PANAMA STRATEGIC MONITOR

Weekly Intelligence Briefing on Panama's Key Strategic Developments

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EXECUTIVE SUMMARY

Ilya Espino de Marotta was inaugurated as administrator on Monday, September 7, three weeks ahead of the October 1 date previously reported. She is the first woman to lead the canal in its 112-year history, having joined the institution in 1985 when it was still under U.S. contro. In her first press interview, conducted with the Wall Street Journal's Logistics Report, Espino de Marotta disclosed a record $5.3 million single-transit auction bid paid this week by a South Korean gas tanker, the highest price ever recorded for a Panama Canal passage, and confirmed the ACP is targeting a record $3.6 billion transfer to the national treasury for the current fiscal year.

The ACP announced on September 5 that the planned draft reduction to 47.5 feet (14.48 meters) — previously scheduled for October 1 — has been postponed indefinitely, following an evaluation of current Gatún Lake levels and updated meteorological projections. The 48.0-foot (14.63-meter) draft limit for Neopanamax vessels, which took effect September 2, remains in place. This postponement, suggests the water-conservation strategy is working better than projected. The Consejo de Gabinete also approved the ACP's fiscal year 2027 budget at $5.555 billion in projected revenues.

On Cobre Panamá, Finance Minister Felipe Chapman indicated a recommendation to President Mulino could happen "in the next few weeks." This is a significant acceleration from the previous end-of-year timeline. Chapman also confirmed for the first time that royalty payments on the copper currently being exported will be calculated on the same formula used before the mine's November 2023 closure.

President Mulino traveled to Guayaquil on September 5 for a meeting with President Daniel Noboa that produced a Partial Scope Economic Complementation Agreement (Acuerdo de Alcance Parcial de Complementación Económica), signed by Commerce Minister Julio Moltó and his Ecuadorian counterpart, covering trade facilitation and investment. It is the second significant Latin American bilateral trade agreement Mulino has signed in recent months, following the De la Espriella framework with Colombia.

As we remember 9/11 today, it is important to recall that Panama stood with the United States in its time of need. President Mireya Moscoso and her government were among the first in Latin America to express condolences and solidarity following the September 11, 2001 attacks. Panama joined the hemispheric response at the OAS, where Foreign Ministers of the Americas unanimously invoked the 1947 Inter-American Treaty of Reciprocal Assistance (the Rio Treaty) on September 21, 2001, declaring that the attacks against the United States were attacks against all American states. Panama participated in freezing financial accounts linked to Al-Qaeda under UN Security Council resolutions, strengthened counterterrorism cooperation with U.S. authorities, and worked to combat money laundering and alien smuggling networks that provided logistical support to terrorist organizations. The bilateral security relationship that

Panama and the United States maintain today — the basing agreement, the PANAMAX exercises, the A3C coalition, the SENAFRONT partnerships — is built on a foundation of alliance, forged and tested across decades, including that September morning 25 years ago.

⚡ LEAD STORY 1: ESPINO DE MAROTTA TAKES THE HELM — AND REVEALS A $5.3 MILLION RECORD BID

First Woman to Lead the Canal Takes Over September 7; WSJ Interview Discloses Record Auction Price and $3.6B Treasury Transfer Target

Ilya Espino de Marotta was inaugurated as ACP administrator on September 7 at 7:30 a.m., three weeks ahead of the October 1 date previously announced, underscoring the urgency of the transition at a moment when the canal is managing its most complex operational environment since the 2023-24 drought. She brings 41 years of ACP institutional history to the role: she joined in 1985 as a marine engineer when the canal was still under U.S. control, witnessed the handover to Panama in 1999, and led the engineering team that built the expanded Neopanamax locks completed in 2016. In her first public interview as administrator — conducted with the Wall Street Journal's Logistics Report — she provided figures that define the scale of the institution she now leads and the moment she is inheriting.

The most striking disclosure: a South Korean gas tanker paid $5.3 million at auction this week for priority passage through the canal; a new all-time record, surpassing the $4 million bids that had previously marked the peak of the Hormuz-driven demand surge. Espino de Marotta explained the auction mechanics: “We have 10 daily transits through the canal's biggest locks. Nine are made using a reservation system and the tenth is offered via auction. The auction starts at $100,000. So really, it's the market that dictates how much they pay…Now that we are starting to reduce the number of transits to nine per day, that auction slot becomes more desirable.” Her guidance on future prices was deliberately cautious, “I don't want to speculate about future auction prices, but I don't expect it to be much higher.”

On revenues, Espino de Marotta confirmed the ACP is targeting a record $3.6 billion transfer to the national treasury for the current fiscal year — a figure that, if achieved, would represent an approximately 20 percent increase over the record $2.965 billion of fiscal year 2025. The Consejo de Gabinete separately approved the ACP's fiscal year 2027 budget (Proyecto de Ley No. 32-26) at $5.555 billion in projected revenues against $1.784 billion in operating costs, with Canal Affairs Minister José Ramón Icaza noting that the tonnage-right charge paid by vessels will increase from $1.00 to $1.75 per ton — a structural adjustment that Icaza characterized as having 'under no circumstance' any impact on existing canal tolls or tariffs.

On the water situation, Espino de Marotta confirmed in the WSJ interview that the canal peaked at 39 to 41 vessels per day during the most intense months of the Hormuz demand surge — above the 36-slot operational norm and the 38-slot baseline. On the tradeoffs involved, she said, “We reduce daily transits so we don't have to tell the population, there's not enough water for you guys. We try to find operational ways to save water to have less of an impact on the shipping industry and to supply drinking water for the population.” On the Río Indio reservoir, she cited a 2031 or 2032 completion date (consistent with prior ACP guidance) and quantified its benefit at “10 to 15 additional transits per day or about the same volume consumed by drinking water,” confirming the dual water-supply and canal-operations rationale that has always underpinned the project.

One critical governance clarification from the WSJ interview: when asked about the Balboa and Cristóbal port dispute with China, Espino de Marotta stated flatly that “those ports are managed by the Panama Maritime Authority (AMP), not by us.” Asked about the ACP's own new port tender, she was clear that the ACP is bidding for two new terminals — not the former Hutchison terminals — framing it as a business diversification play: “It's a good business and it will help diversify the canal revenues. We are almost at maximum capacity and we want to make sure that we continue being an important transshipment hub in the region. Those new ports should be up and running by 2030 or 2031.” She also confirmed the cross-isthmus energy pipeline: “We're also thinking about an energy pipeline so that we can move more cargo across Panama without using the locks,” a project that could add significant LNG and LPG throughput capacity without consuming canal water.

The $5.3M Bid in Context — and What Espino de Marotta Inherits

A $5.3 million single-transit bid is a signal of how severely the combination of slot scarcity and Hormuz-driven demand has compressed the auction market. At a $100,000 starting price and one Neopanamax auction slot per day, operators are bidding up to 53 times the reserve price to guarantee passage. Espino de Marotta inherits a canal that is simultaneously its most commercially valuable and most water-stressed. This is a combination that puts revenue management, water conservation, and infrastructure investment (Río Indio, new terminals, energy pipeline) all on her desk simultaneously. Her stated priority of keeping the canal “away from the swings of politics, while working together with governments” will be tested immediately by the port tender, the China MTA, and the El Niño management decisions ahead.

Sources: WSJ Logistics Report — The Panama Canal's New Boss Inherits a Drought and a Bidding War for Transit Slots | Destino Panamá — Entérate rápido del 5 de septiembre de 2026 (Espino de Marotta inauguration date confirmed) | Panamá América / Destino Panamá — Gabinete aprueba presupuesto del Canal de Panamá para el año fiscal 2027 por B/.5.555.3 millones | ACP — Buque gasífero surcoreano que pagó un precio récord en subasta cruza el Canal (Sept 2026)

⚡ LEAD STORY 2: CHAPMAN SAYS COBRE PANAMÁ RECOMMENDATION COMING 'IN THE NEXT FEW WEEKS'

Sharpest Timeline Signal Yet; Royalty Formula Confirmed; First Copper Shipment From Stockpile Expected

Finance Minister Felipe Chapman indicated the Cobre Panamá timeline is moving much quicker. The recommendation from the three-minister commission (Chapman, Commerce Minister Moltó, and Environment Minister Navarro) to President Mulino will arrive “in the next few weeks.” This marks a concrete compression of previous framing of December since the July 14 commission press conference. Chapman made the statement in the context of the Budget 2027 before the Asamblea Nacional's Presupuesto Commission, where the mine's economic shadow continues to shape the fiscal debate.

Chapman also confirmed for the first time a detail that had been left ambiguous: the royalty payment Panama will receive on the copper currently being exported from the approximately 38-million-tonne stockpile (authorized under the April 2026 government decree) will be calculated using the same formula applied before the mine's November 2023 closure. He acknowledged he did not recall the precise formula off the top of his head and could not confirm the exact royalty revenue figure — a gap that drew questions from deputies given the fiscal implications. The stockpile export is ongoing; First Quantum Minerals' first shipment of processed copper was expected to ship in August, making the royalty-formula confirmation a live fiscal matter rather than an abstract one.

The commission's work is now in its final phase. The three ministers have been independently evaluating their respective portfolios: Environment (Navarro: water quality monitoring activated, SGS audit's 9 non-conformities being analyzed, reforestation at 45.7% of commitment); Finance (Chapman: $6.5 billion cumulative economic loss confirmed, 76% of supplier firms reduced personnel, 42% may close); Commerce (Moltó: supplier ecosystem economic damage, royalty and revenue-sharing frameworks, state-ownership model under evaluation). The consolidated inter-ministerial analysis will go to Mulino as a recommendation, not a binding decision — the ultimate choice, Mulino has stated repeatedly, will be his alone, and will be announced directly to the country without an Assembly concession contract.

What 'Next Few Weeks' Actually Means

Chapman's 'next few weeks' statement, made on September 10, implies a recommendation to Mulino arriving before mid-October at the latest. From there, Mulino would take whatever time he needs to review and announce. Given his pattern of deliberate timing — avoiding the Assembly session window, avoiding proximity to major diplomatic events — the most likely announcement window is late October or November. A reactivation announcement in that window would come as Espino de Marotta is settling into the ACP role, as the Budget 2027 is in Assembly debate, and as El Niño water restrictions deepen into the dry season. The political sequencing is tight. Watch for any acceleration in civil society mobilization from Frenadeso and campesino groups as the timeline signal circulates — their stated posture has been 'ready to mobilize on announcement.'

Sources: Noticias de Panamá — Chapman: la recomendación sobre la mina llegará en las próximas semanas (Sept 10, 2026) | La Prensa — Sin decisión sobre la mina Cobre Panamá: Gobierno daría una recomendación antes de terminar 2026 | Infobae — First Quantum prepara el primer embarque de cobre procesado de las reservas de Cobre Panamá

1. PANAMA CANAL AND TRADE

Draft Restriction to 47.5 Feet Postponed Indefinitely; September 15 Transit Cut to 32 Slots Remains on Track

The ACP's September 5 announcement brought a rare piece of good news: the planned reduction in Neopanamax maximum authorized draft from 48.0 feet to 47.5 feet (14.48 meters), previously scheduled for October 1, has been postponed indefinitely following an evaluation of current Gatún Lake levels and updated meteorological projections. The 48.0-foot limit, in place since September 2, remains in force. This postponement suggests that the water-conservation strategy — reducing daily transit slots while holding draft steady — is performing better than the mid-August projections indicated, with Gatún Lake levels demonstrating more stability than the prior deficit trajectory implied.

The September 15 reduction to 32 daily slots remains on track per last week's ACP advisory. The canal averaged 34.03 transits per day in July; the September 4 cut to 34 largely formalized that reality. The September 15 cut to 32 is the structural test — six slots per day removed from a market where a South Korean gas tanker bid $5.3 million this week for a single Neopanamax passage. The ACP has restructured its auction system into four cargo-segment categories, with Neopanamax priority going to fully-laden containerships with the highest twenty-foot equivalent unit (TEU) capacity. Operators without confirmed reservations in the ACP's booking system face materially longer wait times and are advised to plan around the constrained slot environment through the dry season.

Sources: Destino Panamá — ACP pospone reducción de calado a 47.5 pies hasta nuevo aviso (Sept 5, 2026) | Rio Times — Panama Canal Transits Capped at 34, Then 32, From September | WSJ Logistics Report — The Panama Canal's New Boss Inherits a Drought and a Bidding War for Transit Slots

2. CHINA, PORTS, AND MARITIME

AMP Secrecy Resolution Fully Revoked September 1; MTA Still Not Formally In Force

The Panama Maritime Authority's (AMP) Resolution J.D. No. 012-2026 — the secrecy measure restricting access to port concession, license, and administrative investigation files until 2036 — was formally revoked on September 1 by the AMP's governing board in an extraordinary session called the same morning Mulino posted his public request on X. The AMP's accompanying statement explained the original rationale — protecting 'information whose disclosure could affect legal proceedings in course and, consequently, the defense of public patrimony' — while simultaneously revoking the measure. The specific legal proceedings the AMP was protecting against remain unnamed in the public statement, though the three parallel CK Hutchison ICC arbitration proceedings are the obvious candidate. The revocation was clean and fast; the underlying transparency question — what information the AMP was seeking to shield, and for whose benefit — remains publicly unanswered.

The China Maritime Transport Agreement (MTA) negotiated in Beijing on July 16-17 remains agreed but not formally proclaimed. New Chinese Ambassador Zhang Xiangyan has still not formally presented his credentials to President Mulino. August vessel detentions remained near zero. Cosco's cargo suspension at Balboa has not been reversed. No formal Balboa or Cristóbal port tender documents have been published by the AMP. The ACP's clarification from Espino de Marotta's WSJ interview — that Balboa and Cristóbal are managed by the AMP, not the ACP, while the ACP is separately tendering two new terminals (Corozal and Telfers) — is a governance distinction that prospective concessionaires and investors need to keep clear in their due-diligence frameworks.

Sources: AMP — Junta Directiva de la AMP deroga la Resolución JD No. 012-2026 (Sept 1, 2026) | TVN — Autoridad Marítima deroga resolución que restringía por 10 años acceso a la información | La Prensa — Panamá afirma que relaciones con China han mejorado y las retenciones de buques siguen a la baja

3. POLITICS AND GOVERNANCE

Mulino-Noboa Bilateral in Guayaquil; Budget Vistas Near Conclusion; Odebrecht at 28+ Weeks

President Mulino traveled to Guayaquil on September 5 for a bilateral meeting with Ecuador's President Daniel Noboa — the latest leg of his regional engagement campaign following the Sheinbaum visit to Mexico City in July, the De la Espriella call in June, and the Fujimori inauguration in Lima in July. The Ecuador meeting produced a Partial Scope Economic

Complementation Agreement (Acuerdo de Alcance Parcial de Complementación Económica), signed by Commerce Minister Moltó and Ecuador's Commerce Minister Sahira Moya, covering trade facilitation and investment cooperation. Ecuador is a Pacific Coast neighbor with direct interest in canal transit and in Panama's logistics hub positioning. The agreement is more modest in scope than the 'extraordinary alliance' framework with Colombia, but it continues Mulino's systematic effort to build a network of bilateral commercial frameworks across Latin America.

The Budget 2027 hearings are in their final week, concluding approximately September 22. The National Emergency context — and the ACP's own FY2027 budget of $5.555 billion in projected revenues — has amplified the fiscal-capacity debate. Deputies are scrutinizing the gap between the national government's tight 2.97 percent of gross domestic product (GDP) deficit target and the unmet infrastructure needs (IDAAN's water budget was cut 52 percent). The Asamblea Nacional's Presupuesto Commission, chaired by Deputy Eduardo Vásquez, will present its recommendations for Assembly approval in the coming weeks. The Castañedas Assembly's first major legislative test is this budget cycle.

The Odebrecht verdict remains outstanding at more than 28 weeks since closing arguments concluded February 27, 2026. Judge Baloísa Marquínez has provided no public explanation for the continued delay. The Comisión de Gobierno y Asuntos Constitucionales (Government and Constitutional Affairs Commission) of the Asamblea Nacional under the Partido Revolucionario Democrático's (Democratic Revolutionary Party — PRD) Benicio Robinson has not moved on any amnesty or Judicial Code reform legislation.

Sources: Destino Panamá — Mulino y Noboa concluyen reunión bilateral en Guayaquil (Sept 5, 2026) | Financiero News — Presupuesto 2027 enfrenta choque entre disciplina fiscal y reclamos por salud y agua

4. ECONOMY AND INVESTMENT

ACP FY2027 Budget at $5.555B; Record $3.6B Treasury Transfer Targeted; Tonelaje Rate Increase

The Consejo de Gabinete's September 1 approval of the ACP's fiscal year 2027 budget (Proyecto de Ley No. 32-26) puts detailed institutional numbers on the canal's commercial trajectory for the first time. The $5.555 billion in projected revenues against $1.784 billion in operating costs implies an operating surplus of approximately $3.771 billion — of which a significant portion flows to the national treasury as Panama's share of canal earnings. The ACP Board's decision to raise the tonelaje (tonnage) charge from $1.00 to $1.75 per ton is a structural adjustment that Icaza characterized as having no impact on existing toll rates, since it replaces a fee structure rather than adding to it; but it represents an increase in the per-vessel contribution to ACP operating revenues.

In the broader investment context, the Autopista Centenario and Arraiján-La Chorrera APP (Public-Private Association) highway concession licitación is advancing with 34 interested firms, bids due November 16. The BID Invest (Inter-American Investment Corporation) $1 billion private-sector facility is operational but has issued no formal disbursement announcements this week. The mine commission's 'next few weeks' timeline from Chapman means that Q4 2026 may carry both the mine decision and the Budget 2027 Assembly vote simultaneously — a fiscal and political density worth flagging for investment-community readers.

Sources: Panamá América — Gabinete aprueba presupuesto del Canal de Panamá para el año fiscal 2027 por B/.5,555.3 millones | Destino Panamá — Consejo de Gabinete aprueba presupuesto del Canal de Panamá FY2027 (Sept 1, 2026)

5. ENVIRONMENT AND INFRASTRUCTURE

Draft Restriction Reprieve Signals Gatún Stabilization; Emergency Framework Active; Río Indio on Track

The postponement of the planned 47.5-foot Neopanamax draft restriction is the most significant positive environmental development of the week. The ACP's decision to hold at 48.0 feet — citing improved Gatún Lake level stability and updated meteorological projections — suggests that September's rainfall patterns are performing better than the August projections implied. Whether this reprieve holds depends on whether September delivers meaningfully above the deficit pattern that characterized May through August. The Instituto de Meteorología e Hidrología de Panamá (IMHPA — Panama's national meteorology and hydrology agency) projections of a 55 percent rainfall deficit through December remain the governing forecast; the October 1 postponement of the 47.5-foot limit buys the ACP time to evaluate September's actual rainfall before imposing the next cut.

The National State of Emergency declared August 25 remains operative, giving the Consejo de Ministros and the Sistema Nacional de Protección Civil (SINAPROC — National Civil Protection System) emergency procurement and coordination authorities across affected institutions. The Río Indio reservoir Environmental Impact Assessment (EIA) submission to the Ministry of Environment (MiAmbiente) remains on track for December 2026-January 2027, per ACP confirmation. Espino de Marotta's WSJ interview confirmed the '2031 or 2032' completion target and the dual water-supply-and-transit benefit — 10 to 15 additional transits per day in a dry year, 'or about the same volume consumed by drinking water.'

Sources: Destino Panamá — ACP mantiene calado en 48 pies; pospone reducción a 47.5 hasta nuevo aviso (Sept 5, 2026) | WSJ Logistics Report — The Panama Canal's New Boss Inherits a Drought and a Bidding War for Transit Slots | Infobae — Panamá declara el estado de emergencia nacional por el fenómeno climático de El Niño

TWO-WEEK OUTLOOK: SEPTEMBER 12 – 25, 2026

ISSUE / ACTOR	WHAT TO WATCH
Weeks ahead	Cobre Panamá recommendation: Chapman's 'next few weeks' timeline makes this the most time-sensitive pending decision in Panamanian domestic politics. Watch for commission output and Mulino's announcement.
September 15	Canal daily transit reduction to 32 slots — still on schedule per last week's ACP guidance. Gatún Lake's September rainfall will determine whether this is the floor or a waypoint.

ISSUE / ACTOR	WHAT TO WATCH
September	China MTA formal entry into force: still awaiting Beijing's official proclamation. Zhang Xiangyan's credential presentation to Mulino is the procedural gateway.
September	Cosco Balboa: still the most direct commercial indicator of de-escalation durability and the key variable for port tender bidder sentiment.
September 22	Budget 2027 vistas presupuestarias conclude — first major legislative deliverable of the Castañedas Assembly.
Late September	ACP FY2027 budget (Ley 32-26) presented to the Asamblea Nacional for approval. Canal Affairs Minister Icaza will present.
Ongoing	Espino de Marotta transition: her first weeks in charge at the most operationally intense moment since 2023-24. Watch for any changes to the ACP's water-management communication posture.
Ongoing	Odebrecht verdict: 28+ weeks since closing arguments February 27. Any ruling intersects with the Castañedas Assembly's Comisión de Gobierno.
Year-end	ACP new port terminals tender (Corozal and Telfers) — separate from the Balboa/Cristóbal process managed by AMP.

ABOUT THE PANAMA STRATEGIC MONITOR

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