

# Suez Canal head says Egypt studying further expansion of waterway

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5 Mar 2024

Egypt is studying further expansions of the Suez Canal to extend and complete a second channel of the waterway, the canal's head said on Monday, 4 March, a move that could allow for higher volumes of shipping and prevent blockages from halting traffic.



FILE PHOTO: The Suez Canal connecting the Mediterranean Sea to the Red Sea is pictured from the window of a commercial plane flying over Egypt, December 18, 2019. REUTERS/Lucas Jackson/File Photo

The comments come as the canal is seeing a sharp fall in revenue due to shipping companies diverting away from the waterway, the shortest route between Europe and Asia, because of attacks by Houthi militants in Yemen against ships in the Red Sea.

Any new extension would come on top of current work to extend the second channel by 10 kilometres and to deepen and widen a section of the canal.

That work was expedited after the Ever Given, a giant container ship, ran aground in a single-lane section of the canal in March 2021, stopping traffic for six days.



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The canal is a key source of scarce foreign currency for indebted Egypt, which spent an estimated \$8.2 billion on an expansion of the canal that opened in 2015 and included the creation of a 35-km (22-mile) parallel waterway.

Canal revenues have increased gradually but by less than officials had forecast, reaching a record \$9.4 billion in the financial year ending in June 2023, before dipping by at least 40% at the beginning of this year due to the Houthi attacks.

Initial studies on an additional expansion would take about 16 months, and would include feasibility, environmental and engineering studies, as well as soil and dredging research, Suez Canal Authority (SCA) Chairman Osama Rabie said in a statement.

The project would need governmental approvals and would be funded through the SCA's investment budget, to avoid "placing any additional burdens on the state's general budget", the statement added.



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Rabie said it could raise the competitiveness of the canal and allow it to take more and bigger ships.

The 2015 canal expansion is one of several mega-projects pursued under President Abdel Fattah al-Sisi that critics say has contributed to the foreign currency crunch and rising debt burden.

Officials have said spending on non-essential projects would be cut as a shortage of foreign currency worsened over the past two years.

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