

No reservation at Panama Canal? Prepare for a long wait

Waiting time triples – in some cases, quintuples – for ships without reservations

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Wednesday, November 29, 2023



Wait times for ships without reservation is up sharply in November. (Photo: ACP)

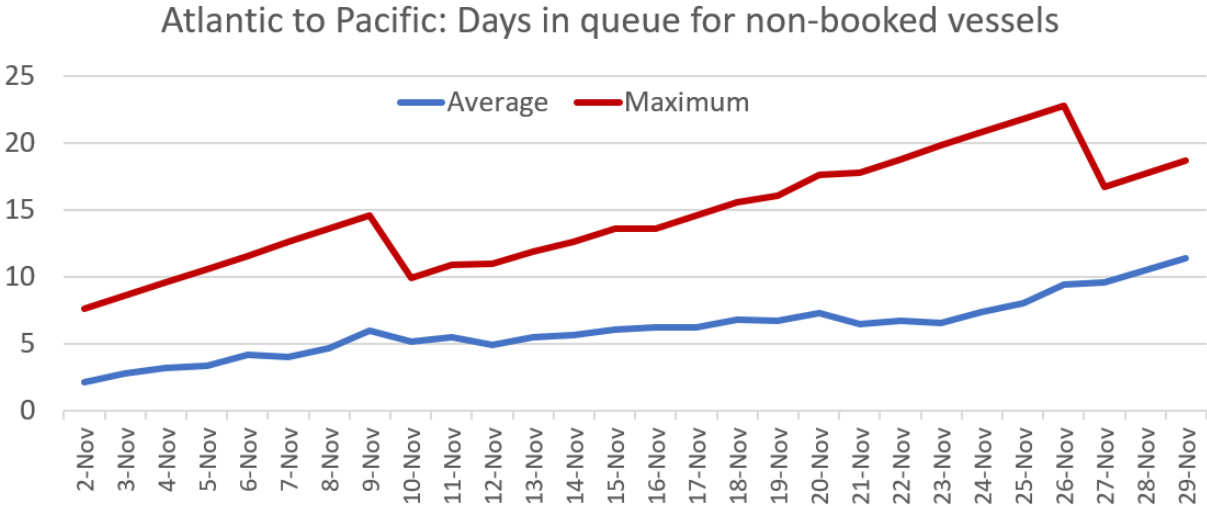
Panama Canal disruptions are worsening. Wait times for vessels without reservations have surged this month.

In response to drought conditions, the Panama Canal Authority (ACP) [cut the number of daily reservation slots](#) from 32 at the beginning of November to 24 currently. Slots will drop to 22 on Friday, then to 18 by Feb. 1.

If enough ships don't divert from the Panama Canal to offset the drop in reservation slots, the number of ships without reservations rises — as does wait time.

The average wait time for ships without a reservation for Atlantic-to-Pacific (southbound) transits was 2.1 days at the beginning of November. As of Wednesday, it was over five times that — 11.4 days — [according to ACP data](#).

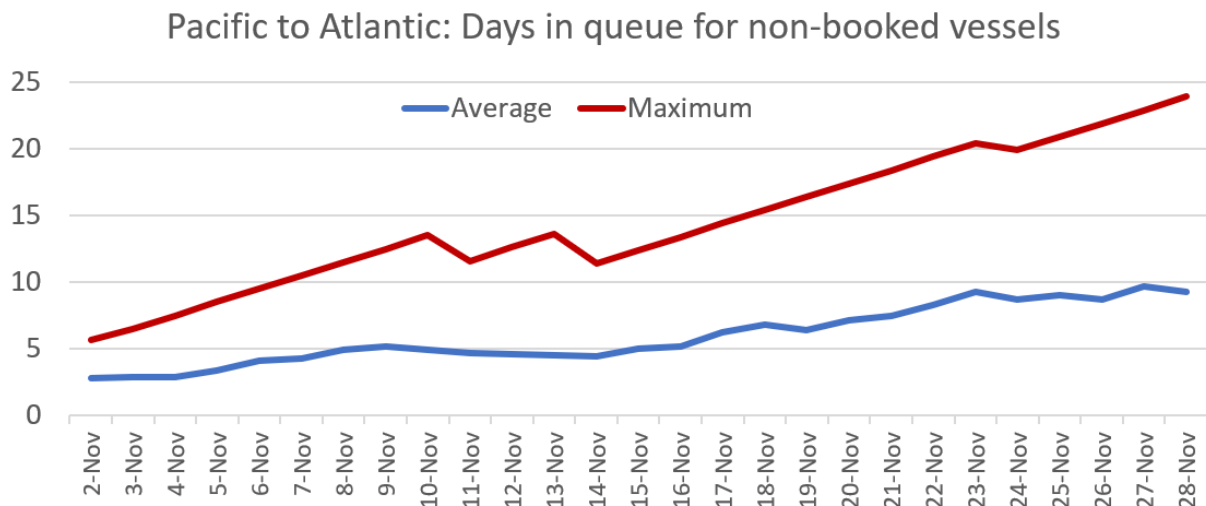
The maximum wait on for southbound transits hit 22.8 days on Sunday, triple the maximum wait at the beginning of the month.



(Chart: FreightWaves based on ACP data)

Pacific-to-Atlantic (northbound) transits also show a sharp rise in wait time in November for ships without reservations, coinciding with cuts to reservation slots.

Average wait time was nine days on Wednesday, more than triple the average at the beginning of the month. The maximum wait time was 24.9 days on Wednesday, more than quadruple what it was in early November.



(Chart: FreightWaves based on ACP data)

Panamaxes waiting the longest

The ships suffering the longest wait times are those transiting the older Panamax locks, which the ACP categorizes as “regulars,” ships with a beam (maximum width) of less than 91 feet, and “supers,” those with a beam of 91 to 107 feet.

As of Wednesday, no Neopanamax ships (with beams over 107 feet) in the queue had been waiting more than 11 days to transit the larger, newer locks. In contrast, at the Panamax locks, 10 supers had been waiting 13-25 days and three regulars for 14-15 days.

In response to rising wait times, the ACP just began offering a special daily auction slot for Panamax locks transits to supers and regulars without reservations that have been waiting 10 days or more. The first slot in the special auction was for a transit on Monday.

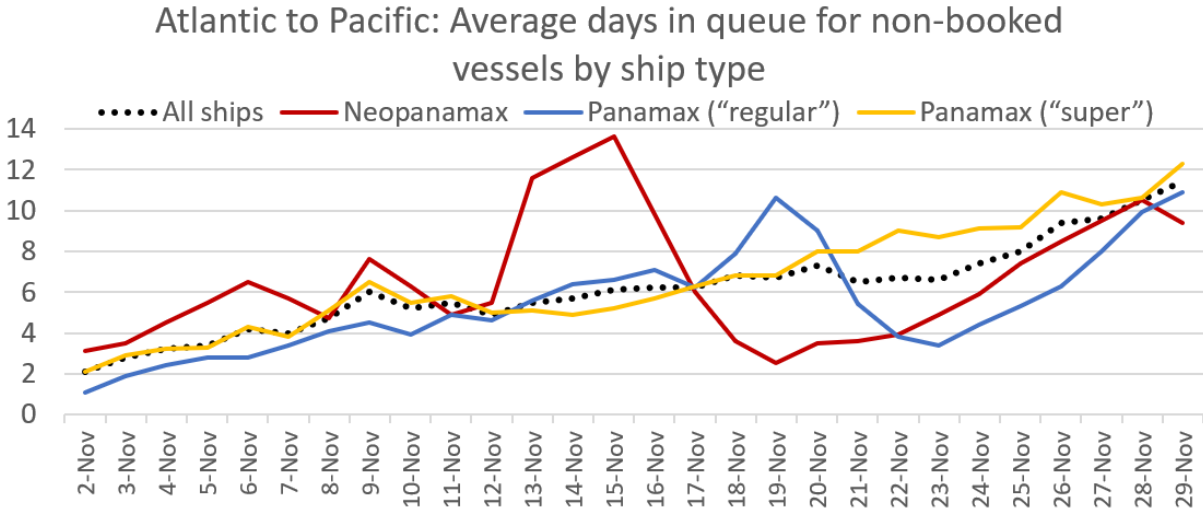
Average wait time for Neopanamax also up

Data on average (versus maximum) wait times shows that Neopanamax without reservations are likewise facing longer waits this month — this is not a problem specific to the smaller Panamax locks.

On the southbound route — commonly used by ships transporting bulk commodity cargoes from the U.S. to Asia and the west coast of South

America — average wait time for Neopanamax vessels without reservations was higher than for Panamaxes during the first half of November and on par with the average for all ship sizes on Tuesday.

Average wait time for southbound Neopanamax vessels with no reservation is triple what it was at the beginning of November.

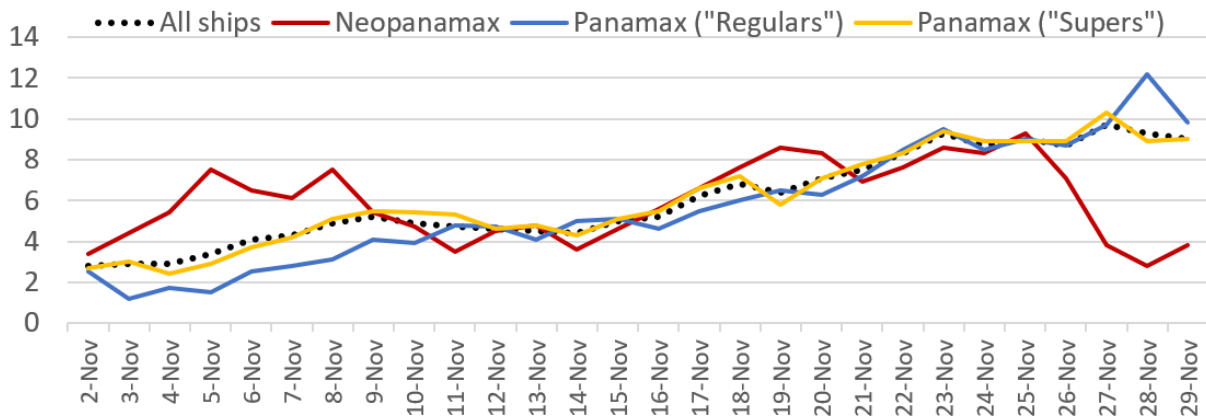


(Chart: FreightWaves based on ACP data)

On the northbound route — frequently used by laden container ships headed to U.S. ports and empty bulkers and tankers planning to reload in the U.S. — average wait time for Neopanamax vessels without reservations was in line with Panamax wait time for most of this month.

Average Neopanamax wait time has now fallen well below Panamax levels in the northbound lane. However, this has only been during the past four days.

Pacific to Atlantic: Average days in queue for non-booked vessels by ship type



(Chart: FreightWaves based on ACP data)

Impact on bulk commodity shipping

Ship-position data from MarineTraffic showed 33 dry bulk carriers at anchorage off entrances to the canal on Wednesday (18 on the Pacific side, 15 on the Atlantic side).

The queue of product tankers was heavily weighted to the Pacific side: 16 versus three on the Atlantic side. In addition, there were a dozen liquefied petroleum gas (LPG) tankers waiting, six at either entrance. There was only one liquefied natural gas (LNG) carrier waiting to transit.

The commodity ship backlog would be larger, except that many LNG carriers, as well as high-capacity LPG tankers known as very large gas carriers (VLGCs), have already given up on Panama.

“For those who want to go from the Atlantic Basin to the Pacific Basin [with LNG ships], they are going around the Cape of Good Hope as Plan A. I’d go so far as to say that’s the norm now,” said Richard Tyrrell, CEO of LNG carrier owner Cool Co. (NYSE: [CLCO](#)), during a conference call Tuesday.

[VLGCs are now commonly avoiding Panama](#) on their return trip to the U.S. from Asia. “The number of VLGCs taking longer routes to the U.S. from Asia has skyrocketed,” said [Oystein Kalleklev, CEO of Avance Gas](#) (Oslo: [AGAS](#)), during a conference call Tuesday.

"Today, there are about 50 VLGCs taking a route via the Cape of Good Hope to the U.S. This summer, the number was 10," said Kalleklev.

Impact on container shipping

Ship-position data also shows a growing number of container ships in Panama Canal queues: 21 on Wednesday, around double the number at anchorage this summer. (This also includes container ships waiting to berth at Panamanian terminals, not to transit the canal.)

Neopanamax container ships that serve U.S. East and Gulf Coast ports secure transit reservations for their scheduled liner services. However, the reduction in daily Neopanamax reservation slots to just five per day as of Jan. 1 will likely force some carriers to seek alternate routes.

French carrier CMA CGM confirmed on Nov. 21 that the canal situation is already "taking a severe toll on operations." MSC, the world's largest ocean carrier, said Monday that the Panama Canal situation is having "a direct impact" its operational costs.

Industry analytics provider Linerlytica [warned on Monday](#): "The Panama Canal transit restrictions have started to impact container ships for the first time, with a rising number of ships facing delays that are set to worsen over the next two months."