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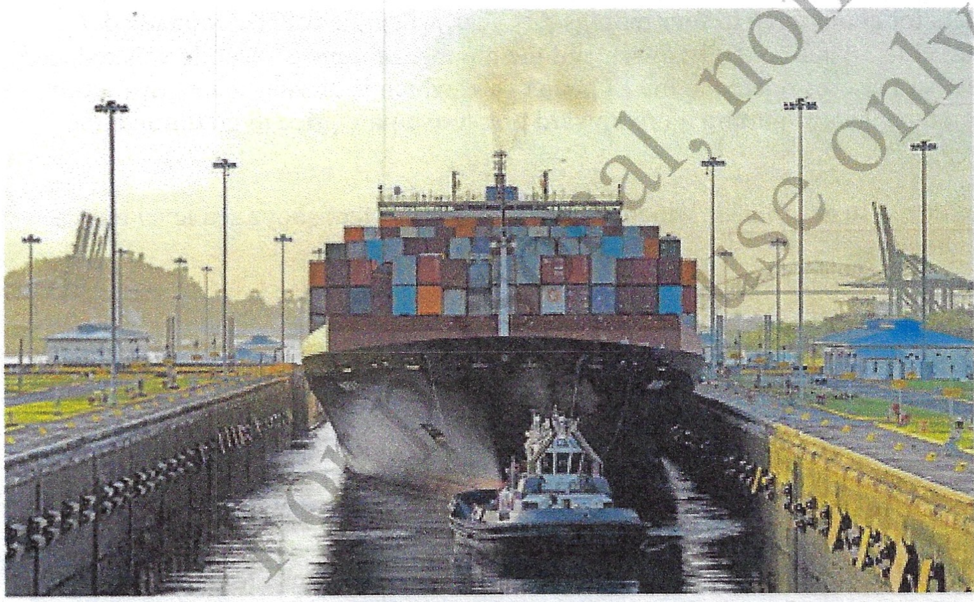
Conflicts Affect Shipping Traffic

As the conflict between the U.S. and Iran escalated, global-energy routes shifted to serve rising demand in Asia for liquefied natural gas from U.S. Gulf ports.

"There is an energy shortage getting worse by the day. In particular in Asia," said Peter Sand, chief analyst at Oslo-based maritime analytics platform Xeneta. He noted that shipments by gas carriers to transit the canal are rarely booked in advance.

LNG tankers shifted from the canal after Russia's 2022 invasion of Ukraine, to accommodate rising demand from Europe. "Now we're seeing LNG come back" because shipments to Asia from the Mideast have been disrupted by the war, an expert said.



A Liberia-flagged cargo ship transits the Panama Canal. ENEA LEBRUN/ REUTERS

Panama Canal Fee Climbs to $5 Million

High price to use the waterway caused by disruptions from Iran war and bad weather

BY SANTIAGO PÉREZ AND COSTAS PARIS

Some large cargo ships recently have paid up to $5 million to pass through the Panama Canal, as the global shipping industry reacts to trade disruptions stemming from the Iran war and extreme weather patterns in the Western Hemisphere.

The recent bids to use the 50-mile interoceanic waterway, which handles nearly 6% of global trade, reflect the canal's crucial role as shipping companies have been forced to shift maritime routes.

"I can tell you that some vessels have paid $4 million or $5 million to go through," said Ilya Espino de Marotta, who recently was appointed as canal administrator. She characterized the recent prices as a record.

Some ships bid over $1 million at auction this summer, while average auction prices stood at around $150,000 between October 2025 and March 2026.

"The market dictates the price," Espino de Marotta said in an interview. "I will not be surprised if we get again here or there (bids of) $2 or $3 million."

Many shippers book slots to transit the canal months in advance, using a reservation mechanism that accounts for 90% of total traffic through the complex freshwater system of locks and artificial lakes. Prices for those slots typically depend on the type and volume of cargo. A rise in transit costs has a cascading effect on shipping prices, commodities and consumer goods.

Note

Moreover, a few slots are held back to be auctioned off for near-term use, providing flexibility for shippers facing urgent needs. The current base auction price starts at $100,000, and averaged about $380,000 this season, Espino de Marotta said.

Note

Some vessels urgently needing to transit on a specific date submit aggressive bids, and that is what accounted for the recent high amounts, she said.

Tankers move U.S. oil and liquefied natural gas from the Gulf through the canal. Other vessels use the canal to carry U.S. grains in bulk, while containerships transport Chilean wines or Chinese consumer goods to large U.S. markets such as New York.

The canal's top user is the U.S., followed by China.

The Panama Canal registered an increase in transits for about three to four months this year, when the waterway handled between 38 and 41 crossings a day, up from about 34 to 36 before the Iran war. But the number of transits recently was reduced by canal authorities to 32 because of extreme weather patterns related to the El Niño cycle, which is driving severe disruptions across global energy markets and coastal infrastructure. That is putting more upward pressure on the price to go through the Panama Canal.

The Panama Canal relies on rainwater for its complex system of locks, which lifts ships nearly 90 feet above sea level onto a navigable waterway, and then lowers them at the other end.

Droughts driven by El Niño can be so intense that ships must reduce their cargo so as not to run aground. A decline in depth of Gatún Lake—the main reservoir for the canal and the artificial lake that carries ships for about 20 miles of their transit across—means ships can't go through fully loaded.

Authorities also are forced to reduce the number of ships that cross the canal because it needs to keep enough rainwater in its reservoirs and lakes to provide freshwater to fill the locks. The reservoirs are also a key source of drinking water for Panamanians.

The lower the lake level, the higher the freshwater surcharge, which can range from 1% to 6% of the transit toll paid upon passage, said canal chairman José Ramón Icaza, who also serves as Panama's Minister for Canal Affairs.

Canal authorities provide a three-month forecast so shipping firms know what draft ships will be able to transit with and how much they are going to pay, except for auctions, which focus on the needs of vessels requiring transit on specific dates.

Canal business is essential for Panama, contributing to 6% of the country's economy. Profits generated by the canal also are vital for government coffers, providing 20 cents of every dollar it collects in revenue, representing more than $3 billion annually.

