

PANAMA STRATEGIC MONITOR

Weekly Intelligence Briefing on Panama's Key Strategic Developments

Vol. 29 • Week of August 29 – September 4, 2026

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EXECUTIVE SUMMARY

The Panama Canal Authority's (ACP) first transit-count reduction of 2026 took effect today, September 4, officially reducing daily vessel passages to 34, although the canal already averaged 34.03 transits per day in July and approximately 35 in June, meaning the September 4 cut largely formalizes current operations. On September 15, daily slots drop to 32. At the end of August, Gatún Lake was at depth of 83.89 feet (25.57 meters) — stable at a depleted level, not recovering. With accumulated May-August rainfall 34% below the historical average and lake inflows 44 percent below average, the ACP modified its booking system to urge all clients to use confirmed reservations, warning that vessels arriving without them “may experience delays depending on demand and available capacity.”

This week's most significant governance story was an unexpected institutional controversy involving the Panama Maritime Authority (AMP). A resolution approved by the AMP established a confidentiality regime restricting access to certain maritime sector information until 2036. Mulino publicly disavowed the resolution the same day it became public, posting on X: “I am unaware of the reasons for which the AMP considers certain information confidential or of restricted access. I respectfully ask them to reconsider.” The APEDE (Panama Association of Business Executives) demanded the AMP publicly explain and revoke the resolution. The AMP announced it would review the measure but did not suspend it. The resolution was signed by Vice Minister Virna Luque Ferro and AMP administrator Luis Roquebert — raising questions about whether Mulino was genuinely unaware of a board decision made by his own appointees.

On the China front, the Maritime Transport Agreement (MTA) negotiated in Beijing on July 16-17 remains agreed but not yet formally in force, and new Ambassador Zhang Xiangyan has still not formally presented his credentials to President Mulino, which would signal the full procedural normalization. August vessel detentions remained near zero, which is a positive de-escalation trend. However, Cosco's cargo suspension at Balboa has not been reversed.

The Budget 2027 hearings continue through approximately September 22. The National Emergency declaration of August 25 has added urgency to the IDAAN (the National Water and Sewerage Authority) water-infrastructure funding debate, which had already been contentious given IDAAN's \$349 million request was cut to \$182 million in the draft budget.

LEAD STORY 1: CANAL CUTS TAKE EFFECT — AND VÁSQUEZ ISSUES HIS PARTING MANIFESTO

September 4 Reduction to 34 Slots Formalizes July Reality; Bloomberg Opinion Crystallizes the Water-First Strategy

The ACP's first transit-count restriction of 2026 took effect September 4 as announced, reducing daily slots from an average of 36 to 34. What the headline figures don't fully convey: the canal

averaged 34.03 transits per day in July and approximately 35 through June — meaning the September 4 cut primarily formalizes where operations already were. The genuine structural reduction arrives September 15, when daily slots drop to 32, representing a 15.8 percent reduction from the 38-slot baseline that prevailed through most of 2026. The ACP has restructured its auction system into four cargo-segment categories — liquefied natural gas (LNG) and liquefied petroleum gas (LPG) carriers; bulk and general cargo; containers, roll-on/roll-off, and refrigerated cargo; and chemical, oil, and product tankers — with Neopanamax priority going to fully-laden containerships with the highest TEU (twenty-foot equivalent unit) capacity.

Gatún Lake closed the month of August at 83.89 feet (25.57 meters), stable but well below its operational peak. Alhajuela reservoir (also known as Madden Lake) recovered slightly in the final weeks of August. But stability at depleted levels is not recovery — with May-August rainfall 34 percent below the historical average and lake inflows 44 percent below average, the ACP is conserving water by doing fewer lockages per day rather than allowing water levels to rebound. The ACP modified its transit booking system (Sistema de Reservas) to formalize the conservation posture: confirmed reservations are now described as 'the only mechanism that guarantees a specific transit date,' and vessels arriving without reservations are warned they 'may experience delays depending on demand and available capacity.'

Against this operational backdrop, Bloomberg Opinion columnist Juan Pablo Spinetto's August 27 piece — 'The Panama Canal's Real Challenge Is Water, Not Geopolitics' — lands as the clearest public summation of outgoing administrator Vásquez Morales's strategic thinking. Three elements stand out for Monitor readers. First, Vásquez's revenue ambition: he is targeting ACP annual contributions to the national treasury of approximately \$4 billion by 2032-2033, up from almost \$6 billion in total revenue last year, building on a tripling of treasury contributions during his tenure. Second, his economist's argument on water costs: Vásquez notes that each ship crossing uses approximately 52 million gallons (200 million liters) of fresh water — a resource with real economic value that the canal does not price — and that if you incorporated that implicit cost, the canal's roughly 65 percent operating margin would look significantly thinner, pointing to the urgency of diversification beyond transit revenues. Third, and most consequential for the port tender: Vásquez states that in his view the Balboa and Cristóbal terminals 'have historically been part of the canal's property' and that the ACP should have a role in selecting their operators, because 'some degree of control over the terminals can affect the volume of traffic through the canal.' This is the outgoing administrator's most direct public statement on the port governance question — and Espino de Marotta inherits both the position and the port tender process when she takes over October 1.

The 34-to-32 Transition and What It Means for Shippers

The September 15 cut to 32 is the operational stress test: six slots per day removed from a market where August average auction prices were already at \$1.1 million and individual Neopanamax bids peaked at \$3.78 million. Removing six more slots from the daily auction market — while demand remains elevated by the Hormuz rerouting — will compress supply further into an already record-price environment. The ACP's water-trading logic (fewer lockages per day = more water conserved per vessel = deeper draft permitted) is sound operationally; the commercial cost falls on operators who cannot pre-book slots and must compete at auction. For supply-chain managers, the September 15 date is the planning inflection point, not September 4.

Sources: EFE / Proceso Honduras — [El Canal de Panamá aplica la primera restricción de tránsitos de 2026 por la sequía \(Sept 3-4, 2026\)](#) | Destino Panamá — [Embalses del Canal cierran agosto con niveles dispares y presión por sequía \(Aug 29, 2026\)](#) | Rio Times — [Panama Canal Transits Capped at 34, Then 32, From September](#) | Newsroom Panama — [Because of El Niño and a Rainfall Deficit, the Panama Canal Reduces Daily Transit Slots to 34](#) | Bloomberg Opinion — [The Panama Canal's Real Challenge Is Water, Not Geopolitics \(Aug 27, 2026\)](#)

⚡ LEAD STORY 2: MULINO PUBLICLY DISAVOWS HIS OWN MARITIME AUTHORITY OVER SECRECY RESOLUTION

AMP Resolution Classifying Maritime Information Until 2036 Published Six Months After Approval — Then Mulino Posts on X

The week's most striking domestic governance story involved a public rupture between President Mulino and the Panama Maritime Authority (Autoridad Marítima de Panamá, AMP), the entity that manages Panama's ship registry, port oversight, and merchant marine affairs. Resolution J.D. No. 012-2026 was approved by the AMP's governing board in its ordinary session of March 5, but was published in the Official Gazette (Gaceta Oficial No. 30600) only six months later, on August 28. The resolution establishes a confidentiality and restricted-access regime for certain maritime sector information, with classifications extending to 2036.

The six-month gap between approval and publication meant the measure was operative within the institution but invisible to the public for half a year, raising another governance transparency problem. When it surfaced publicly on August 28, Mulino reacted the same day via his X account: "I am unaware of the reasons for which the AMP considers certain information confidential or of restricted access. I respectfully ask them to reconsider." The APEDE demanded the AMP publicly explain and revoke the resolution, characterizing it as imposing 'a generalized reservation over a strategic sector.' The AMP announced it would submit the resolution to review and reconsideration — but did not suspend the measure, meaning it remained in force during the review.

The political subtext is pointed. The resolution bears the signatures of Vice Minister of the Presidency Virna Luque Ferro and AMP administrator Luis Roquebert, both Mulino government appointees. Newsroom Panama noted the close relationship between those officials and Mulino, questioning whether the president was genuinely unaware of a board decision made by his own team. The resolution also directly involves Roquebert, the same AMP administrator who led the Panama delegation to the China maritime talks in Beijing in July. The timing comes at a moment when maritime information transparency is under intense public and legislative scrutiny following the vessel-detention crisis and the port tender process. The AMP has committed to addressing the matter but has not set a deadline for its decision.

Why This Matters for the Port Tender

Maritime information transparency is the foundation on which competitive port tender processes are built. Prospective concessionaires for Balboa and Cristóbal need access to operational data (traffic volumes, cargo mix, revenue history, infrastructure condition) to price their bids accurately. A maritime authority resolution restricting access to 'certain information' in the sector sends the wrong signal at the wrong moment. APEDE's characterization of it as a 'generalized reservation over a strategic sector' is the language that will appear in investor due-diligence reports. Mulino's public disavowal is the right instinct; the question is whether the AMP board formalizes the revocation before it becomes a talking point in tender bidder skepticism about Panama's governance environment.

Sources: [Infobae — Autoridad Marítima de Panamá revisará resolución cuestionada por Mulino \(Sept 1, 2026\)](#) | [Newsroom Panama — The Threads They Weave in the Presidential Palace, Including Power and Ports Plus Business \(Sept 1, 2026\)](#)

1. CHINA, PORTS, AND MARITIME

MTA Still Awaiting Formal Proclamation; Zhang's Credentials Still Pending; Detentions Near Zero

The China Maritime Transport Agreement (MTA) — negotiated in Beijing on July 16-17, granting Panama-flagged vessels Most Favored Nation status in Chinese ports — remains agreed but not formally in force. New Chinese Ambassador Zhang Xiangyan, who arrived in Panama in July and made his first public forum appearance in August, has still not formally presented his credentials to President Mulino. The credential presentation is a standard diplomatic protocol step; its completion typically precedes the activation of a full bilateral agenda at ambassadorial level and may also be the procedural prerequisite for the formal MTA proclamation. No date for the credential ceremony has been publicly announced.

August vessel detentions remained near zero — consistent with the trend since late July — confirming that the de-escalation in port-state control inspections of Panama-flagged ships at Chinese ports has held through the first two months following the Beijing talks. The cumulative damage from the January-July peak (approximately 500 detentions, 220-plus vessel re-registrations to other flag states, primarily the Marshall Islands registry) is the lagging indicator; whether those vessels return to the Panama flag now that conditions have normalized is the medium-term registry health metric. Cosco's suspension of cargo services at Balboa has not been reversed. No formal Balboa or Cristóbal port tender documents have been published by the AMP.

Sources: [La Prensa — Panamá afirma que relaciones con China han mejorado y las retenciones de buques siguen a la baja](#) | [Crítica — Panamá espera entrada en vigor de renovado acuerdo marítimo con China](#)

2. U.S.–PANAMA RELATIONS

Bilateral Steady; Congressional Delegation Follow-Up; PANAMAX Formal After-Action

No new bilateral developments were reported this week. The Congressional delegation that visited Panama on August 17 — Senators Chris Coons (D-Delaware), Tammy Baldwin (D-Wisconsin), and Gary Peters (D-Michigan), and Representatives Michael Turner (R-Ohio) and Sara Jacobs (D-California), accompanied by Ambassador Kevin Cabrera — has not issued public statements or press releases in the aftermath. The bipartisan composition, Turner's House Intelligence Committee background, and the delegation's explicit interest in U.S. company participation in Panama's infrastructure tender process are the elements most relevant for forward tracking.

The U.S. Southern Command (SOUTHCOM) formal after-action reporting on PANAMAX 2026 is now complete. Key details previously underreported: PANAMAX 2026 was the first live, field-based exercise since 2012 — for 14 years it had been conducted as a command post or tabletop exercise. The return to field operations was a deliberate Trump administration decision. The U.S. Army Western Hemisphere Command employed its new four-star structure for the first time during PANAMAX 2026, with Major General Philip J. Ryan commanding the Combined Joint Task Force-Canal. Participants included 19 nations across two simultaneous components: field training in Panama and a Combined Force Maritime Component Command (CFMCC) exercise at U.S. locations including SOUTHCOM headquarters in Doral, Florida and Naval Station Mayport.

Sources: [U.S. Embassy Panama — PANAMAX 2026 Concludes: Back in the Field for the First Time Since 2012](#) | [SOUTHCOM / U.S. Navy — Exercise PANAMAX 2026 Concludes in Mayport, Florida](#) | [Cancillería MIRE — Congresistas estadounidenses destacan avances de Panamá en seguridad](#)

3. POLITICS & GOVERNANCE

Budget Vistas Continue; Emergency Context Amplifies IDAAN Debate; Odebrecht at 27+ Weeks

Budget 2027 vistas presupuestarias continue through approximately September 22, with the National State of Emergency (declared August 25 for El Niño effects) now providing legislative ammunition to deputies pressing for restoration of IDAAN's water-infrastructure budget. The draft cuts IDAAN's \$349 million request to \$182 million — a 52 percent reduction — at a moment when Panama's water authority is managing simultaneous pressures: Gatún Lake depletion threatening canal operations, potable water supply for the metropolitan area, and flooding in Caribbean provinces. Finance Minister Felipe Chapman's 'fiscal discipline is non-negotiable' posture will be tested against this context.

Mulino's press conference pattern appears to have resumed via event-specific appearances rather than the traditional Thursday weekly format. The AMP Resolution 012-2026 controversy was addressed via his X account on August 31 rather than a formal press interaction — a communication style that gives him rapid response capability but continues to deprive journalists and the public of structured Q&A access. The Odebrecht case remains outstanding at more than 27 weeks since closing arguments concluded February 27, 2026. No judicial explanation for the continued delay has been provided. The Castañedas Assembly's Comisión de Gobierno (Government and Constitutional Affairs Commission) under PRD's (Partido Revolucionario Democrático — Democratic Revolutionary Party) Benicio Robinson has not moved on any amnesty or Judicial Code reform legislation.

Sources: [Destino Panamá — Entérate rápido del 29 de agosto de 2026](#) | [Infobae — AMP revisará resolución cuestionada por Mulino \(Sept 1, 2026\)](#) | [Financiero News — Presupuesto 2027 enfrenta choque entre disciplina fiscal y reclamos por salud y agua](#)

4. COBRE PANAMÁ

Commission on Year-End Track; Water Monitoring Activated; First Quantum Stockpile Export Imminent

The Cobré Panamá inter-ministerial commission (Commerce Minister Julio Moltó, Finance Minister Chapman, and Environment Minister Juan Carlos Navarro) continues its year-end recommendation timeline with no new public output this week. Navarro has confirmed that the Ministry of Environment (MiAmbiente) has activated a water-quality monitoring program for the watershed adjacent to the mine — verifying air, water, vegetation, and soil conditions — as a complement to the SGS (Société Générale de Surveillance) audit's findings. The monitoring program provides a real-time environmental surveillance baseline that will feed into any announcement about the mine's future.

First Quantum Minerals is preparing its first shipment of processed copper from the approximately 38-million-tonne stockpile authorized for export under the April 2026 government decree. The shipment, which is technically a continuation of the government-authorized environmental mitigation operation (preventing acid drainage from prolonged surface exposure of ore), represents the first tangible extraction activity from the Cobre Panamá site since the November 2023 judicial closure. Moltó confirmed that 76 percent of the mine's supplier companies have reduced personnel and 42 percent may close if conditions do not change, providing the economic context Chapman has been using in the commission's internal deliberations. No change to the year-end recommendation timeline has been signaled.

Sources: [Infobae — First Quantum prepara para agosto el primer embarque de cobre procesado de las reservas de Cobre Panamá](#) | [Destino Panamá — Entérate rápido del 24 de agosto de 2026 \(Navarro /](#)

[cuenca Cobre Panamá](#) | [Infobae — Administración Mulino apunta a buscar una salida técnica al tema de la mina de cobre cerrada en 2023](#)

5. ENVIRONMENT AND INFRASTRUCTURE

Emergency Declared; Gatún Stable at Depleted Level; Río Indio the Long-Term Answer

The National State of Emergency declared August 25 by the Consejo de Gabinete covers both the flooding dimension (15,643 persons affected in Bocas del Toro and Colón) and the Pacific-slope drought affecting the canal watershed, hydroelectric generation, potable water supply, and agricultural production in the Arco Seco region. Panama's national meteorology and hydrology agency (IMHPA) projects a rainfall deficit of up to 55 percent in the Pacific watershed through December, with 11 hydrographic basins in “hydric stress” and drought conditions potentially extending through May 2027.

The Río Indio reservoir Environmental Impact Assessment (Category 3) submission is targeted for December 2026-January 2027, groundbreaking January 2028, completion 2032, at an estimated cost of \$1.5-1.6 billion. Approximately 423-500 families will be displaced. While the Río Indio reservoir will provide meaningful additional water storage, the canal will still depend on precipitation. Community opposition to the reservoir continues but is now operating against a government framing of national emergency necessity.

Sources: [Infobae — Panamá declara el estado de emergencia nacional por el fenómeno climático de El Niño \(Aug 25-26, 2026\)](#) | [nexo.la — Río Indio: EIA en diciembre y obras en 2028](#) | [Bloomberg Opinion — The Panama Canal's Real Challenge Is Water, Not Geopolitics \(Aug 27, 2026\)](#)

TWO-WEEK OUTLOOK: SEPTEMBER 5 – 18, 2026

ISSUE / ACTOR	WHAT TO WATCH
September 5-18	Watch for further ACP advisories as Gatún Lake levels respond to September rainfall. The September 15 cut to 32 daily slots is the more consequential step — monitor whether queues build and auction prices respond.
September 15	Canal daily transit reduction to 32 slots — the structural floor heading into the dry season. Watch for any ACP statement on whether this holds or further cuts follow.
September 2 / Oct 1	Draft restriction schedule: 48.0 ft took effect September 2; 47.5 ft takes effect October 1. Combined with 32-slot limit from Sept 15, this defines the operational envelope for the dry-season approach.
September	AMP Resolution 012-2026: watch for the AMP board's formal decision on whether to revoke, amend, or maintain the maritime information confidentiality measure — and whether Mulino follows up his public request with a formal executive directive.
September	China MTA formal entry into force: watch for Beijing's official proclamation and for Zhang Xiangyan's credential presentation to Mulino — the procedural gateway to full bilateral normalization.
September	Cosco Balboa: still the most direct commercial indicator of whether de-escalation extends to restored port traffic.

ISSUE / ACTOR	WHAT TO WATCH
October 1	Ilya Espino de Marotta assumes the ACP administrator role — the first woman to lead the canal takes charge at the most operationally challenging moment since 2023-24.
Year-end	Cobre Panamá ministerial commission recommendation to Mulino.
Ongoing	Odebrecht verdict: 27+ weeks since closing arguments February 27. Any ruling intersects directly with the Castañedas Assembly's Comisión de Gobierno.

ABOUT THE PANAMA STRATEGIC MONITOR

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