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DROUGHT PLAGUES THE PANAMA CANAL

SUMMARY

An intense drought related to this year's El Nino phenomenon has quickly lowered the level of Panama's Gatun Lake, forcing the country's Canal Authority to impose further draft limits.

BACKGROUND

The idea of creating a water passage across the isthmus of Panama dates to the 1500s. After explorer Vasco Nuñez de Balboa realized that a narrow strip of land separated the two oceans, King Charles I of Spain tapped his regional governor to survey a route along the Chagres River. France, however, was the first country to attempt the task. Led by Count Ferdinand de Lesseps, the builder of the Suez Canal in Egypt, the construction team broke ground on a planned sea-level canal in 1880. Plagued by incessant rain, heavy landslides, and yellow fever, his attempt ended in 1888. The United States purchased the French assets in the canal zone for \$40 million in 1902 and, in November 1903, recognized the new Republic of Panama.

Soon afterward, the Hay-Bunau-Varilla Treaty was signed, granting America exclusive and permanent possession of the Panama Canal Zone. The Panama Canal officially opened on August 15, 1914, although the planned grand ceremony was downgraded due to the outbreak of WWI. Completed at over \$350 million, it was the most expensive construction project in U.S. history. Panama took control of the canal from the U.S. in 2000 and has since been widely praised for handling the operation.

CURRENT STATUS

Earlier this year, the authority imposed draft limits on ships, forcing some to lighten their loads to ride higher in the water so they would not run aground. "The last five months have been the driest dry season in the history of the canal," said Carlos Vargas, the Panama Canal Authority's executive vice president for environment, water, and energy. The drought is linked to an El Niño that developed early this year and is expected to continue into the fall. During an El Niño, warmer-than-normal surface waters in the equatorial Pacific can affect weather





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patterns worldwide, including rainfall in Central America. On average, El Niño events occur every two to seven years and have been noticed for centuries. They have led to canal restrictions in the past.

The authority began imposing limits in February, as the drought took hold and levels in the two lakes that supply water to the canal began to fall. The restrictions initially affected only the largest ships using the canal's newest locks, which opened in 2016. Since the February announcement, the maximum allowable draft has been reduced five times. As of May 28, the maximum draft was 43 feet, seven feet lower than usual.

In addition to the large vessels, smaller ships that use the canal's old locks will also be affected, as the maximum allowable draft for those locks has fallen from 39 and a half feet to 38 and a half. "These low levels in the Panama Canal are the product of four or five months of almost zero precipitation," Vargas told The Associated Press. "It really has been the driest dry season we've had in the history of the canal. The flow of rivers to the lake is down 60%."

IMPACT

The Panama Canal Authority has advised that starting November 1, only 31 ships will be allowed through the canal per day. Earlier restrictions led to a backlog of vessels waiting to cross, increasing transit time from 2.5 days to 9 days for the journey.

The canal handles about 5 percent of maritime trade. Any hiccup in its operation can ripple through the global economy and affect the United States, the origin or destination for much of the canal's traffic.

The draft restrictions will force container ships seeking to cross the canal to weigh less or otherwise transport fewer goods. Those that do cross will face a backlog of other ships waiting their turn. Economists fear the market reaction will be higher shipping rates and a scramble to find alternative routes from Asia to the U.S., mimicking some of the chaos of 2021 when a surge in shipping costs and consumer demand resulted in a shortage of goods.

RESOURCES:

- [Panama Canal: History, Definition & Canal Zone](#) (HISTORY)
- [Drought hits Panama Canal shipping, highlights climate fears](#) (AP News)
- [Panama Canal to limit ship draft due to drought](#) (BBC News)
- [What Panama's Worst Drought Means for Its Canal's Future](#) (Panama Cyber News)

