

# Why a Narrow Strip of Water Can Crash the Global Economy

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*Note: the original article is provided as a separate file (attached to the email or downloadable from the website).*

## 1. Reading Passage

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In 405 BC, the Spartan commander Lysander broke Athens by seizing the Dardanelles, the narrow strait through which the city's grain arrived. Athens starved, and an empire fell. Twenty-four centuries later, the same geometry — a thin ribbon of water, a vast economy depending on it — still governs world trade. The current crisis in the Strait of Hormuz, where Iran briefly closed the chokepoint after a US-Israeli attack and Washington counter-blockaded Iranian ports, has reminded governments how fragile that geometry really is.

Roughly one-third of the world's seaborne oil passes through Hormuz on a normal day. For weeks this spring it didn't. Satellite-tracked vessel routes through the strait fell to near zero, and Brent crude rose more than \$40 a barrel between February and the time the article went to press. Yet Hormuz is only one node in a system full of pinch points. The Strait of Malacca, between Indonesia and the Malay Peninsula, carries about 22 percent of global maritime trade. The Taiwan Strait carries 21 percent, the Strait of Gibraltar 18, the Dover Strait and Suez Canal 16 each. Even the Panama Canal, often imagined as a marvel of redundant engineering, handles around 7 percent — and in 2024, drought cut its daily transits by 77 percent. Climate, it turns out, can choke a waterway as effectively as a missile.

The consequences cascade. Researchers at Oxford estimate conflict-related disruption at major chokepoints last year hit about \$190 billion of trade and cost the global economy roughly \$14 billion. When the Red Sea grew dangerous under Houthi attacks beginning in late 2023, ships rerouted around Africa's Cape of Good Hope, adding thousands of miles, weeks of time, and several dollars per barrel to the price of oil — Rystad's research arm puts Red Sea disruption in 2025 at \$2–\$5 per barrel. Maersk, the world's second-largest container line, calls the trend a weaponization of trade routes 'to an extent we have not seen before.'

But here's the catch: there's almost nowhere else to go. For 80 percent of the goods that move through Hormuz, no alternative route exists. The Bab el-Mandeb, the Bosphorus, the Dardanelles and the Øresund between Denmark and Sweden all run past the territory of nervous militaries — Russia, China, Turkey, Japan, the United States. Even the would-be detours are chokepoints. That is why some shipping firms are quietly investing in long-term redundancy: China through its Belt and Road infrastructure, others exploring a long-mooted rival canal through Nicaragua. President Trump has periodically threatened to 'take control' of the Panama Canal, accusing China of secretly steering it. China, which had its port-operator contracts there annulled in 2025, denies any such role.

The deeper lesson is structural. A global economy built for efficiency — just-in-time inventories, cheap freight, lean supply chains — has been built on top of half a dozen narrow seas any one of which can be closed by a drone, a drought, or a diplomatic quarrel. As one analyst at FaaSPEED International Logistics put it, every week Hormuz is shut means expect a month of disruption. For policymakers now openly worrying about stagflation, that arithmetic is no longer academic. The chokepoint is the world's most underrated economic variable, and the 21st century has only begun to test it.

## 2. Explanation

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*In 405 BC, Spartans starved Athens by closing one narrow strait. In 2026, the same trick still works – except now the chokepoints feed the entire planet.*

### What's Going On?

After the US and Israel attacked Iran, Tehran announced it had taken control of the Strait of Hormuz – the narrow waterway through which roughly one-third of the world's seaborne oil passes. Washington responded by blockading Iranian ports, and traffic through the strait fell to a near-standstill for weeks.

The shock has forced governments and shipping companies to look hard at every other chokepoint they depend on: the Suez Canal, the Panama Canal, the Strait of Malacca, the Bab el-Mandeb, the Bosphorus, the Dardanelles. Even before this crisis, conflict-driven disruptions had hit about \$190 billion of trade last year, costing the global economy an estimated \$14 billion, according to Oxford researchers.

### How To Think About It

A chokepoint is what engineers call a 'single point of failure' – a spot where the whole system depends on one piece working. Global shipping has lots of them, and adversaries know it.

- Think of the human windpipe: a healthy body has redundant systems for almost everything, but the trachea is a single narrow tube – squeeze it and the whole organism is in trouble within minutes.
- Or think of a stadium with one functional exit. On a normal night nobody notices; the moment something goes wrong, the bottleneck IS the disaster, not the original spark.

### Key Things To Know

- Share of global maritime trade by chokepoint: Malacca 22%, Taiwan Strait 21%, Gibraltar 18%, Dover 16%, Suez 16%, Korea Strait 11%, Hormuz 8%, Panama 7%, Bosphorus 5%, Cape of Good Hope 3%.
- Mechanism: when Hormuz closes, tankers must reroute around Africa's Cape of Good Hope, adding thousands of miles, weeks of time, and a spike in freight and insurance costs.
- Key players: Maersk (world's #2 container line), the Houthis (whose Red Sea attacks since late 2023 already pushed traffic to the Cape), and major navies – the US, China and Russia all jockeying for influence in the Indian Ocean.
- Non-obvious consequence: Red Sea oil disruption in 2025 added \$2–\$5 per barrel; Brent crude has now risen more than \$40 since February in the Hormuz crisis, says Rystad's Artem Abramov.
- What most people miss: the danger isn't only physical blockade. Drought cut Panama Canal transits by 77% in 2024, proving climate can choke a route as effectively as a missile.

### Why It Matters

Almost everything in your life – your phone, sneakers, the gasoline in a family car, the diesel that delivers groceries – moved by ship through at least one of these straits. When a chokepoint seizes up, prices rise within weeks, and Rystad's analysts say policymakers are openly debating whether the squeeze could tip the world back into stagflation, the toxic mix of stalled growth and rising prices. If you're choosing a college major or career, this is also why supply-chain management, naval engineering,

energy analysis and geopolitical risk have suddenly become some of the hottest hiring fields.

## **The Bigger Picture**

Lysander shut the Dardanelles 2,400 years ago to break Athens; today President Trump has periodically threatened to 'take control' of the Panama Canal, and a Russian–Chinese naval exercise in January took place off South Africa's Indian Ocean coast – right where rerouted traffic now flows. Watch for three second-order effects: shipping firms building redundant routes (Belt and Road overland corridors, Nicaragua canal revivals), insurance markets repricing entire oceans as 'war zones,' and middle powers like Egypt, Indonesia and South Africa discovering that geography has handed them unexpected leverage.

### 3. Key Terms Glossary

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#### **Maritime chokepoint**

A narrow stretch of sea – strait, canal or channel – that a disproportionate share of world shipping must pass through, making it a strategic vulnerability.

#### **Strait of Hormuz**

The waterway between Iran and Oman/UAE through which roughly one-third of seaborne oil exits the Persian Gulf.

#### **Bab el-Mandeb**

The narrow strait between Yemen and the Horn of Africa connecting the Red Sea to the Indian Ocean; gateway to the Suez Canal.

#### **Cape of Good Hope route**

The long alternative shipping path around the southern tip of Africa used when Suez or Hormuz are unsafe; thousands of extra miles and weeks of added transit.

#### **Stagflation**

An economic condition combining stagnant growth with high inflation – rare and painful because the usual cures for one make the other worse.

#### **Belt and Road Initiative**

China's global infrastructure strategy of building ports, rail and roads, partly to create overland supply routes that bypass vulnerable sea chokepoints.

#### **Houthis**

A Yemen-based armed movement whose attacks on Red Sea shipping since late 2023 forced many vessels to reroute around Africa.

#### **Rolling average (30-day)**

A statistical smoothing technique where each day's value is replaced with the mean of the prior 30 days, used to reveal trends in noisy daily data like ship transits.

## 4. Reading Comprehension Quiz

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Circle the best answer for each question.

**Q1.** The passage most directly argues that:

- A) Maritime chokepoints have become unusually fragile because conflict and climate now disrupt them simultaneously.
- B) The Strait of Hormuz is the only chokepoint that meaningfully threatens the global economy today.
- C) Shipping companies have already solved the chokepoint problem through new overland trade routes.
- D) Naval power has lost its strategic relevance in an era of digital and financial globalization.

**Q2.** According to the passage, traffic through the Panama Canal fell in 2024 primarily because of:

- A) Attacks by armed groups on commercial vessels transiting the canal.
- B) A drought that triggered restrictions on the number of daily transits.
- C) A trade agreement annulled by Panama with a foreign port operator.
- D) Sanctions imposed by the United States against the canal authority.

**Q3.** As used in the passage, the word 'leverage' most nearly means:

- A) Borrowed financial capital used to amplify returns.
- B) A mechanical tool that multiplies physical force.
- C) Strategic pressure used to gain advantage over another party.
- D) A debt obligation owed by one government to another.

**Q4.** The passage suggests which of the following about the 2026 closure of the Strait of Hormuz?

- A) It will likely be resolved within days through routine diplomacy.
- B) Its costs are limited to oil-exporting countries in the Gulf region.
- C) It has wider economic effects comparable in scope to the COVID-19 shock.
- D) It demonstrates that shipping companies have stopped using the strait permanently.

**Q5.** As used in the passage, the phrase 'rule of thumb' most nearly means:

- A) A formal legal regulation enforced by courts.
- B) A rough practical guideline based on experience.
- C) A mathematical formula derived from controlled experiments.
- D) A binding contract between two trading partners.

**Q6.** Which statement about alternative shipping routes can most reasonably be inferred from the passage?

- A) They eliminate the cost increases caused by chokepoint closures.
- B) They are faster than the original routes they replace.
- C) They reduce some risk but introduce new costs and longer transit times.
- D) They are used only by vessels carrying military cargo.

**Q7.** The passage implies that China's response to recent chokepoint risks has included:

- A) Abandoning its overseas infrastructure investments in Asia and Africa.
- B) Pursuing alternative supply routes through its Belt and Road program.
- C) Joining a US-led coalition to police the Strait of Hormuz.
- D) Selling its merchant fleet to neutral European operators.

**Q8.** The tone of the passage is best described as:

- A)** Alarmed and openly partisan against one government.
- B)** Analytical and concerned, drawing on expert testimony.
- C)** Nostalgic about an earlier era of safe global trade.
- D)** Optimistic that markets will rapidly self-correct.

**Q9.** Which generalization about global trade is best supported by the passage?

- A)** Modern supply chains are highly efficient but unusually exposed to localized disruptions.
- B)** Air freight has largely replaced sea freight for high-value goods worldwide.
- C)** Global trade volumes have steadily declined every year since 2020.
- D)** Most chokepoints are now controlled by neutral international bodies.

**Q10.** Which choice provides the best evidence for the answer to the previous question?

- A)** The reference to Lysander closing the Dardanelles in 405 BC against Athens.
- B)** The statistic that conflict at chokepoints disrupted about \$190 billion of trade and cost the world economy roughly \$14 billion last year.
- C)** The note that the Cape of Good Hope handles 3% of global maritime trade.
- D)** The mention of a Russian–Chinese naval exercise off South Africa's coast.

**My Score:** \_\_\_\_\_ / 10

## 5. Answer Key with Explanations

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**Q1.** The passage most directly argues that:

**Answer: A**

The passage's central claim is that conflict (Hormuz, Red Sea) and climate (Panama drought) have together exposed how vulnerable the world's narrow shipping passages are. B is wrong – TRAP A (right scope, wrong direction): the passage emphasizes multiple chokepoints, not Hormuz alone. SAT Tip: when a question asks for the central idea, pick the option that covers BOTH the article's main examples, not one of them.

**Q2.** According to the passage, traffic through the Panama Canal fell in 2024 primarily because of:

**Answer: B**

The passage states drought reduced Panama Canal transits in 2024, with average daily traffic dropping sharply. C describes a separate political dispute mentioned later but not the cause of the 2024 drop – TRAP B (passage vocabulary in wrong combination). SAT Tip: when two facts appear in the same article, make sure the cause you pick is the one the passage actually links to the effect in question.

**Q3.** As used in the passage, the word 'leverage' most nearly means:

**Answer: C**

In context – chokepoints as 'geopolitical leverage' – the word means strategic pressure. A is the common finance meaning of 'leverage' and the most tempting trap – TRAP B (passage vocabulary in wrong combination). SAT Tip: on vocab-in-context items, the most familiar dictionary meaning is usually the wrong answer; substitute each option into the sentence and test which keeps the meaning.

**Q4.** The passage suggests which of the following about the 2026 closure of the Strait of Hormuz?

**Answer: C**

An analyst quoted in the passage compares the disruption to the global Covid shock, framing it as a worldwide crisis. B is wrong – TRAP A (right scope, wrong direction): the passage explicitly says effects ripple beyond the region. SAT Tip: when an inference question offers an option that limits scope ('only,' 'just,' 'limited to'), check whether the passage actually narrows the impact that way.

**Q5.** As used in the passage, the phrase 'rule of thumb' most nearly means:

**Answer: B**

The shipping analyst uses 'rule of thumb' to mean an experience-based estimate – every week Hormuz is closed, expect a month of disruption. A treats the phrase as legal/binding – TRAP B (vocabulary used in wrong register). SAT Tip: idiomatic phrases on the SAT usually mean something looser and more conversational than their most formal-sounding option.

**Q6.** Which statement about alternative shipping routes can most reasonably be inferred from the passage?

**Answer: C**

The passage shows ships rerouting around Africa to avoid the Houthis travel thousands of extra miles, raising freight prices – so alternatives help but cost more. A claims rerouting eliminates extra cost, which contradicts the freight-price spike – TRAP A (right scope, wrong direction). SAT Tip: 'eliminates,' 'solves,' and other absolute verbs are usually wrong on inference questions; the SAT prefers the qualified answer.

**Q7.** The passage implies that China's response to recent chokepoint risks has included:

**Answer: B**

*A think-tank analyst in the passage explains China has long sought alternative supply lines via Belt and Road in case the US closes a chokepoint. C is plausible-sounding but unsupported – TRAP C (true-ish in real world, but not in passage). SAT Tip: on 'the passage implies' items, eliminate any option you can't trace to a specific sentence, even if it sounds reasonable in general knowledge.*

**Q8.** The tone of the passage is best described as:

**Answer: B**

*The passage stacks expert quotes, statistics and historical context to analyze risk soberly – neither panicked nor cheerful. A overstates the emotional register and assigns partisanship the passage avoids – TRAP B (passage vocabulary, wrong register). SAT Tip: tone answers usually live in the calm middle; extreme adjectives like 'partisan,' 'furious,' or 'jubilant' are almost always wrong.*

**Q9.** Which generalization about global trade is best supported by the passage?

**Answer: A**

*The whole article shows how concentrating trade through a few narrow straits makes the system efficient yet brittle when any one node fails. D is contradicted by the passage's emphasis on national rivalries over chokepoints – TRAP A (right topic, wrong direction). SAT Tip: when asked for a generalization, pick the option that fits the passage's overall pattern, not a single sentence.*

**Q10.** Which choice provides the best evidence for the answer to the previous question?

**Answer: B**

*Question 9's answer (efficient but exposed) is best supported by the dollar figures showing how a small geographic disruption produces huge global losses. A is thematic background, not the strongest direct evidence – TRAP C (true claim, weaker support). SAT Tip: on evidence-pairing questions, choose the option with concrete numbers or direct claims, not the one that merely sets atmosphere.*