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Deputy Administrator Manuel E. Benitez says Panama Canal Authority will have better idea in December whether the canal will open in April as now scheduled.

BY CHRIS DUPIN | FRIDAY, NOVEMBER 20, 2015

The Panama Canal Authority said the queue of ships waiting to transit the waterway, which had [spiked](#) due to both what the authority said was “unseasonably high demand” and regular maintenance this fall, has decreased.

“The current wait time for transiting ships has been reduced by 60 percent from its high and is now four days or less. Moreover, the number of ships awaiting transit has been cut by 40 percent from its recent high in October,” the agency said in press release Thursday.

Manuel E. Benitez, deputy administrator of the authority, said Wednesday that the number of ships in the queue had dropped from a high of 139 to 94.

In addition to an increase in traffic, he said the waterway has seen an increase in large ships, both so-called “supers” with beams of more than 91 feet and “panamax” ships that have beams of 100-106 feet, moving through the waterway’s locks that are just 110-feet wide. There is also an increase in the number of gas tankers transiting the waterway.

Larger ships, as well as gas tankers, may be required to transit the waterway during daylight hours, he explained.

The Panama Canal also normally speeds the transit of large ships through “hydro assists”—pumping additional water into locks to help push the vessels out of locks. But Benitez said that practice has been discontinued this year because of a severe El Nino which is causing a drought in Panama.

He said the queue of ships waiting to get through the waterway could be reduced to 40-60 in several weeks, if there is not a surge in traffic.

Speaking at the Containerization and Intermodal Institute’s Container Trade Outlook Conference in Houston, Benitez emphasized the importance of the canal to U.S. trade.

He said 68.5 percent of the cargo passing through the waterway in 2014 originated in or was destined for the United States, and that share was expected to increase to about 71 percent this year.

While the canal connects 1,700 ports in 160 countries, Benitez said three of the four largest trade routes that pass through the canal are ones that touch the United States—Northeast Asia to the U.S. East and Gulf coasts; the west coast of South American to the U.S. East Coast; and the west coast of Central America to the U.S. East Coast.

Containerized cargo is the biggest segment of cargo moving through the canal, with 33 liner services transiting of the canal, with 14 of the services moving cargo between Northeast Asia and ports on the the U.S. East and Gulf coasts.

Benitez said Wednesday that the Panama Canal Authority will have a better idea by next month on whether its new locks, capable of handling ships of 13,000-14,000 TEU capacity, will be able to open next April as is currently scheduled.

He said dredging of the entrance channels to the canal on both the Atlantic and Pacific sides are completed. Deepening and widening of fresh water channels and signaling are nearly finished, as well. A new dam for the Pacific access channel is also nearly completed.

The new locks for the canal are 94 percent complete. When one of the Cocoli Locks at the Pacific end of the canal was tested under extreme conditions in June a sill cracked and leaked.

Locks are being reinforced with additional rebar and some repairs have been completed.

"At this point in time we are told by the contractor that he is going to meet that April" deadline, he said.

Asked about competition from the Suez Canal for Asian cargo, Benitez said he believed the Panama Canal offers a time advantage to shippers, especially for cargo that originates in ports north of Hong Kong and will keep its cargo unless the Suez Canal drops its prices significantly.

When the new locks open, Benitez expects larger ships to be used in those services from Northeast Asia to the U.S. East Coast and services to be combined so that two or even three liner service strings will be consolidated into a single service.

Benitez said large ships are being built for the Asia-Europe trade that will not be able to transit even the new locks of the Panama Canal, adding that these represent a very small segment of the world containership fleet—1.5 percent of this fleet today, and a projected 3.2 percent in 2018.

Benitez said cargo is shifting from the U.S. West Coast to U.S. East Coast. Even without the expanded locks, he said that shift amounts to about 5 percent of cargo, and with it, he noted the Panama Canal Authority believes the shift will be 15 percent because of the economics of larger vessels moving cargo by water to the U.S. East and Gulf coasts.

"Houston is very well positioned for that battleground Midwest," he said.