The Investment Institute
by UniCredit

Coffee Break

Coffee Break is our daily publication, offering topical insights as an intellectual ingot to start the day.

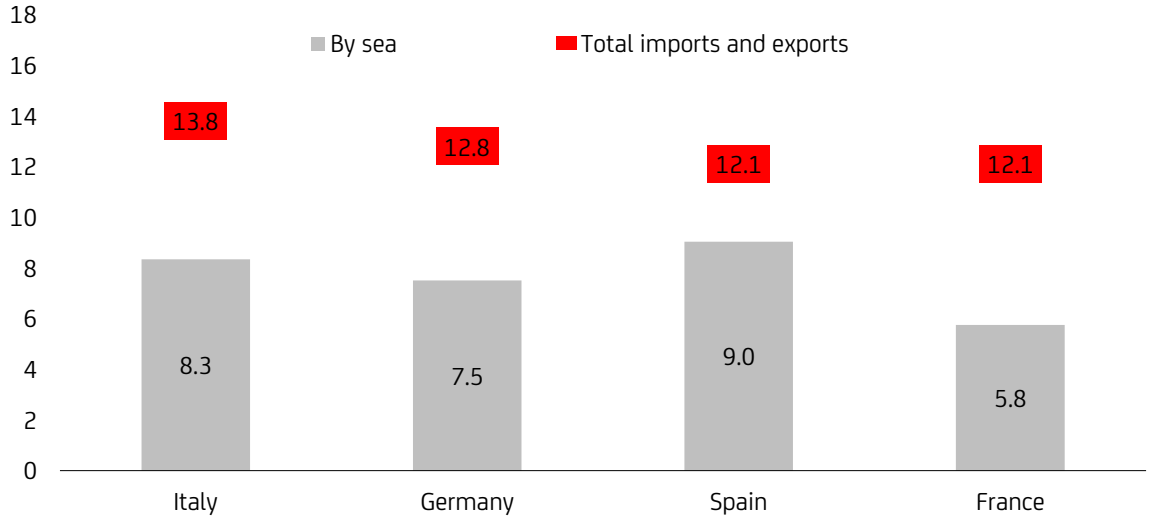
Beyond energy: why the Red Sea matters for euro area trade

7 October 2026

Euro area export performance has likely benefited from a gradual diversification across sectors and a reorientation of trade towards Asia and the Middle East. As trade links with these regions deepen, developments along the Red Sea corridor warrant attention given its growing relevance for trade flows.

EURO AREA: SEABORNE TRADE DEEPENS LINKS WITH ASIA AND THE MIDDLE EAST

TRADE IN GOODS WITH THE MIDDLE EAST AND ASIA: TOTAL AND SEABORNE (% OF COUNTRIES' EXTERNAL TRADE)



Source: Eurostat, The Investment Institute by UniCredit
Note: Trade in goods captures each country's imports and exports, in value terms, both total and transported by sea, with selected trading partners in the Middle East, Asia and Australia, including Saudi Arabia, Iraq, Qatar, Pakistan, India, Vietnam, Indonesia, China, South Korea and Japan.

THE CONTEXT

Economic growth in the euro area has remained resilient so far this year, despite persistent energy-market tensions and trade policy uncertainty. In particular, exports of goods and services have continued to expand at a solid pace, even as euro area goods exports to the US have softened. This performance has been supported by a gradual reorientation of trade towards faster-growing regions, including India, the Middle East and ASEAN economies, and by

the increased relevance of technology-intensive and commodity-related sectors, which are contributing more to global trade growth. Against this backdrop, persisting tensions in the Middle East could weigh not only on energy markets but also on trade flows between euro area and Asia through their impact on shipping routes in the Red Sea.



THE DATA

To assess the extent of this risk, we look at euro area trade exposure to the Red Sea corridor and Asia, focusing on France, Germany, Italy and Spain. Together with Belgium and the Netherlands, these economies account for the bulk of the euro area's external trade. Specifically, our chart maps imports and exports with key trading partners in the Middle East and Asia whose trade with Europe typically transits through the Red Sea. These trading partners currently account for roughly 12-14% of total external trade in the economies considered. Germany, Italy and Spain appear particularly exposed to disruptions to Red Sea shipping. In Spain's case, around 75% of trade with these regions is transported by sea, compared with roughly 60% in Italy and Germany and close to 50% in France. For Italy and Spain, this largely reflects their strong reliance on imports from Asia, particularly China. Germany's exposure, by contrast, stems primarily from the strategic importance of trade with Asia for its manufacturing sector and export-oriented economy.



OUR VIEW

Recent reports of increasing military confrontation between Saudi-backed forces and the Houthis serve as a reminder of the continued fragility of one of the world's most strategic maritime corridors. Even if tensions in the Middle East remain confined, a deterioration in security conditions around the Red Sea and the Bab el-Mandeb Strait could still have noticeable repercussions for trade flows between Europe, the Middle East and Asia. Previous episodes of disruption in the Red Sea have shown that heightened security risks can lead shipping companies to reroute vessels, lengthening transit times, increasing freight costs and placing additional pressure on supply chains.

The broader message is that the geographical diversification of trade has so far strengthened the resilience of euro area exports, helping to offset softer demand from traditional markets, particularly the US. Nevertheless, as trade links with Asia and the Middle East deepen, developments affecting key shipping corridors warrant close attention, as they could add to supply-chain uncertainty and increase logistics costs if regional tensions persist.

TODAY'S DATA RELEASES

Time (CET)	Country	Data	Period	UniCredit	Consensus	Previous
20:00	US	FOMC meeting minutes	-	-	-	-

Source: Bloomberg, The Investment Institute by UniCredit

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