



SITUATION:

The United States is not satisfied with the control of the Panama Canal and how fees are levied on US ships that navigate the canal. It is alleged that China has too much control over the management of the Canal and receives preferential treatment. There is a significant Chinese presence at the Canal with 2 of the 5 ports in the canal currently operated by Hutchinson Ports, which is a subsidiary of CK Hutchinson Holdings in Hong Kong. The United States has threatened the use of US military intervention to take control of the canal and ensure the neutrality of the canal. President José Raúl Mulino strongly rejects these assertions and maintains that Panama fully controls the canal without foreign interference.

Impact of the Panama Canal on the Produce Industry

The Panama Canal plays a significant role in the movement of fresh produce around the world. Almost 5% of maritime trade flows through the Panama Canal, and more than 70% of that cargo has either a U.S. origin or destination. A vast majority of the produce flowing through the canal is fruit from Chile, Peru, and Asia with destinations in Europe and the east coast of the United States. Around 1 million long tons of fruit move from the Pacific to the Atlantic each year through the Canal. Alternate routes through the Suez Canal or around the Cape of Good Hope add 18-22 days at sea, which is costly in terms of shipping costs and reduced shelf life.

IFPA Position

A secure and sustainable food supply - domestic and worldwide - thrives with strong and reliable access to global markets. IFPA invites you to participate in industry advocacy efforts to influence trade policies and support measures that benefit the produce and floral industries. The Washington Conference is the premier event that unites all segments of the fresh produce and floral industry to address the most pressing public policy matters with the US Congress and Administration.

History of the Canal

The construction of the Panama Canal was completed in 1914. The project was completed by the United States, taking 10 years to complete and almost \$500 Million USD (approximately \$15.2 in current USD). The canal was controlled by the United States until President Jimmy Carter negotiated the Torrijos-Carter Treaties, which were ratified by the U.S. Senate in 1978. The first of these treaties provided for the neutrality of the canal, which would be defended by the US Military if required and ensure ongoing use of the canal by the United States. The Second of these treaties stated that the canal would be turned over to the Government of Panama in 1999.

A project to expand the canal was completed in 2016, doubling the shipping capacity of the canal and allowing the movement of larger ships. However, regional droughts in recent years have reduced the ability of larger ships to navigate the canal. Both of these factors have contributed to higher fees levied on ships.

