



Panama Canal Expansion Update September 2014

The Panama Canal Expansion is back on track with completion of all phases expected in 2016. When this major construction project is finished it will more than double the cargo capacity of the century old canal. When finished the expanded Panama Canal will change shipping patterns and affect ports up and down the East Coast of the Americas.

Panama Canal Expansion

According to the Panama Canal Authority (ACP-initials in Spanish) bilingual website, the **Panama Canal Expansion**

is the largest project at the Canal since its original construction. The project will create a new lane of traffic along the Canal through the construction of a new set of locks, doubling capacity and allowing more traffic. The existing locks allow the passage of vessels that can carry up to 5,000 TEUs. After the expansion the Post-Panamax vessels will be able to transit through the Canal, with up to 13,000 TEUs. The Expansion will double the Canal's capacity, having a direct impact on economies of scale and international maritime trade.

The Program consists of several components

:

- *New Locks (Third Set of Locks)*
- *Pacific Access Channel*
- *Improvement of Navigational Channels (Dredging)*
- *Improvements to Water Supply*
-

The Panama Canal expansion is based on six years of research, which included more than 100 studies on the economic feasibility, market demand, environmental impact and other technical engineering aspects. Works on the Panama Canal Expansion began on September 2007 at a total cost of US\$5.2 billion.



Panama Canal Lock Construction

Progress on the various parts of the project as of July 2014 is reported by ACP as follows:

Total Project: 78%

Pacific Access Channel 79%

Gatun Lake and Culebra Cut Dredging 86%

Design and Construction of the Third Set of Locks 73%

Pacific Entrance Dredging 100%

Atlantic Entrance Dredging 100%

Raising Gatun Lake's Maximum Operating Level 91%

For live views of progress on the Panama Canal Expansion or just to watch ships pass through the various canal locks watch the ACP website live webcams.

Difficulties along the Way

The original completion date for construction of the new set of much larger locks was 2014. However, labor issues, heavy rains and cost overruns have set the project back. The \$1.6 Billion in cost overruns has resulted in arbitration on the [Panama Canal Dispute](#) in Miami according to the *Miami Herald Americas* online

Arbitration of the first claim in a \$1.6 billion dispute over cost overruns in the expansion of the Panama Canal gets under way Monday.

It will start with a teleconference to determine procedures, both sides' positions and a timeline. Then the impasse will be arbitrated by an international tribunal seated in Miami, said Carolyn Lamm, an attorney who is representing the Spanish-led consortium that temporarily halted work on the canal earlier this year.

Nevertheless work continues and everyone else in the Americas who has invested heavily in upgraded port facilities is anxious to see this project completed. As noted in Bloomberg last January this [upgrade jolts ports](#) everywhere that bigger ships will arrive once the new locks are completed.

When the new locks do become operational, the canal will once again shake up shipping and ports worldwide. Among the winners will be manufacturers that move goods from Asia to the U.S. Copenhagen-based A.P. Moeller-Maersk A/S (MAERSKB), the world's biggest container-shiping company; Beijing-based China Ocean Shipping Group Co.; and other lines may be able to cut transport costs as much as 30 percent by sending bigger ships through Panama to move Asian cargo to Boston, New York and other East Coast ports.

Hundreds of millions if not billions are being invested in order to be ready for the much larger ships that will pass through an expanded Panama Canal.

Previous articles regarding this project:

[Investment in the Panama Canal Expansion](#)

[Investment and Panama Canal Expansion Delays](#)

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