Panama Canal

Danish Straits

Turkish Straits

Suez Canal

Bab el-Mandab

Strait of Hormuz

Strait of Malacca

Chokepoint	Littoral state(s)	Linked bodies of water	Width at narrowest point (km)
Panama Canal	Panama	Pacific Ocean–Atlantic Ocean	0.3
Dover Strait	UK, France	Atlantic Ocean–North Sea	33
Strait of Gibraltar	Spain, Morocco	Atlantic Ocean–Mediterranean Sea	13
Turkish Straits	Turkey	Mediterranean Sea–Black Sea	1
Suez Canal	Egypt	Mediterranean Sea–Red Sea	0.2
Strait of Bab al-Mandab	Djibouti, Eritrea, Yemen	Red Sea–Arabian Sea	32
Strait of Hormuz	Oman, UAE, Iran	Arabian Sea–Persian Gulf	48
Strait of Malacca	Indonesia, Malaysia, Singapore	Indian Ocean–South China Sea	2.5

Table 1. Assessment of security and geopolitical and security risks per chokepoint



	Suez Canal	Strait of Hormuz		Bab el Mandeb Strait		Strait of Malacca	Lombok Strait	Ombai Strait	South China Sea	East China Sea		
Great power rivalries	M	M	H	M	H	H	H	H	H	H		
Littoral rivalries	M	H		H		M	L	L	L	H	H	
Maritime disputes	L	L		M		M	H	L	L	H	H	
Internal instability	M	H	H		H		M	L	L	L	M	M
Piracy and armed robbery against ships	L	M	H	H		H		M	M	H	M	
Terrorist attacks	M	M	H	H		M	M	M	M	M	L	
Climate hazards	M	M		M		H	H	H	H	H	H	

Weaponization of shipping

- **Direct kinetic threats:** Missile, drone, and mine attacks against commercial vessels (Red Sea, Black Sea).
- **Hybrid tactics:** Lawfare, maritime militias, port inspections, and “quarantine” strategies (South & East China Seas).
- **Psychological warfare:** Selective seizures and high-visibility attacks designed to deter traffic rather than destroy fleets.

The result is a **shift from episodic disruption to chronic insecurity**, forcing shipping companies to price geopolitical risk permanently into operations.

Global transport corridor face major risks

Zones of danger today:

- Black Sea
- Red Sea
- Persian Gulf
- Horn of Africa

Future danger zones:

- Southeast China Sea
- East China Sea/ Taiwan
- Arctic
- Eastern Mediterranean

Red Sea attacks



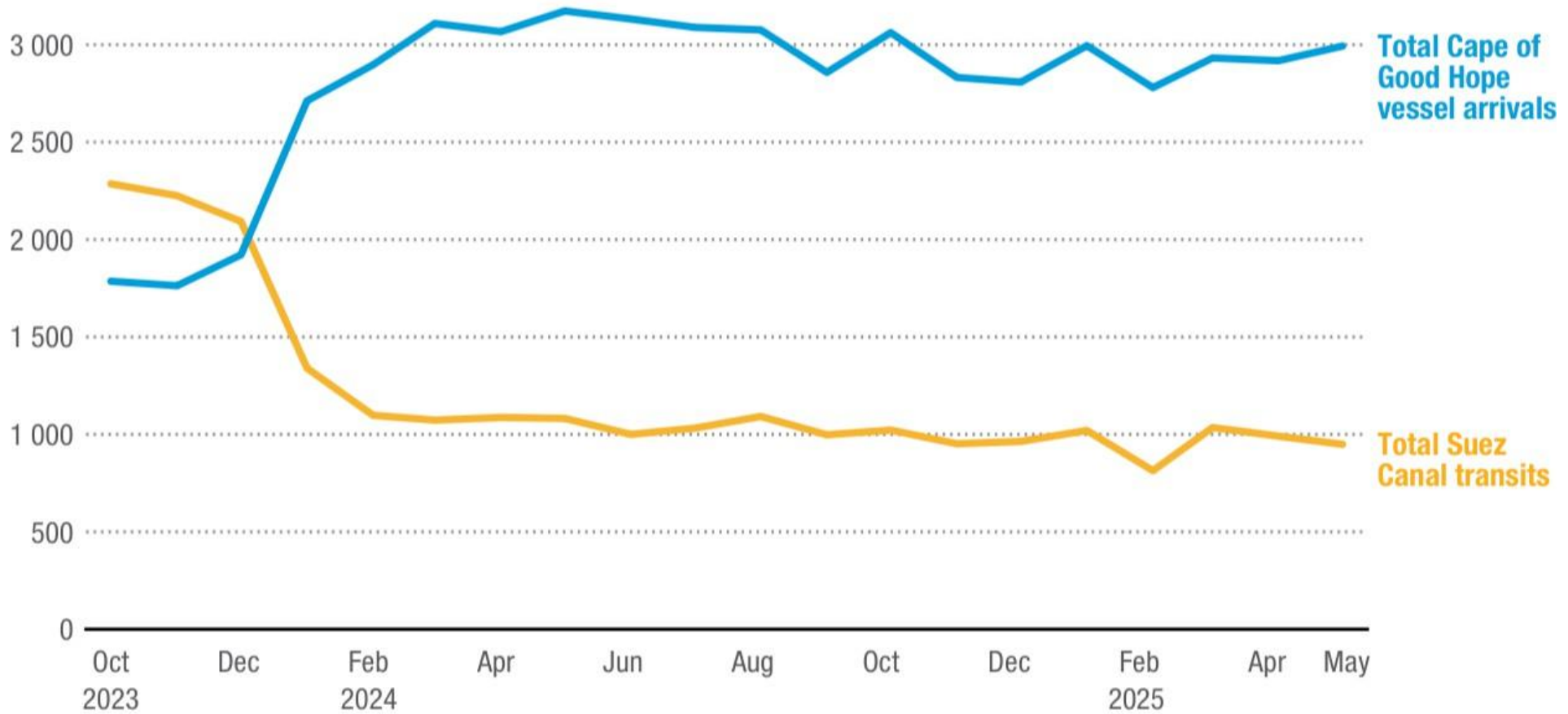
This picture taken on March 7, shows the Rubymar cargo ship sinking off the coast of Yemen after a Houthi missile attack KHALED ZIAD / AFP



Figure II.1

Monthly ship transits and arrivals for the Suez Canal and Cape of Good Hope

(Number)



Source: UNCTAD calculations, based on data from Clarksons Research, 2025b.

Rerouting global shipping

Container shipping companies have been avoiding the Red Sea and rerouting vessels around the Cape of Good Hope in order to avoid Houthi attacks on vessels.



Note: These times assume an average vessel speed of 16 knots. Routes shown are illustrative.

Source: Flexport



Rerouting requires a significant change in the supply chain, trade route and conditions for vessels that normally follow a rigid schedule and process



Additional nautical miles sailed when rounding the Cape of Good Hope compared to using the Suez Canal

3,000+

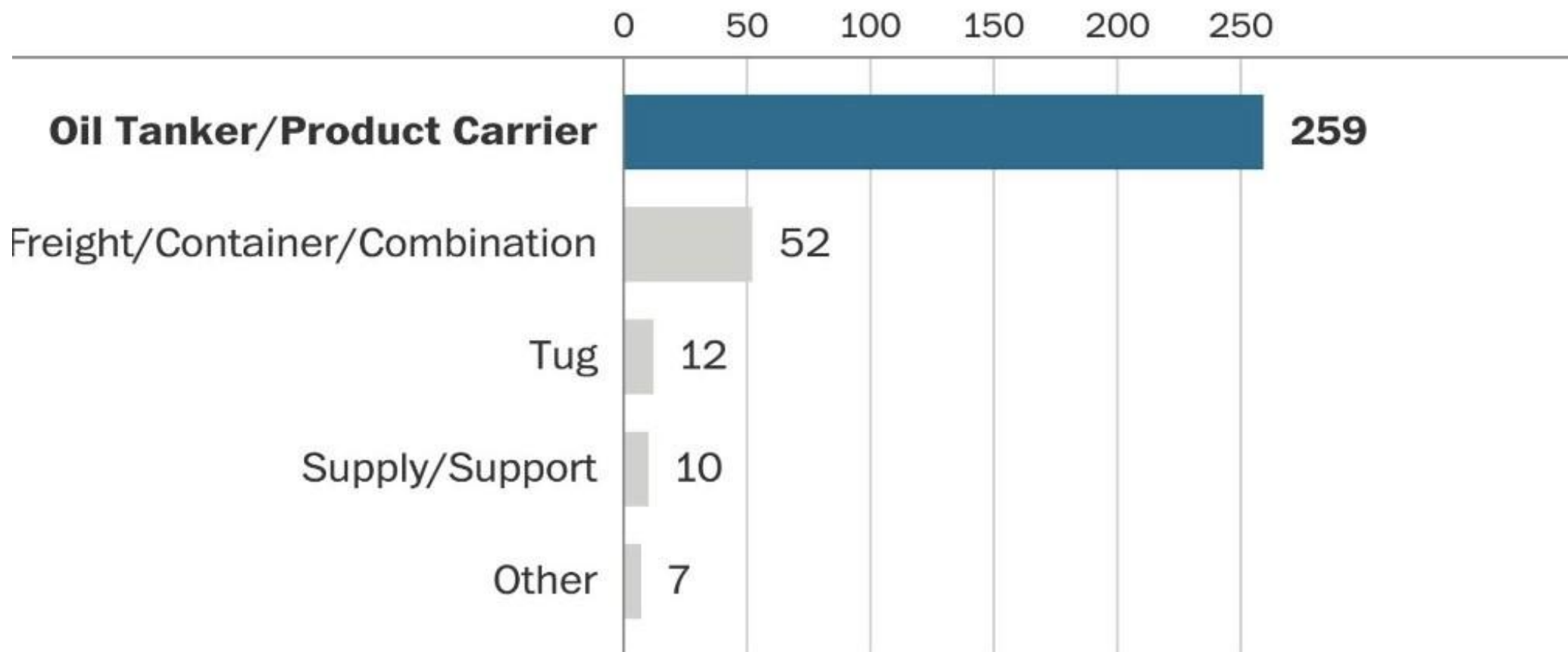
Anti-piracy operations



Dangerous zone: Strait of Hormuz

The Iraqi-Iranian "Tanker War"

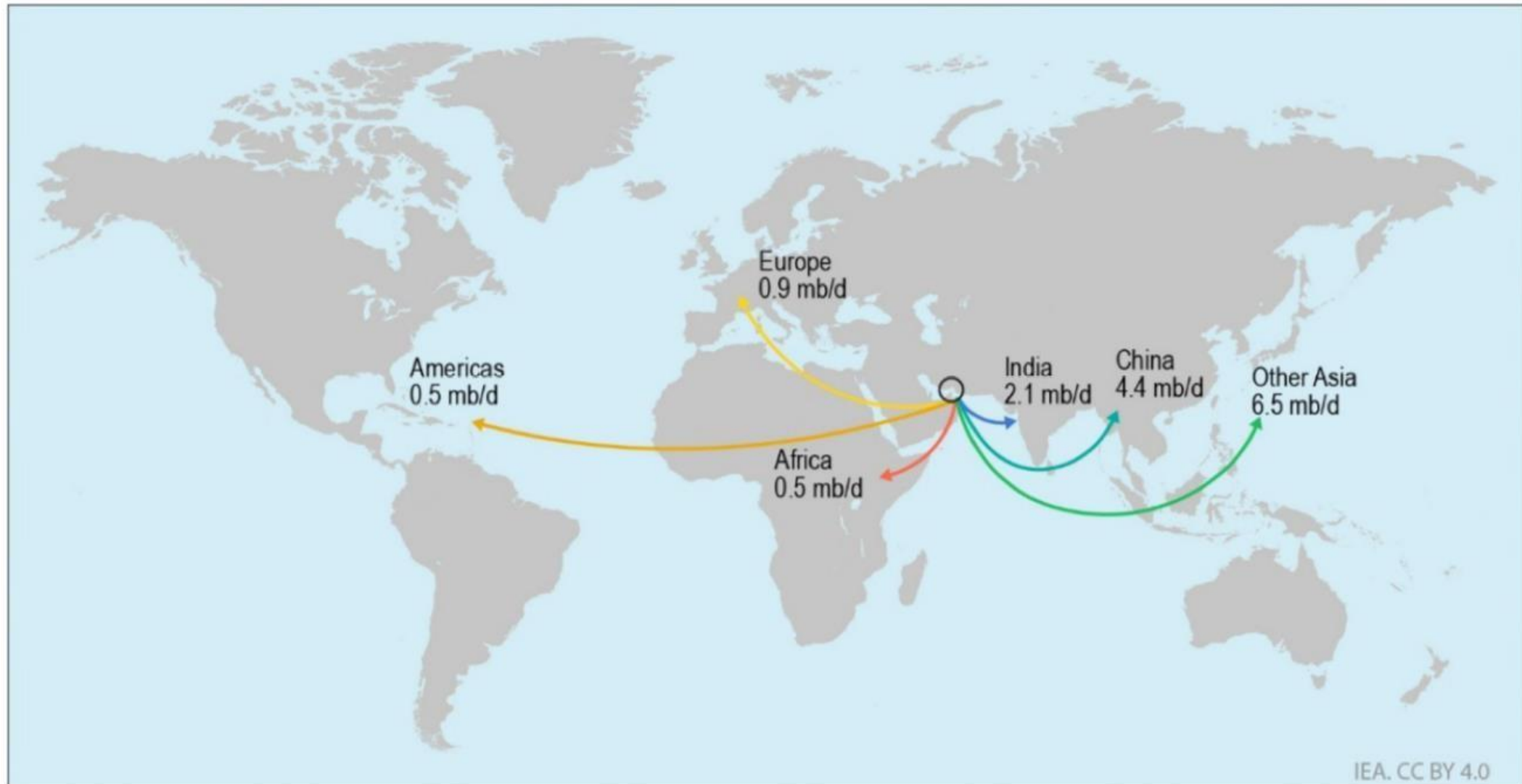
Between 1984 and 1987, more than 300 ships were attacked in the Persian Gulf.



Source: UN/ US Naval Institute

RICK NOACK/THE WASHINGTON POST

Impact of potential Israeli-Iranian conflict on the Strait of Hormuz

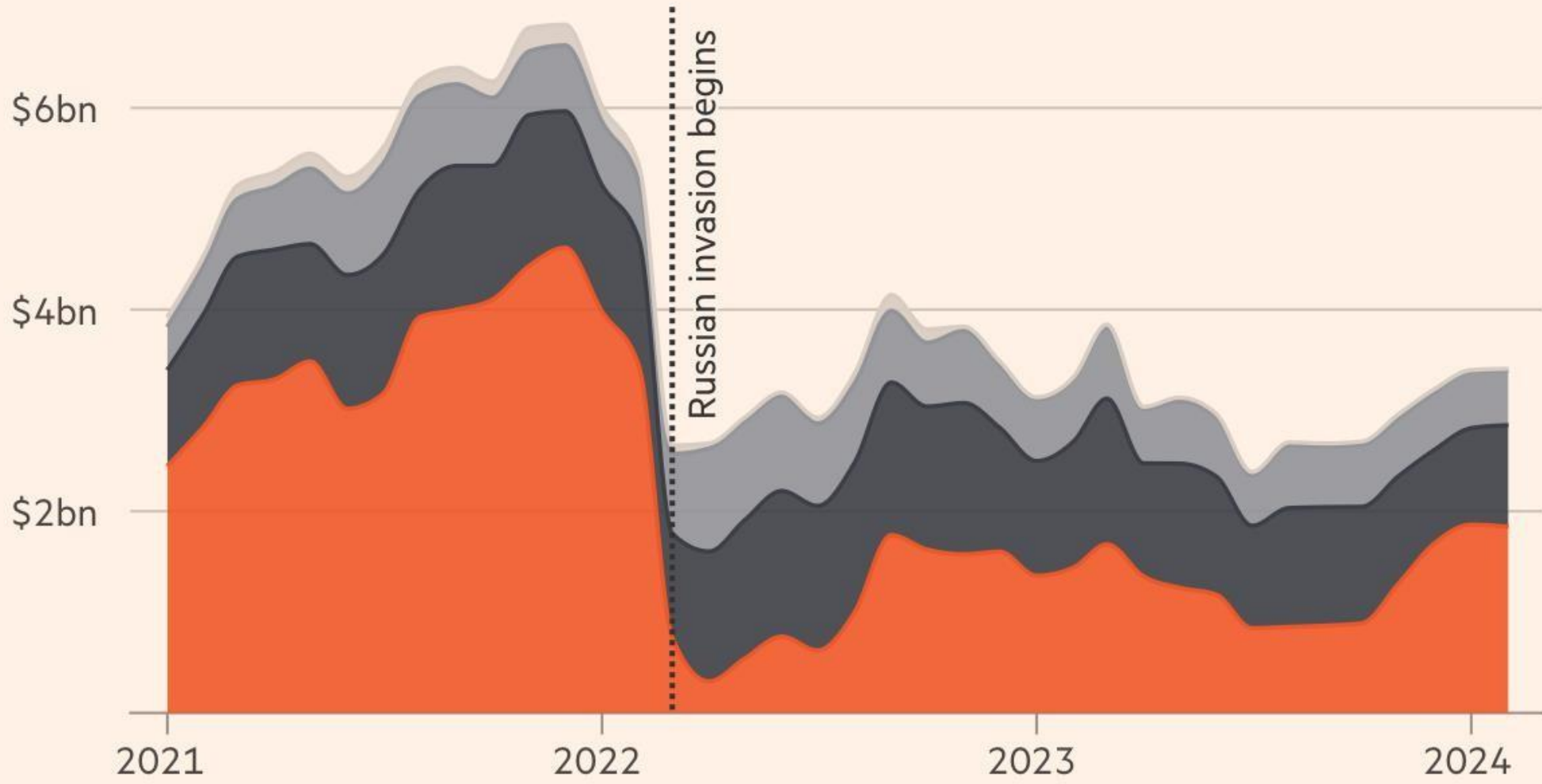


Black Sea conflict

Broader Black Sea region connecting Euro-Atlantic area to Indo-Pacific

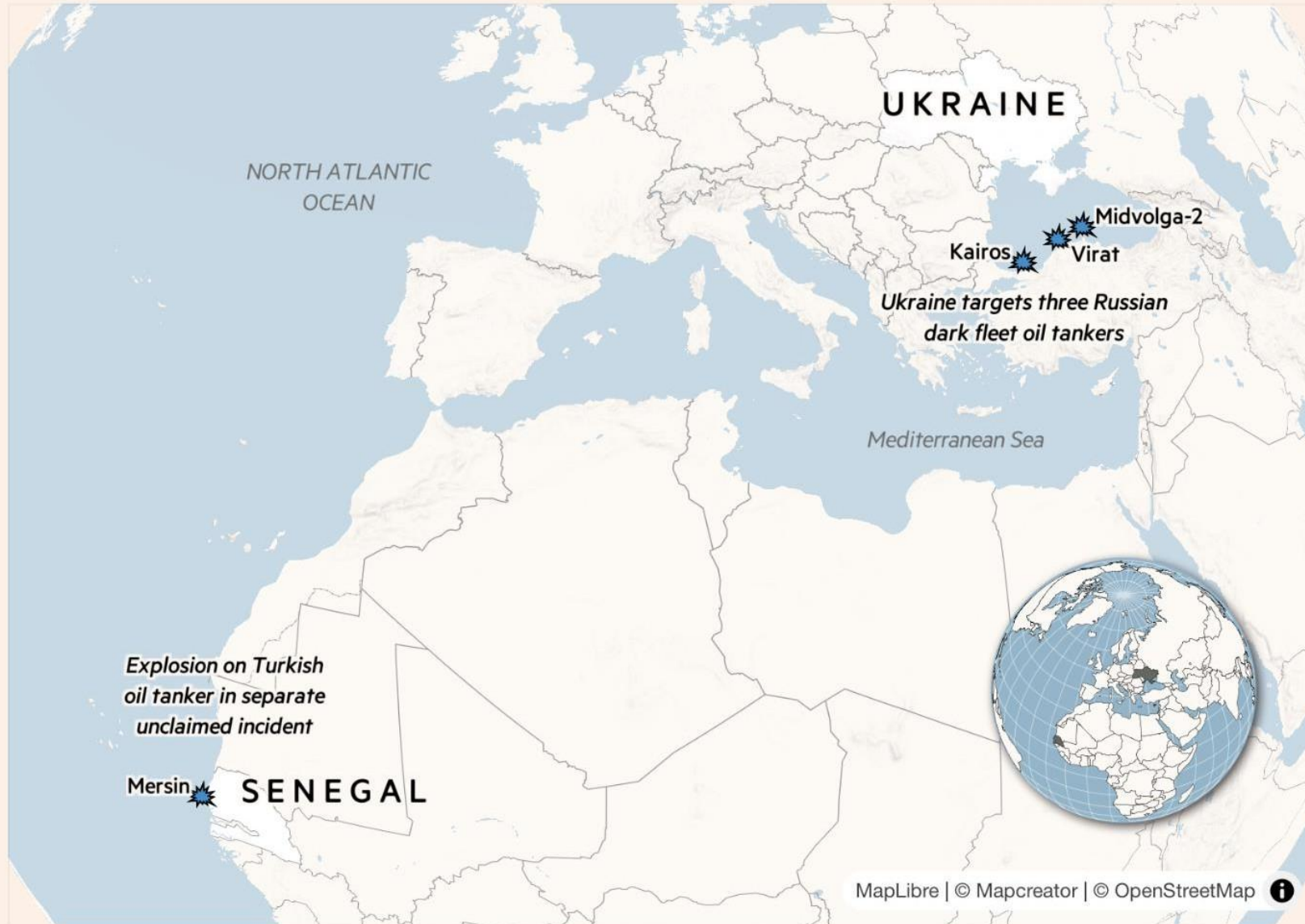


Sea Road Rail Other



Source: [Trade Data Monitor](#)

Ukraine targets sanctioned oil tankers in the Black Sea



Putin Warns of Possible Strikes on Ukrainian Allies' Ships



The fire-damaged sanctioned Kairos tanker in the Black Sea, in a photo released by the Turkish Ministry of Transport on Nov. 30. *Source: Turkish Ministry of Transport and Infrastructure*

»» Dark/Parallel Fleet

- UN Sanction violations
- Old ships
- No insurance
- Environmental risk
- MV Pablo accident (Malaysia)
- MV Ceres (Singapore)



Hybrid warfare

Russian-linked attacks on undersea infrastructure are rising

Is it time for Europe to take a tougher approach?



A Long War Ahead, Intensity Of Fighting To Subside

2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033

Current Phase

The current phase of the conflict can be described as a **high-intensity** or full-scale war.

This refers to a situation where the maximum deployable resources of the belligerents, including weaponry, manpower and financial capital are engaged in the war.

This phase is characterised by large-scale mechanised offensives, involving fighter jets, tanks, artillery and other heavy vehicles.

Protracted Stalemate

We believe the emerging 'stalemate phase' of the war will closely resemble the 2015-2021 period of the Russia-Ukraine war.

In a military stalemate, the frontlines tend to remain relatively static. A military stalemate does not necessarily mean a cessation of fighting. **Battles may still occur, but they do not significantly change the balance of power or overall strategic situation.**

As stalemates are less resource-intensive, we believe the war will be locked in this state for several years.

Outcome – Frozen Conflict

Akin to the situation between North and South Korea after the Korean war (1950-1953).

Active armed conflict has ended, but no formal peace treaty or peace agreement has been signed between the parties involved, resulting in a de facto situation of 'cold peace'. The demarcation line between Ukrainian and Russian forces could evolve into a quasi-permanent structure within Ukraine, **potentially analogous to the 'Demilitarized Zone' (DMZ) that separates the two Koreas.**

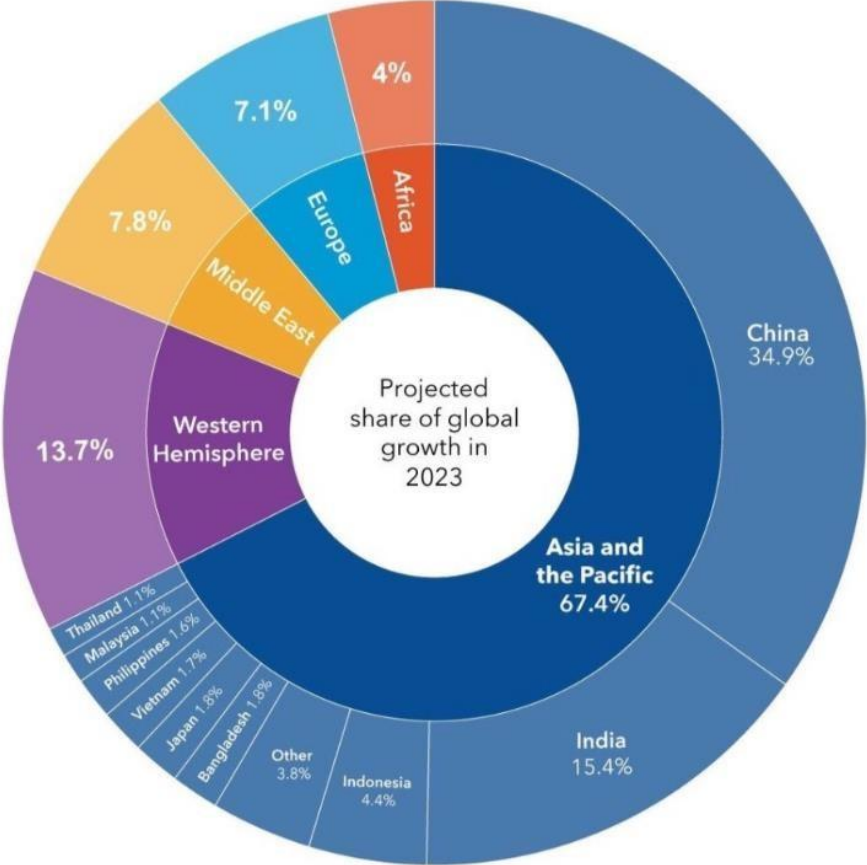
Both governments would refuse to recognise territory held by the opposing force but refrain from undertaking new military offensives to capture territory. This phase could emerge with or without a formal ceasefire.

**Potential dangerous zone:
Southeast Asia**

The center of gravity of the world

Bigger driver

Asia will contribute about 70% of global growth this year.

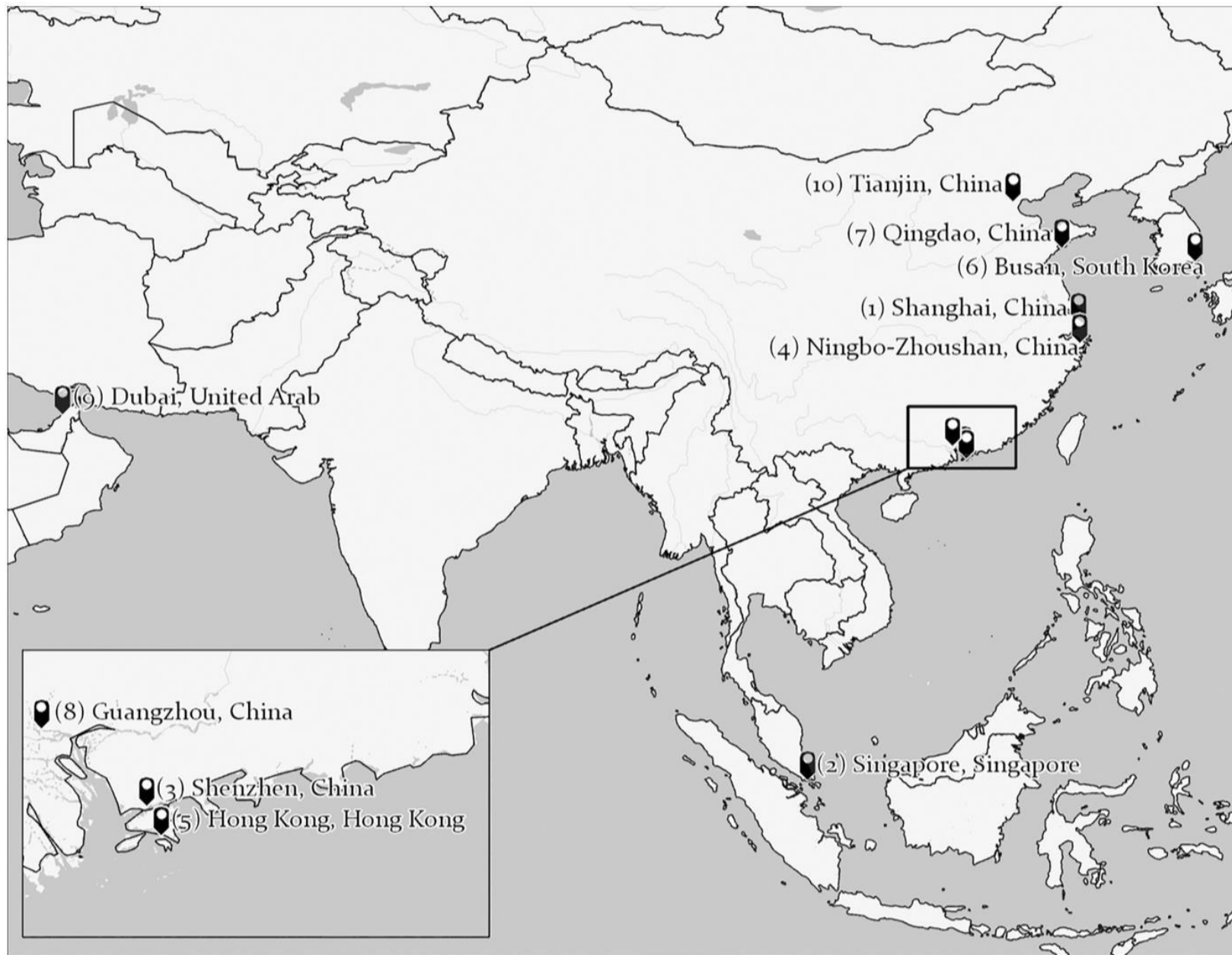


Meet My Five Billion Neighbors

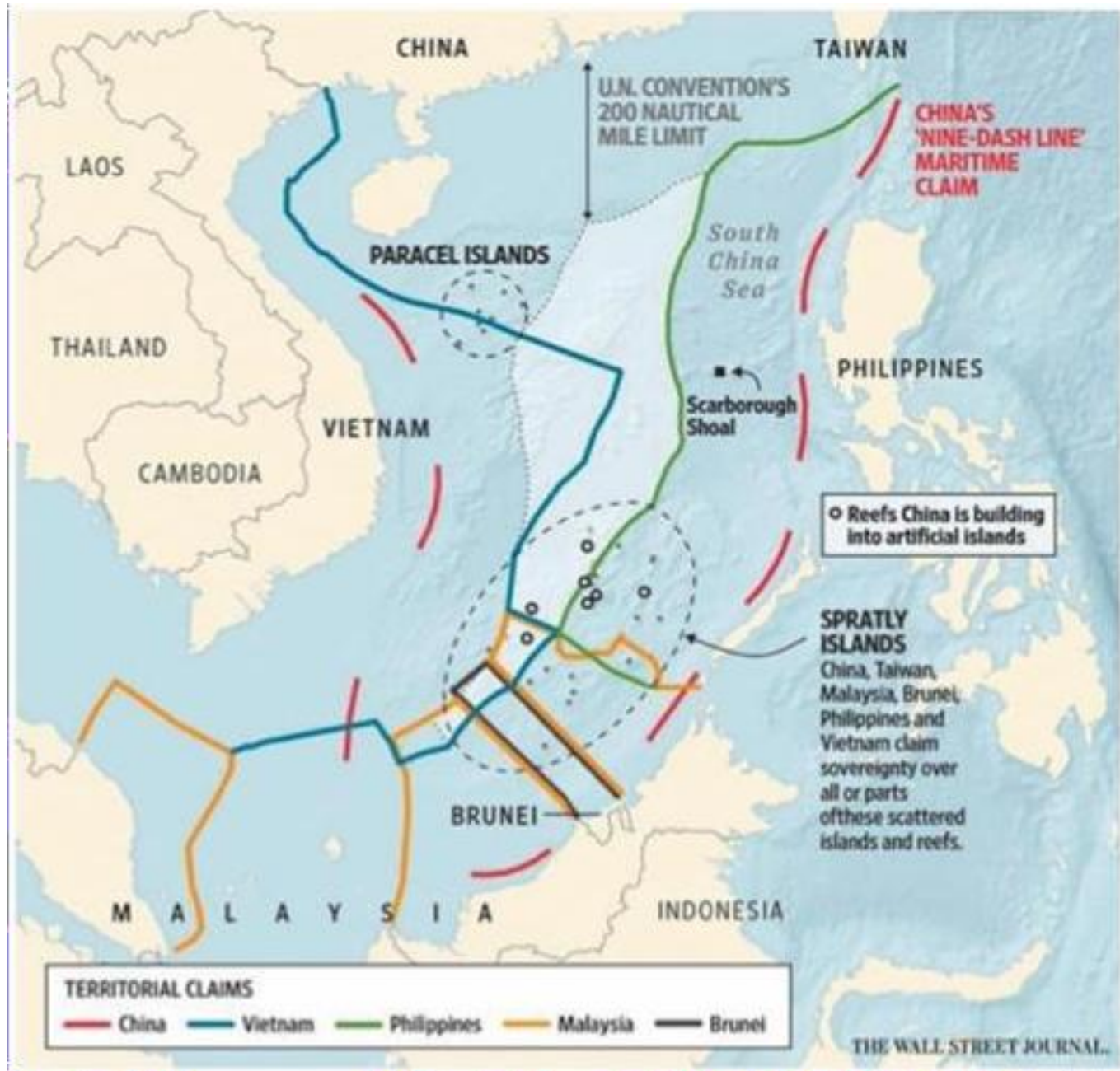


POPULATION: Asia = 5 Billion > Americas (1 Billion) + Europe/Middle East/Africa (2 Billion)





MAP 6.2. The world's busiest container ports.





Chinese maritime militia



2021



2022



2023



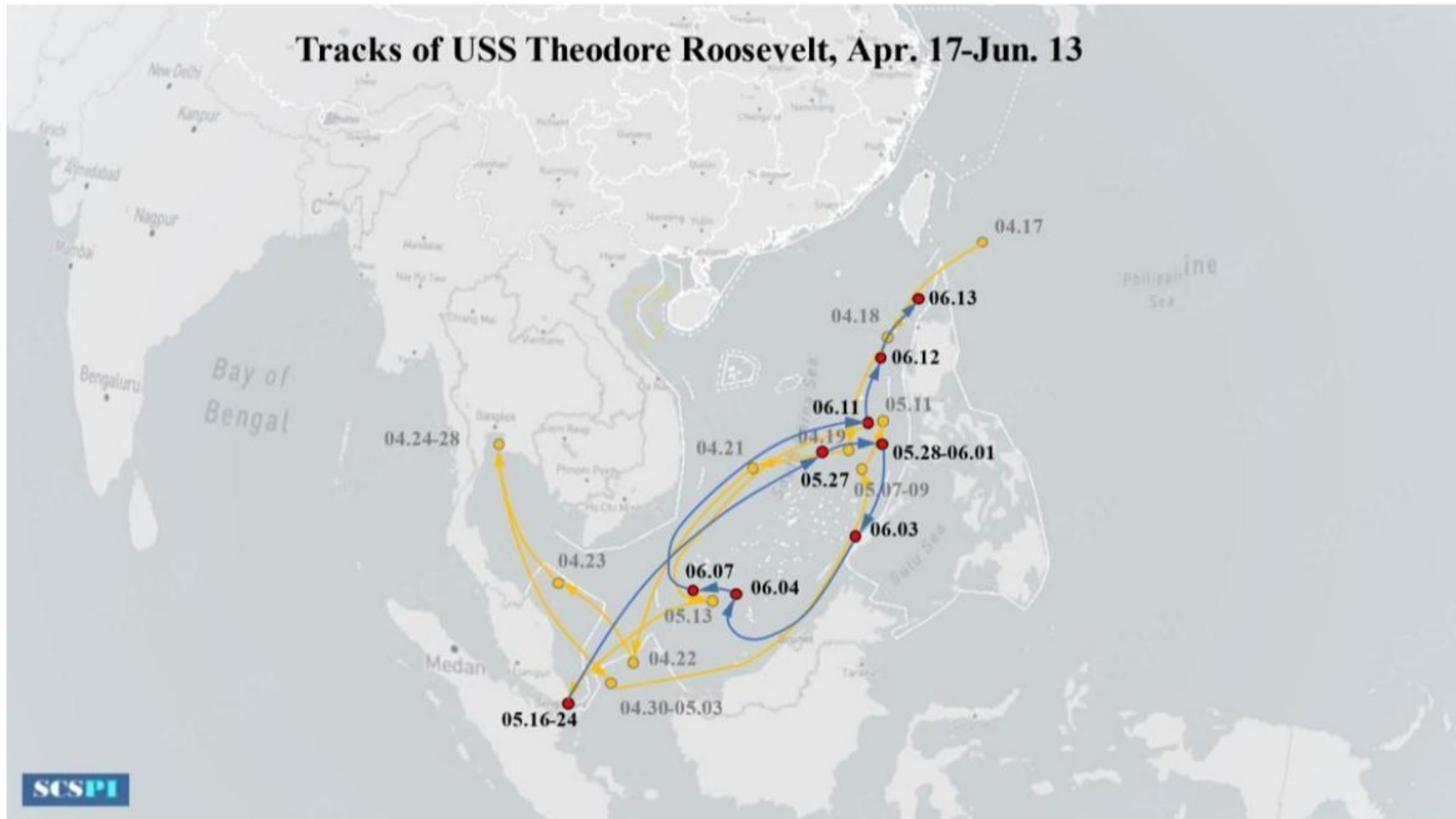
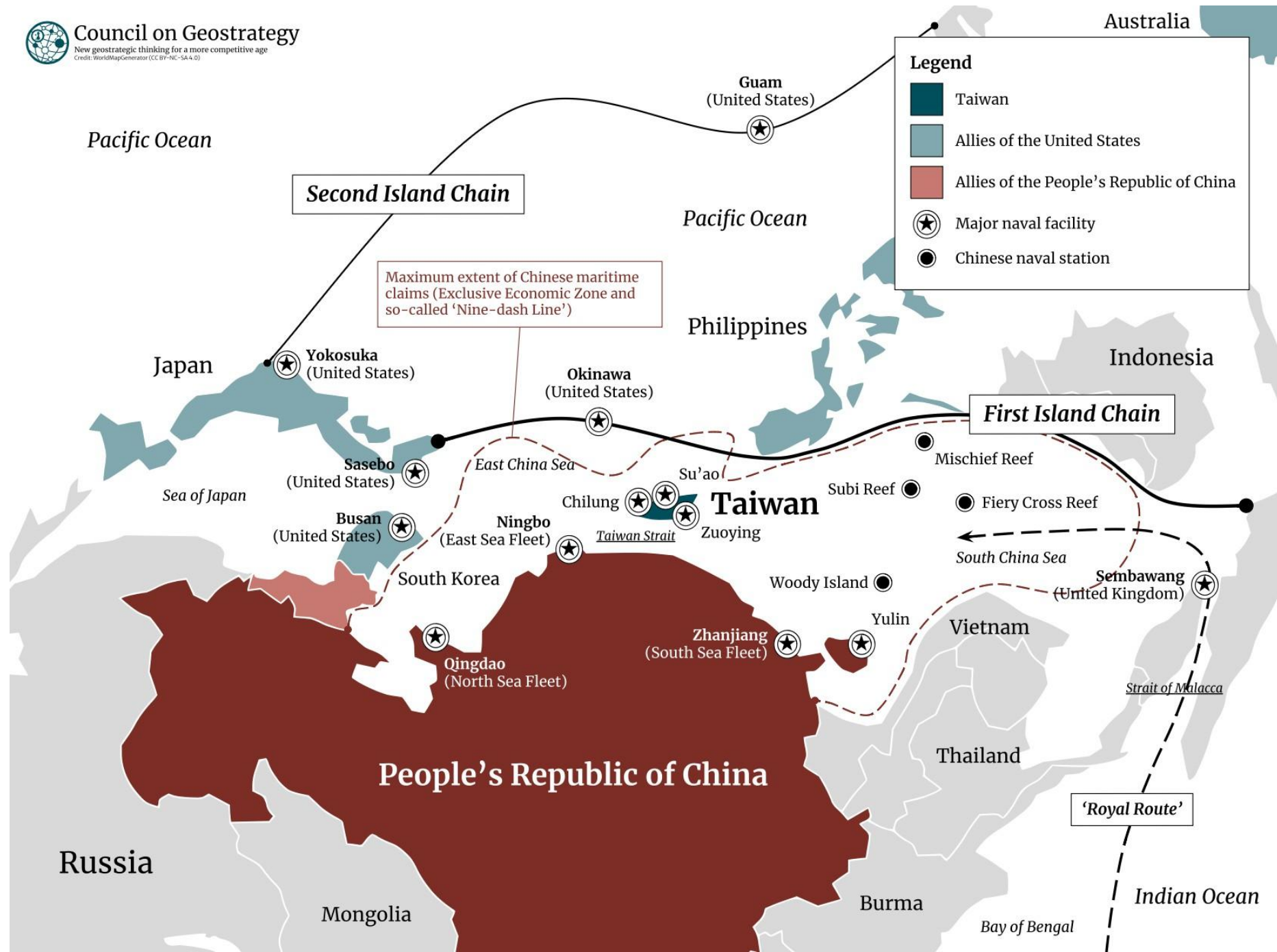
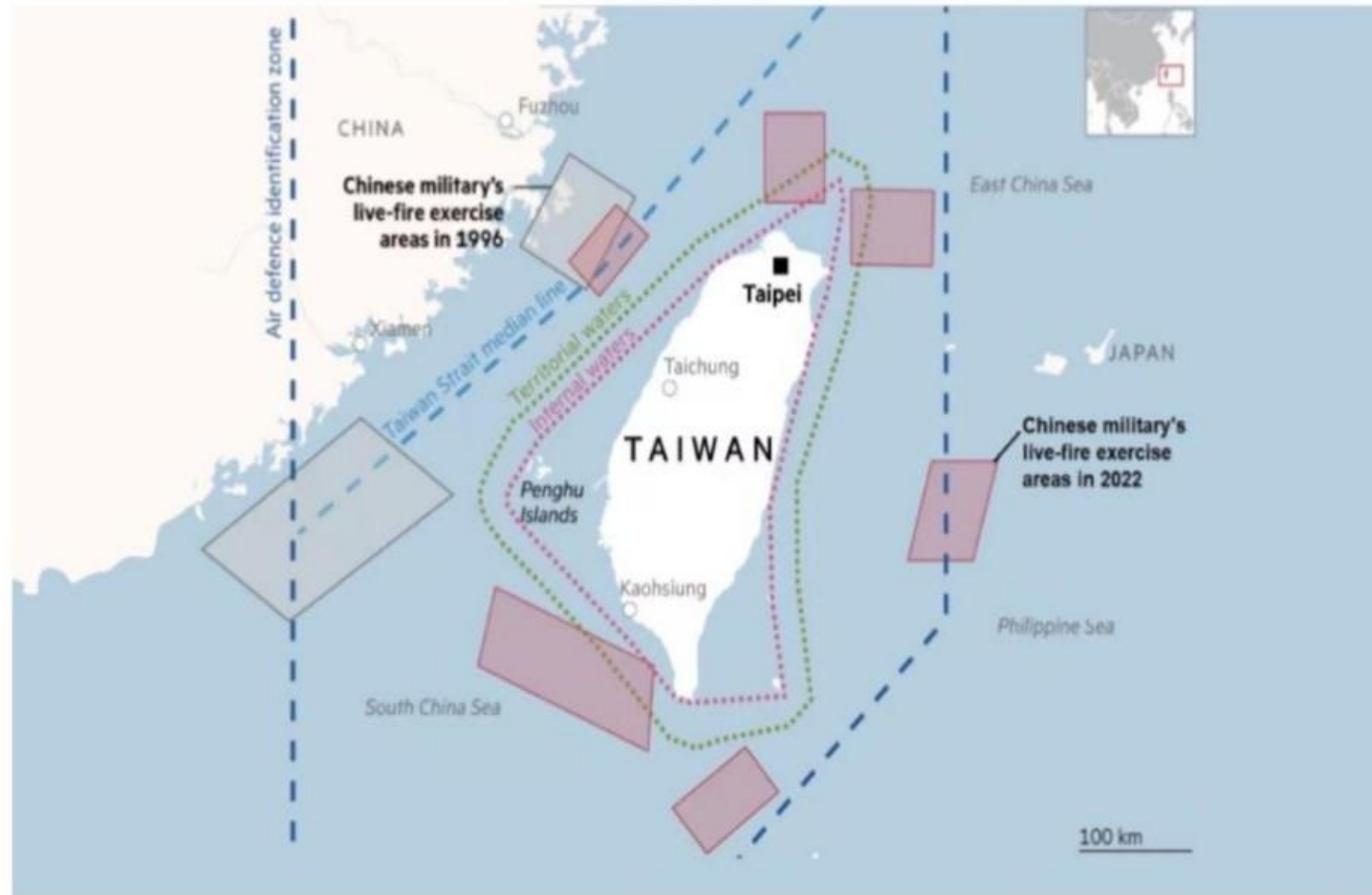


Figure 1: Tracks of USS *Theodore Roosevelt*, Apr. 17-Jun. 13, 2024

East China Sea



East Asia: Impact of China and Taiwan conflict on shipping



The geopolitics of Panama Canal



**Trump threatens
to take back
control of Panama
Canal**



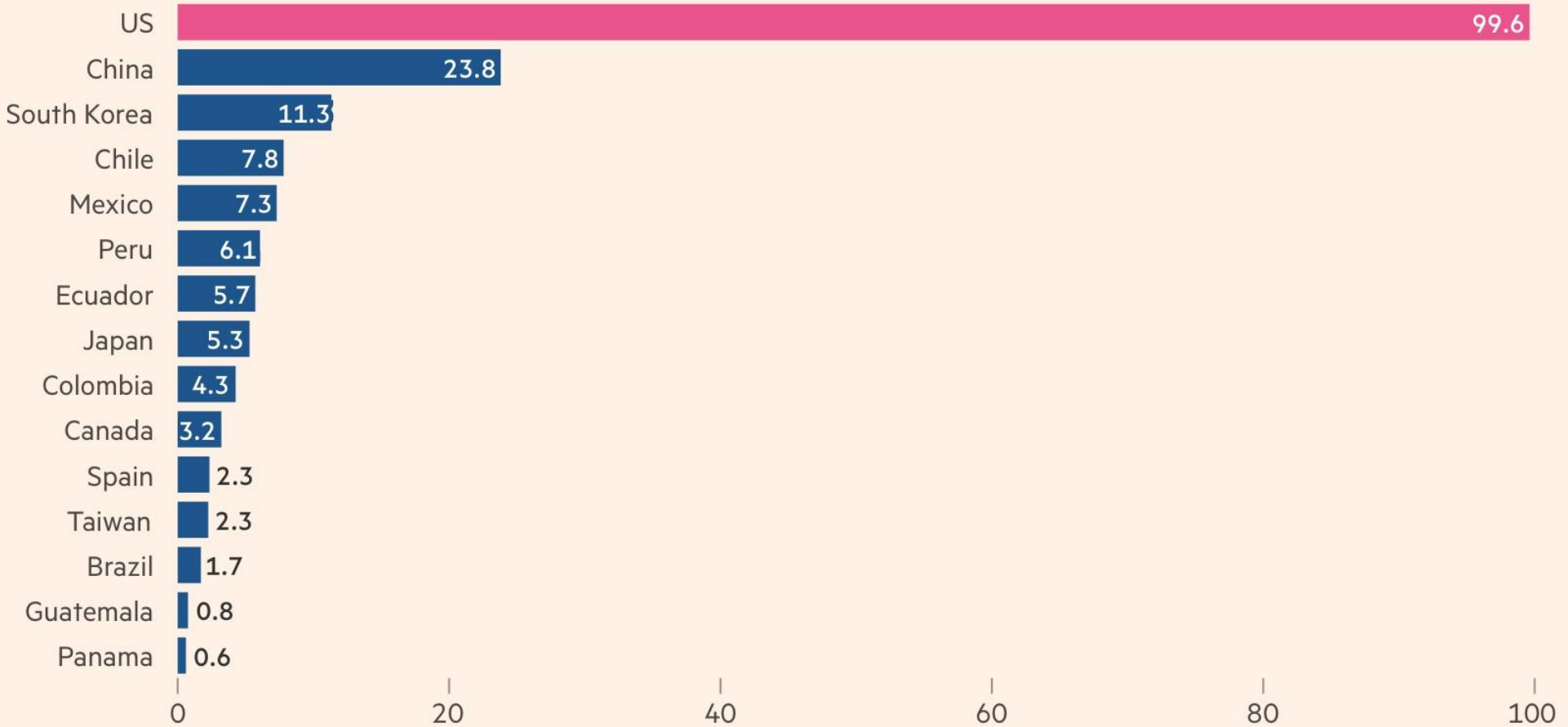
The Panama Canal is crucial to US shipping routes



The **US** dominates traffic through the Panama canal

Cargo by country, 2024 (Long tons, mn)

Origin Destination



The geopolitics of Greenland



Trump Shares Image Claiming Greenland as U.S. Territory

Greenland-Iceland-United Kingdom (GIUK) Gap



NOTE: Boundaries and geographical information are shown as they appeared in 1982.

Scale: 1:100,000,000
Projection: Mercator
Datum: WGS 84

Northern Sea Route could cut journeys significantly



Arctic security has risen to the top of the agenda



**The geopolitics of global trade
and supply lines**
sanctions, tariffs, trade shifts

RESHORING	Transferring operations back to its primary country of operations, reducing exposure to outside risk (such as the disruption of supply chains by geopolitical events) and choosing local businesses with whom to partner.
NEARSHORING	Relocating business operations to a nearby country, often with a shared border, with the aim of ensuring faster speed to market and quicker transit from manufacturers to customers.
OFFSHORING	Relocating existing operations to a different country, usually with the goal of reducing labour or manufacturing costs and/ or ensuring the ready provision of certain skills and raw materials.
FRIENDSHORING	Rerouting supply chains to countries that are political or economic allies, where these countries may be perceived as politically and economically safe or low-risk to avoid disruption to the flow of business.

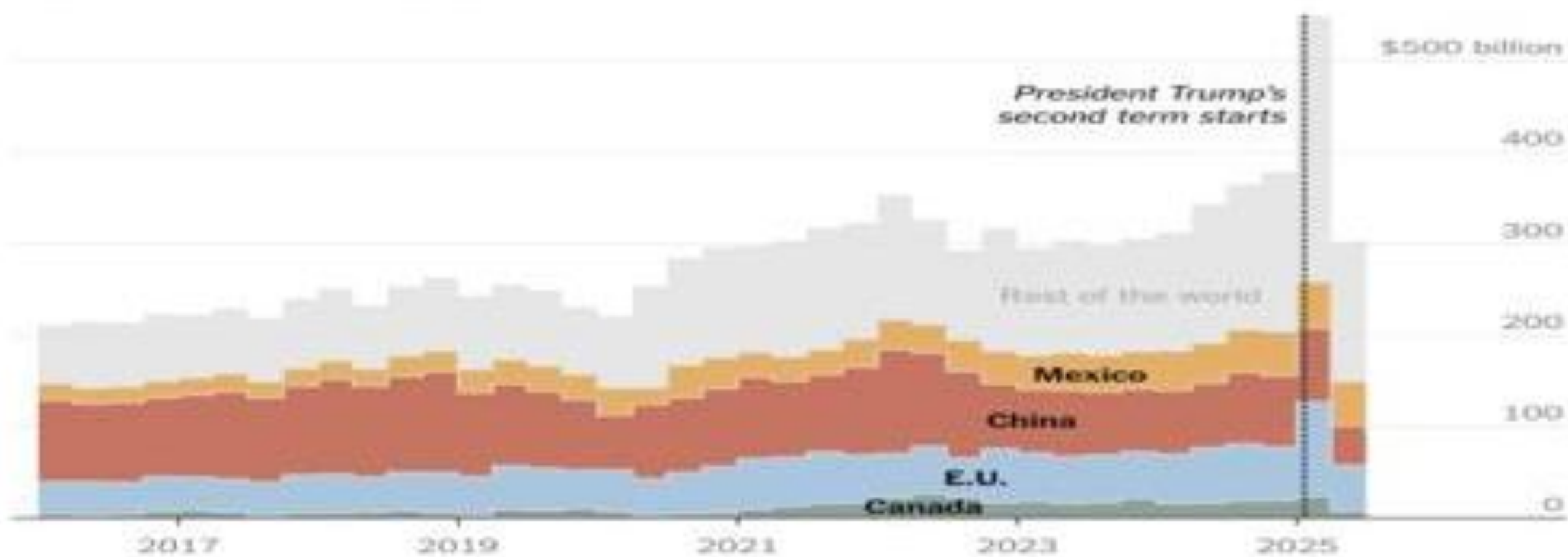


Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. (on Imports from that Country and Trade Partners)	U.S.A. Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
	60%	30%
	10%	10%
	74%	37%
	10%	10%
	11%	17%
	34%	17%
	10%	10%
	10%	10%
	58%	29%
	10%	10%
	88%	44%
	10%	10%



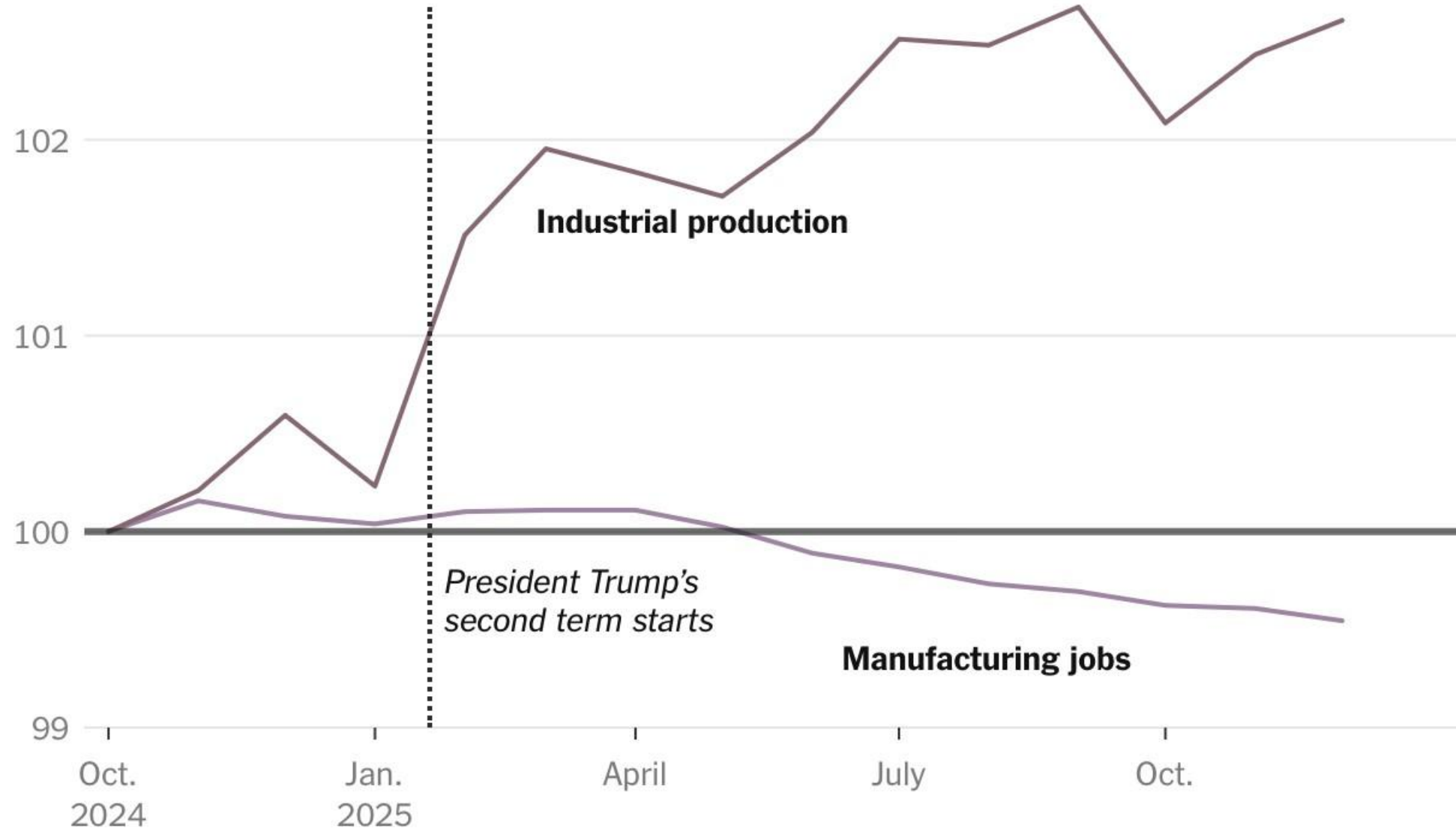
Quarterly trade deficit



Note: Data is seasonally adjusted trade in goods through September 2025. Source: Census Bureau. The New York Times

Manufacturing indexes

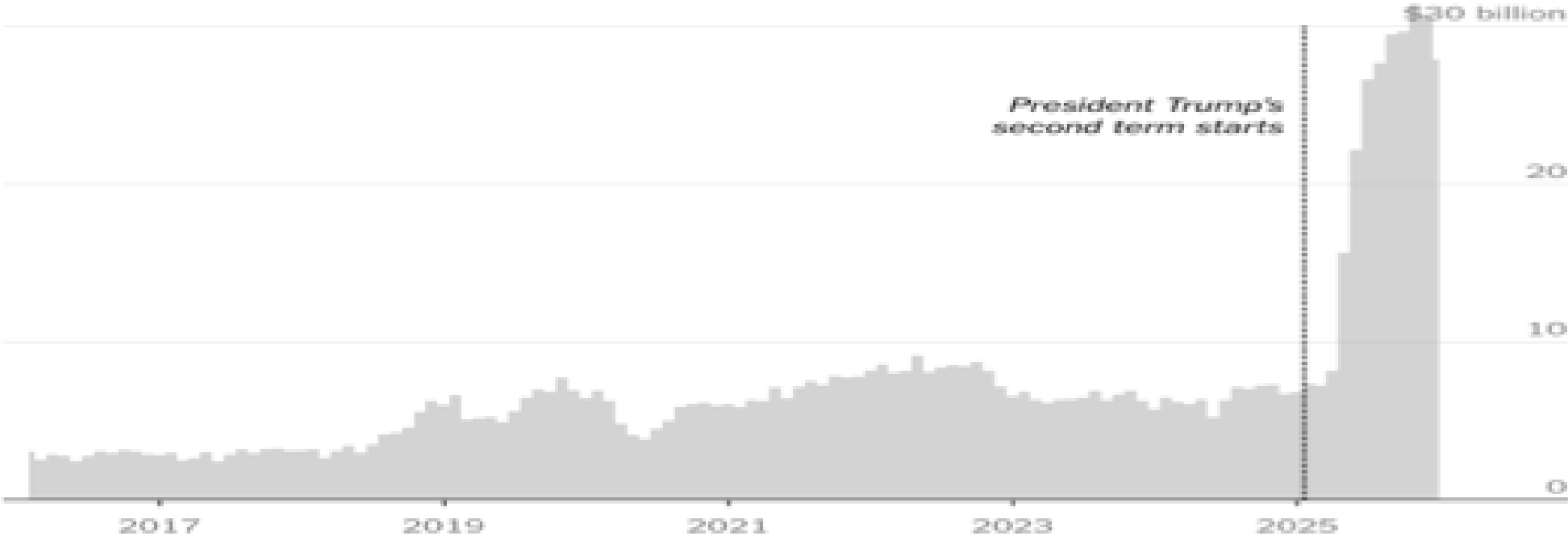
Change since October 2024



Skyrocketing revenue

One of the most tangible effects of Mr. Trump's trade policy has been a drastic increase in the revenue the government takes in from tariffs. The United States collected an [estimated \\$287 billion](#) in customs duties, taxes and fees last year, nearly triple the amount in 2024.

Monthly tariff revenue



Source: Treasury Department, The New York Times

Geopolitical Shifts Likely To Re-Shape Global Supply Chains

- Major economies will seek to source essential products closer to home (near shoring) or from geopolitical allies (friend shoring)
- Geopolitical reliability of trade partners will become more important

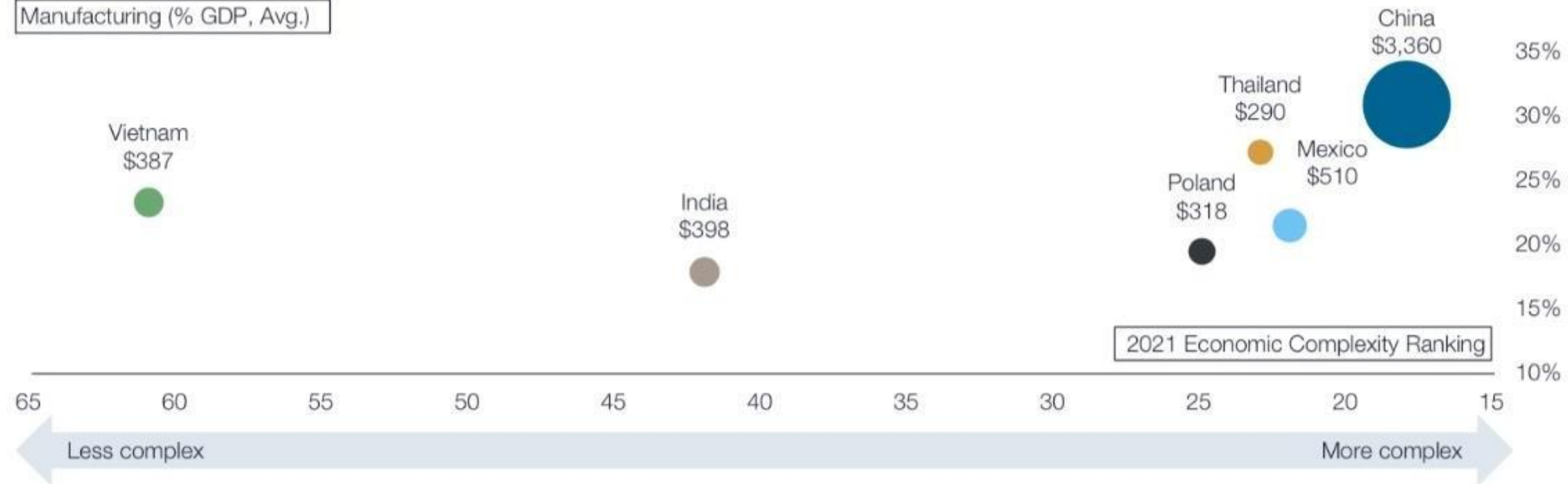
Three Main Options, All Of Which Will Take Years To Implement

Supply Chain Diversification Options

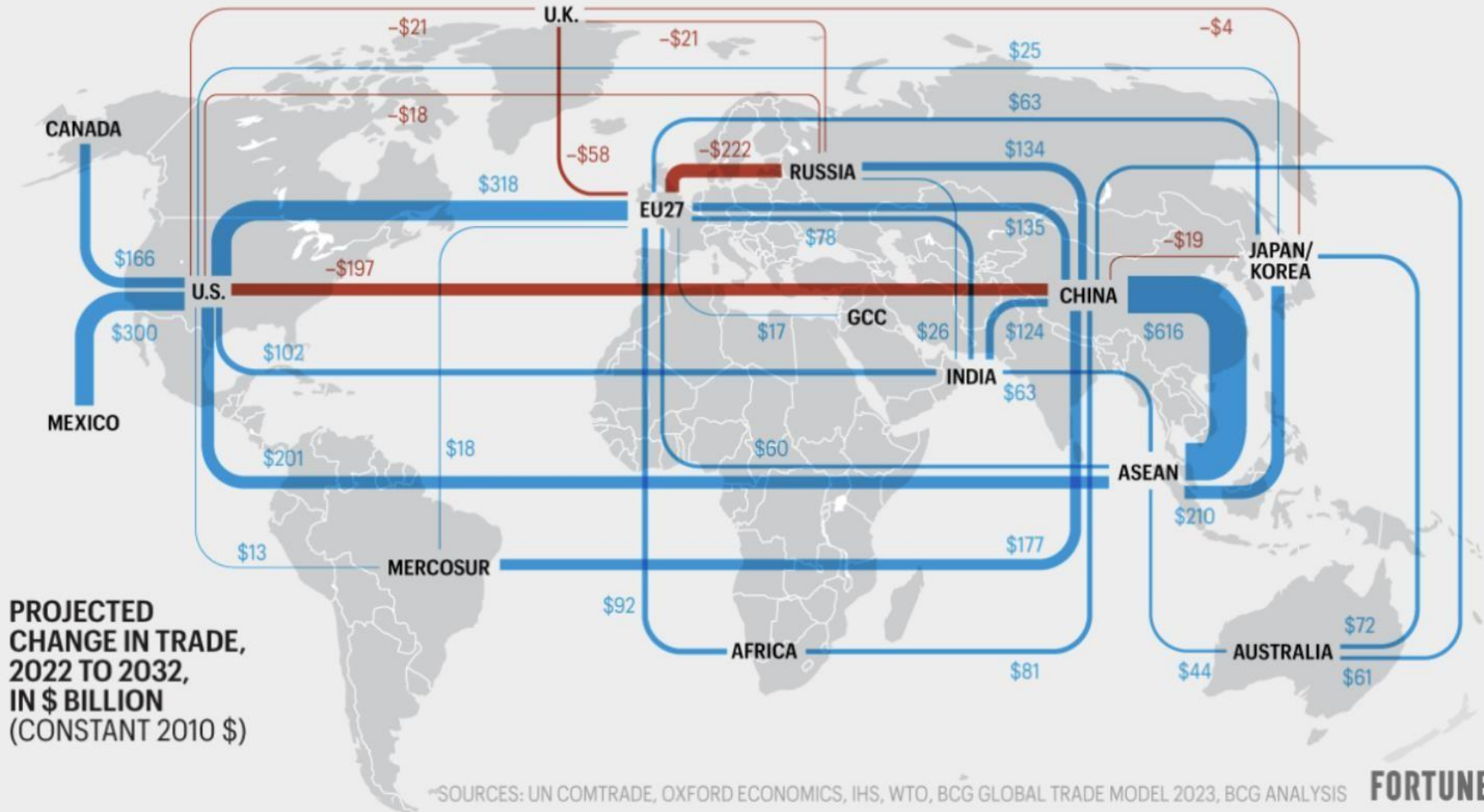
Type	Description	Impact
China Plus One	<ul style="list-style-type: none">• Firms keep a large portion of their manufacturing in China but develop a second supplier outside of the country, often in the same region (e.g. Vietnam, Thailand)	<ul style="list-style-type: none">• Improves supply chain security by removing the risk of a single point of failure while maintaining access to the Chinese manufacturing capacity and consumer market. This is usually the cheapest option
Near/Friend Shoring	<ul style="list-style-type: none">• Firms bring business operations to the same region as the primary consumer base (e.g. Mexico, CEE) or to friendly nations	<ul style="list-style-type: none">• Reduces transit time and/or helps avoid geopolitical risk. In some sectors (e.g., autos and heavy manufacturing) this option allows companies to take advantage of better agglomeration effects
Reshoring	<ul style="list-style-type: none">• Firms move manufacturing back to their home market	<ul style="list-style-type: none">• Usually too costly unless there is significant investment in automation or government support, but it substantially cuts logistics and geopolitical risk

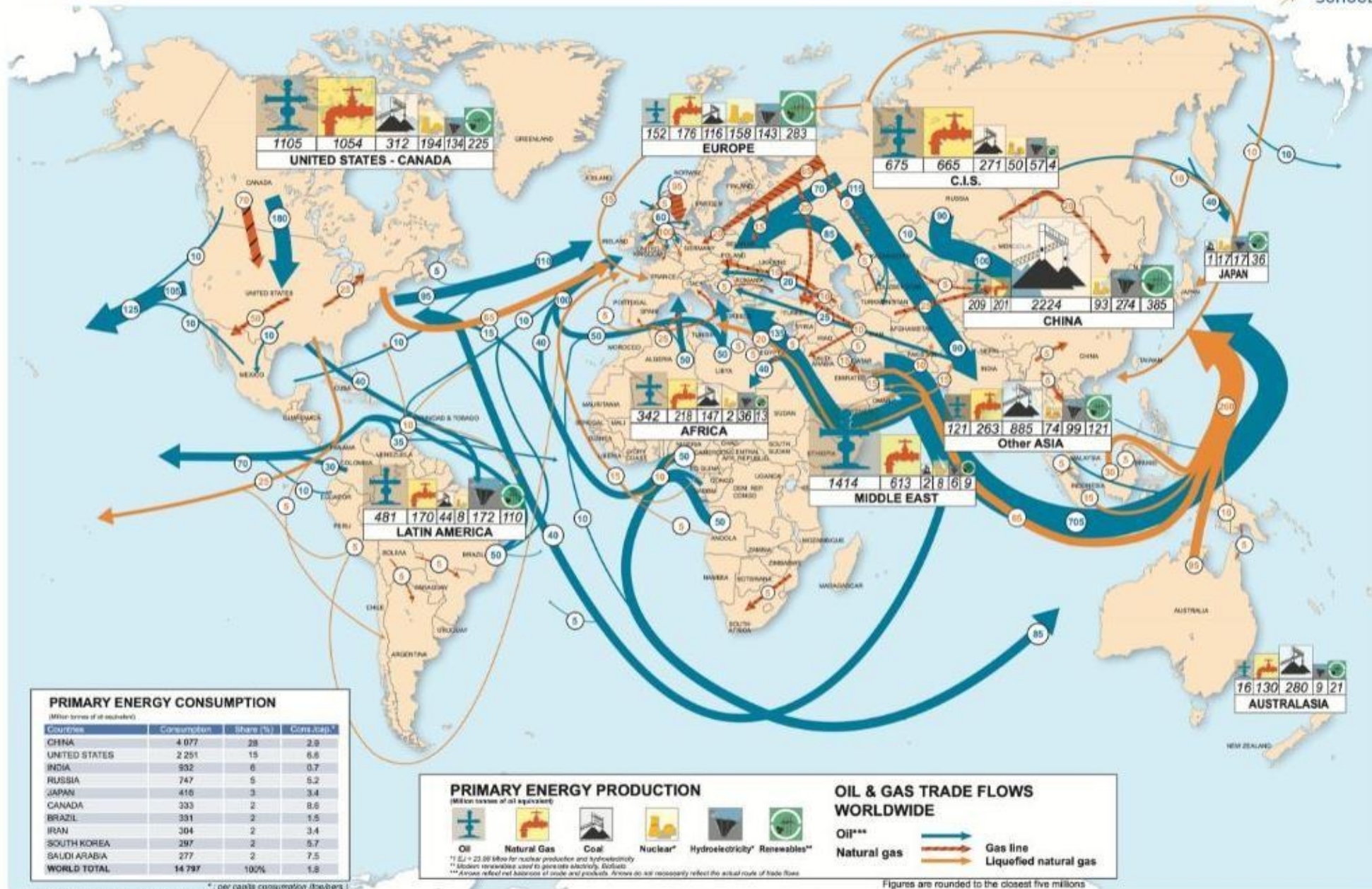
Figure 4: Economic Complexity (Ranking, X Axis), Manufacturing as % of GDP (%), and Total Manufacturing Exports (\$bn, Size of Bubble)¹³

Manufacturing (% GDP, Avg.)



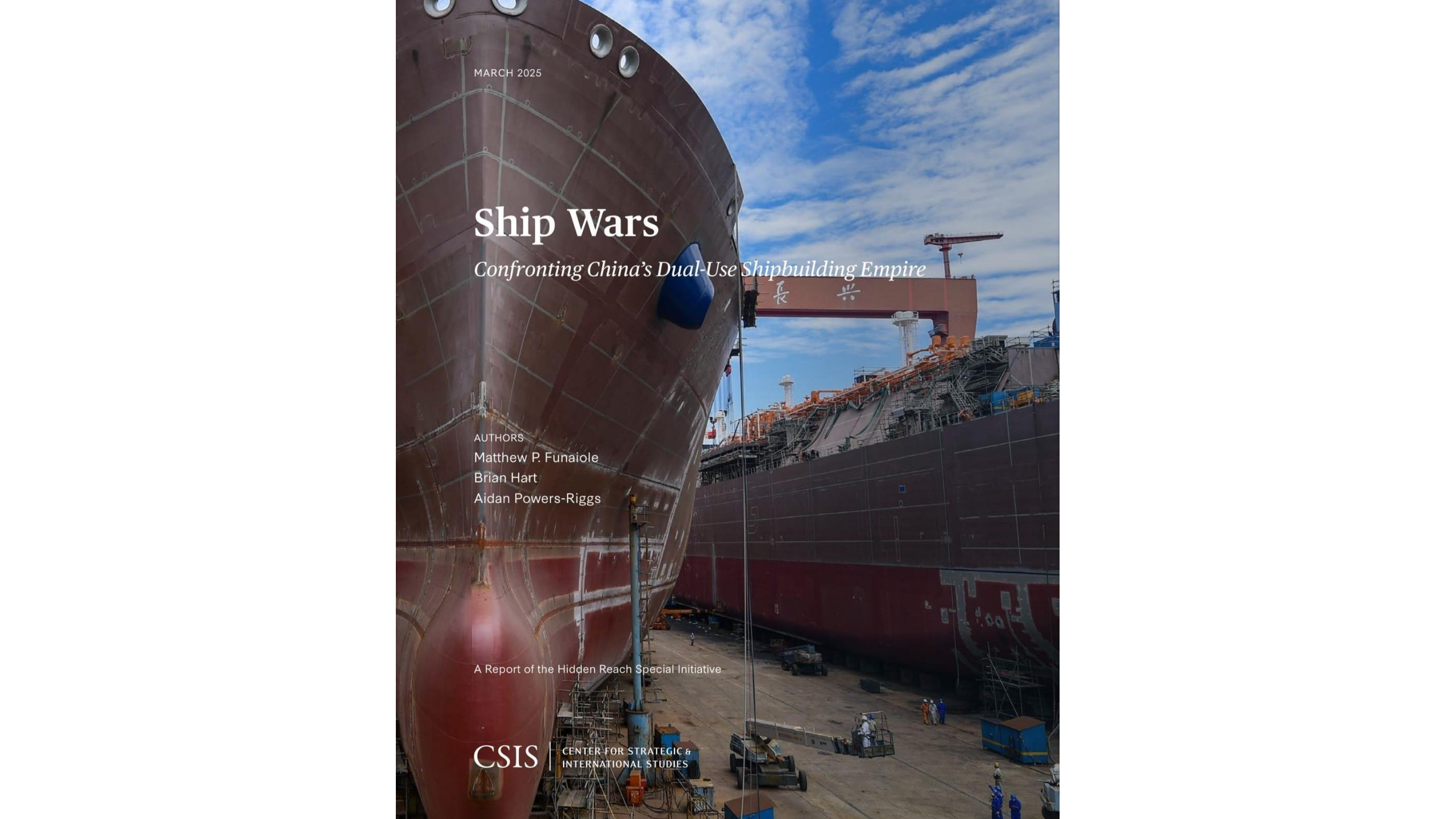
How trade flows will be reshaped by 2032





Sources: Energy Intelligence, OPEC, Eurostat

The geopolitics of shipbuilding



MARCH 2025

Ship Wars

Confronting China's Dual-Use Shipbuilding Empire

AUTHORS

Matthew P. Funaiolo

Brian Hart

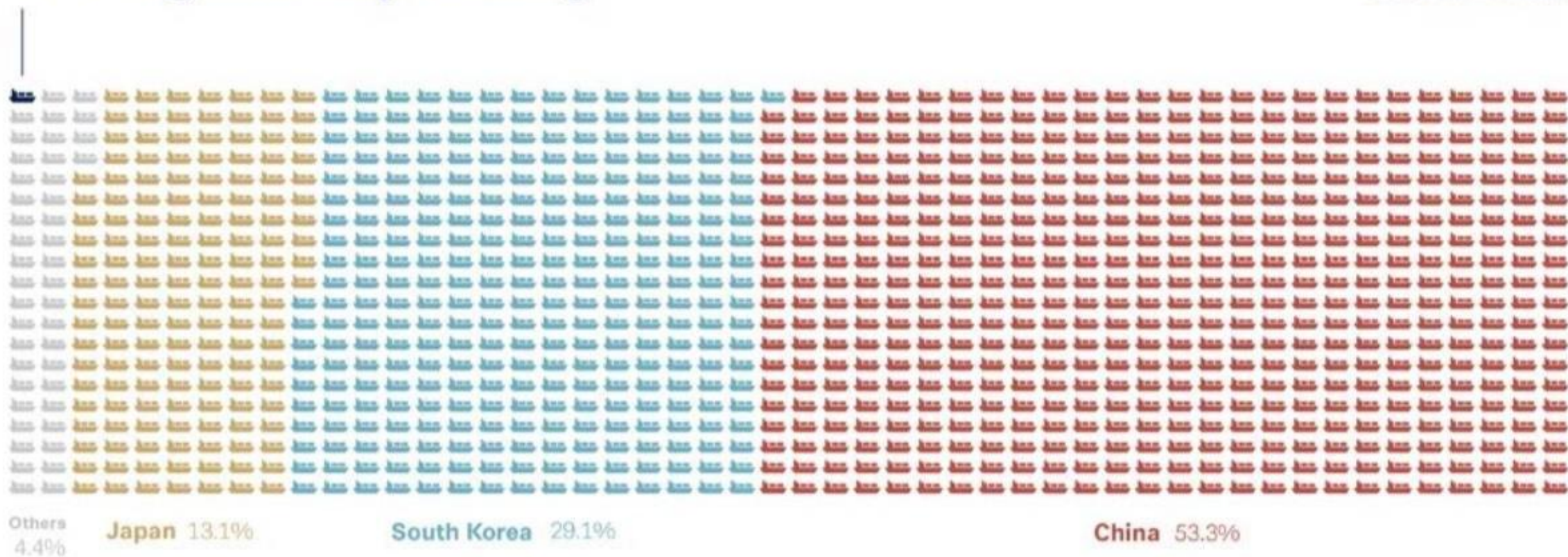
Aidan Powers-Riggs

A Report of the Hidden Reach Special Initiative

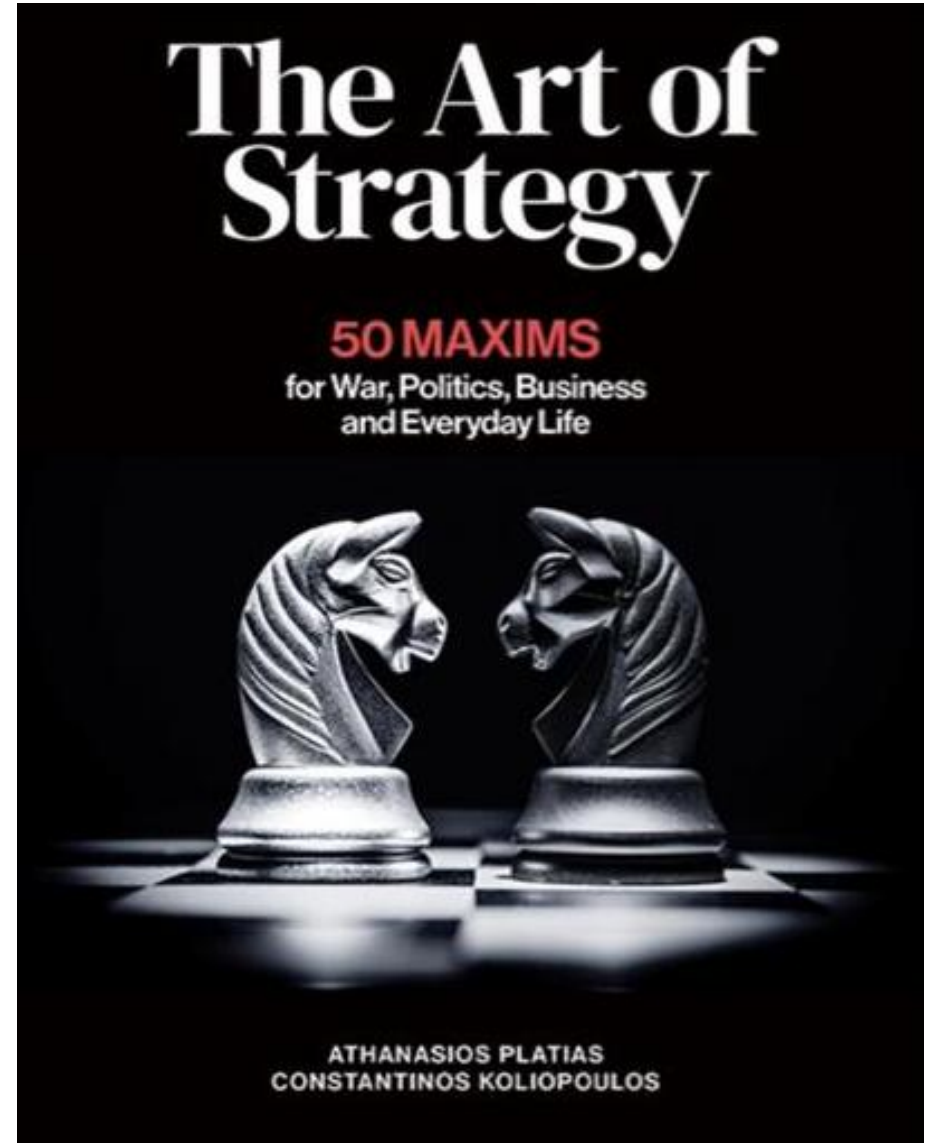
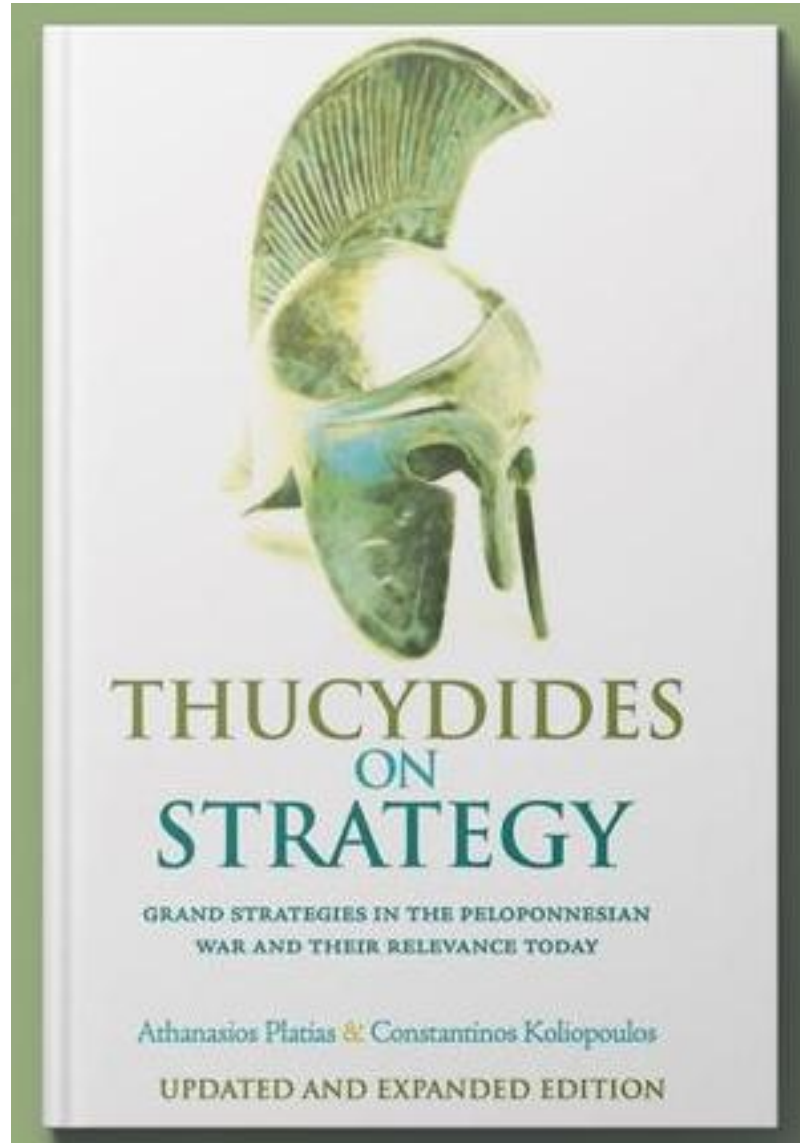
CSIS | CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES

The U.S. accounts for 0.1% of global shipbuilding

Meanwhile, **China produces more than the rest of the world combined.**



Further Reading



Thank you for your attention!

