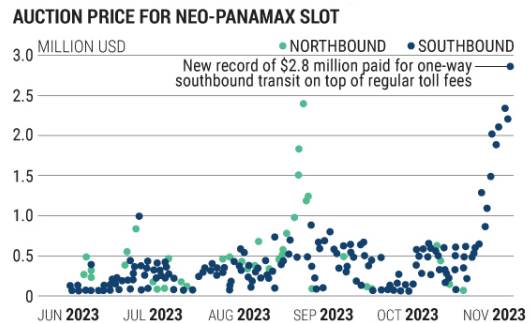
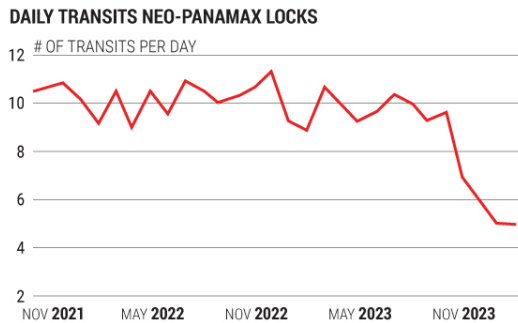
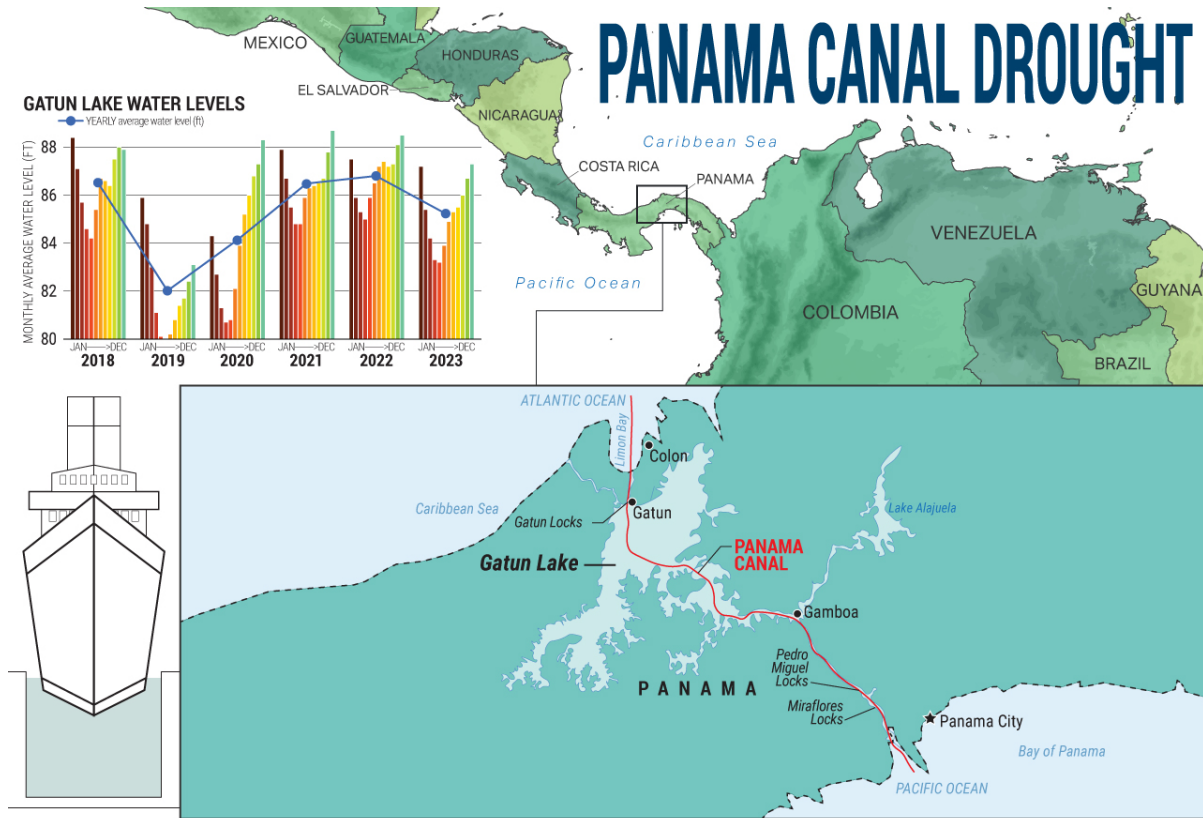


# Drought Disrupts the Panama Canal

by Geopolitical Futures - November 17, 2023



Sources: Panama Canal Authority, Clarksons Research, TradeWinds

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The idea of the Panama Canal suffering from water shortages may seem counterintuitive considering that it spans just 50 miles between two oceans. However, the functioning of the canal's lock system

relies on freshwater supplies coming primarily from the manmade lakes Gatun and Alajuela. Due to a lack of rain, the Panama Canal Authority this year has implemented several water conservation and canal restriction measures to accommodate lower water levels, and bids to secure passage have hit record highs.

Droughts have threatened to disrupt the canal's operations at other times in recent memory, namely 2019-20 and 2014-16. What is concerning is that droughts have been occurring more frequently. Reduced traffic at the canal is expected to last for at least another four months, sparking concerns about supply chains and inflation.

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