

The Panama Canal's Next Test: Holding the Line in a Shifting World Order

Erika Mouynes

Abstract: Calls to reassert U.S. control over the Panama Canal may stir political nostalgia, but they ignore a modern reality: Panama has become a model of neutral, strategic governance. In a world rocked by chokepoint crises and shifting alliances, the Canal's stability is a global asset. Undermining Panama's sovereignty risks fueling anti-U.S. sentiment and regional instability. The smarter path forward? Strengthen cooperation—not control—and invest in one of the few global success stories we all depend on.

Keywords: Panama Canal; neutrality; geopolitics.

O próximo desafio do Canal do Panamá: manter a posição em uma ordem mundial em transformação

Resumo: Apelos para reafirmar o controle dos EUA sobre o Canal do Panamá podem despertar nostalgia política, mas ignoram uma realidade moderna: o Panamá se tornou um modelo de governança neutra e estratégica. Em um mundo abalado por crises em pontos de estrangulamento e alianças instáveis, a estabilidade do Canal é um trunfo global. Minar a soberania do Panamá corre o risco de alimentar o sentimento antiamericano e a instabilidade regional. O caminho mais inteligente a seguir? Fortalecer a cooperação – não o controle – e investir em uma das poucas histórias de sucesso globais das quais todos dependemos.

Palavras-chave: Canal de Panamá; neutralidade; geopolítica.

Before dawn each day, a procession of colossal vessels drifts forward in the tropical haze, lining up to enter the Panama Canal's lock chambers. Tugboats nudge a Neo-Panamax container ship into position as fluorescent floodlights bathe its hull. On the bridge, the ship's captain steps aside for a Panamanian canal pilot—by law, every vessel must surrender control to these expert pilots when transiting the waterway. Moments later, steel gates seal behind the ship and water levels slowly rise, lifting the vessel 85 feet above sea level. This routine, yet remarkable choreography, repeated about 13,000 times a year, underscores a century-old truth: one small nation's stewardship of a narrow isthmus keeps the arteries of global trade pumping smoothly. And for decades, Panama's steady, neutral management of the canal has overwhelmingly benefited the United States and the world, ensuring a reliable shortcut for American commerce from coast to coast. Panama's neutral stewardship of the Canal has long served American strategic and economic interests. But now recent political pressure from Washington—fueled by overstated fears of Chinese influence and met with costly Panamanian concessions—is testing the durability of that model. The outcome will not just reshape U.S.-Panama relations; it could ripple across the hemisphere, redefining how small democracies respond to great-power pressure. As tensions rise, the world is watching how far both Panama and the United States are willing to go.

A STRATEGIC HAND-OFF, NOT A SURRENDER

Amid Washington's renewed rhetoric over the Panama Canal, it is easy to forget the strategic logic that led the United States to relinquish control in the first place. The 1977 decision to transfer authority to Panama was not a concession born of goodwill, but a calculated, bipartisan move to safeguard U.S. interests in Latin America. For seven decades prior, the U.S. had owned and operated the canal since its opening in 1914—an engineering marvel and geopolitical trophy carved out of Panama's territory. By the 1970s, however, times had changed. Republican politicians like Henry Kissinger warned that clinging to the American-run Canal Zone would inflame anti-American sentiment and threaten regional stability. “If these [Canal] negotiations fail, we will be beaten to death in every international forum and there will be riots all over Latin America”, Kissinger famously cautioned in the mid-1970s. His concern was not hypothetical. In 1964, long-simmering

Erika Mouynes is a seasoned geopolitical strategist, former Minister of Foreign Affairs of Panama, Wall Street veteran, and Harvard senior fellow. With a career spanning diplomacy, finance, and law, she advises global leaders on political risk and international strategy. A Fulbright Scholar, she contributes to leading publications such as the *Financial Times*, *Foreign Policy* and the *Harvard Business Review*.

tensions over the U.S. presence in the Canal Zone exploded into deadly riots—now commemorated in Panama as Martyrs’ Day—that killed both Panamanian students and U.S. soldiers. The violence jolted Washington into recognizing the depth of Panamanian nationalism boiling under the surface.

By the end of that decade, American leaders across party lines had come to view continued U.S. control of the Canal as a geopolitical liability. Republican President Richard Nixon initiated negotiations for a turnover, and Democrat President Jimmy Carter finalized the handover through the 1977 Torrijos-Carter Treaties. Even Ronald Reagan, who had campaigned fiercely against the transfer with populist slogans, ultimately honored the agreement during his Presidency. The Senate’s ratification of the treaties required bipartisan support and reflected a rare consensus: strategic pragmatism would prevail over emotional appeals. Critics like Senator S. I. Hayakawa—who infamously declared, “We should keep the Panama Canal. After all, we stole it fair and square”—were overruled by a colder calculation.

The objective was clear: defuse a major source of regional resentment, safeguard U.S. prestige, and preempt broader instability in the hemisphere. Those treaties guaranteed the Canal’s permanent neutrality and continuous operation under Panamanian control.

Far from surrendering U.S. interests, Washington reimagined how best to protect them. The logic behind that decision remains as valid today as it was in 1977. By voluntarily eliminating a symbol of colonial dominance, the U.S. improved its standing in the hemisphere and gained a reliable partner in Panama. A neutral, Panamanian-run Canal has not only avoided conflict—it has reinforced regional stability and ensured uninterrupted access to a vital artery of global trade. Notably, the Neutrality Agreement accompanying the handover secured U.S. warships the right to expedited passage in emergencies, meaning the United States could still move its Navy through the canal swiftly if truly needed, without having to own it outright.

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THE DE-POLITICIZED CANAL: A STRATEGIC ASSET RUN RIGHT

More than two decades later, Panama has proven to be an exemplary steward of the Canal. Since the 1999 handover, it has maintained the waterway's efficiency, neutrality, and accessibility to all nations—without descending into political manipulation or mismanagement. In anticipation of the transfer, Panama even amended its constitution in the 1990s to create an autonomous Panama Canal Authority (ACP), structurally insulated from partisan interference. That technocratic model has yielded impressive results. The ACP is governed by an independent board of 11 members (all Panamanians)—and operates separately from the central government with its own administration, budget, and regulations.

This governance structure ensures that day-to-day canal operations remain professional and apolitical, focused on long-term efficiency rather than short-term politics. Under Panamanian management, transit times have improved, accident rates have dropped, and the Canal has remained a model of transparency and neutrality. Every vessel—American, Chinese, or otherwise—is treated equally and charged standard, transparent tolls (those tolls will vary widely by ship size and cargo, and always paying them is far cheaper than the alternative: the extra weeks of voyaging and fuel costs to sail all the way around South America). When the Panama Canal has had to raise fees or impose draft restrictions, it has done so solely in response to operational and environmental factors, such as drought-driven water shortages—not to gain political leverage.

The canal's efficiency measures continue to advance: in 2023, a new reservation system was introduced to streamline scheduling. Whereas ships in the past might have waited a week or more to enter during peak traffic, today most vessels wait only 2-3 days for transit, a significant improvement that keeps goods flowing on schedule. To appreciate the scale and importance of Panama's management, consider the Canal's daily rhythms. Each year, roughly 13,000 ships—an average of 35 per day—transit the 50-mile waterway, carrying commodities and products that touch nearly every corner of the global economy. The Canal's clientele is truly international. The largest single user by vessel count is Denmark's Maersk Line, and other top shipping lines traversing Panama hail from countries like Switzerland, France, Greece, and Germany.

This cosmopolitan mix underscores why Panama's depoliticized approach is so crucial: the Canal is a neutral global commons, open to all. And it remains vital: by cutting roughly 8,000 miles off the voyage between the Atlantic and Pacific, the waterway saves shippers enormous time and money. A container ship sailing from East Asia to the U.S. East Coast via Panama, for example, pays a toll but avoids

the perilous trek around Cape Horn—a detour so long that the fuel expense alone would far exceed the Canal’s fees. In short, the world willingly pays Panama for safe, reliable passage because it is a bargain compared to the alternative.

The most powerful testament to Panama’s stewardship came with the successful execution of the Canal’s massive expansion between 2007 and 2016. This US\$ 5.4 billion project (plus about US\$ 1.6 billion in related investments) added a new set of colossal locks and deepened existing channels to accommodate modern megaships. The ambitious expansion enables the canal to handle Neo-Panamax vessels that carry nearly three times the cargo volume previously possible. Many doubted that a small developing nation could deliver such a megaproject on time and within budget—especially when compared to notorious overruns like Boston’s “Big Dig” highway tunnel, which ballooned from US\$ 2.8 billion to nearly US\$ 15 billion. Yet Panama’s Canal Authority navigated complex logistics and opened the expanded Canal in June 2016 within roughly the original expectations. The result: doubled capacity and the ability to accommodate the majority of the world’s liquefied natural gas (LNG) tankers and huge container ships, reshaping global shipping patterns.

Crucially, Panama has financed its canal operations and upgrades on its own. Today, the United States enjoys full access to a world-class, strategically essential trade route without having to shoulder the burden of operating it. Panama, meanwhile, has gained national pride and economic benefit—delivering a rare example of a smooth postcolonial transition that works to everyone’s advantage.

Notably, the expansion was financed by the canal’s own toll revenue supplemented with loans from multilateral development banks—not a dollar of U.S. taxpayer money was needed. In fact, Panama has already repaid, with interest, every cent the U.S. invested in building the original Canal over a century ago. The United States has been the chief beneficiary of these improvements. As the single largest user of the Panama Canal, the U.S. now relies on the expanded waterway for the efficient movement of energy exports, Midwest dry bulk, and the endless flow of manufactured goods and consumer products that stock American shelves. Indeed, roughly 70% of the cargo transiting the canal is either bound for or departing from

ports in the United States—including massive volumes of Asian-made electronics and clothes headed to the U.S. East and Gulf Coasts, as well as American liquefied gas, grain, and other commodities shipped westward to Asia. By contrast, only around 20% of canal traffic is linked to China at all, belying the notion that Beijing dominates this passage. Crucially, Panama has financed its canal operations and upgrades on its own. Today, the United States enjoys full access to a world-class, strategically essential trade route without having to shoulder the burden of operating it. Panama, meanwhile, has gained national pride and economic benefit—delivering a rare example of a smooth postcolonial transition that works to everyone's advantage.

THE CHINA MIRAGE: OVERSTATED FEARS OF INFLUENCE

Much of the recent American anxiety over the Canal centers on China and its perceived expanding presence in the region. Yet the reality is far more nuanced—and significantly less threatening. Chinese firms do indeed operate commercial port terminals at both the Atlantic and Pacific entrances to the Canal, via concessions awarded back in 1997 to the Hong Kong-based company Hutchison Ports (part of Hutchison Whampoa). In other words, Panama's port facilities have had a Chinese footprint for over two decades. Importantly, there have been no new Chinese port concessions in the Panama Canal waterway since then, even during periods of intense Chinese outbound investment worldwide. The Hutchison-run terminals in Panama function like countless other international port operations. Hutchison Ports, for instance, also operates major terminals at both entrances of the Suez Canal and at Felixstowe, the busiest container port in the United Kingdom—essentially straddling the English Channel—as well as in other key global trade hubs. They even manage the Freeport container terminal in the Bahamas, less than 50 miles from the Florida coast.

Yet, in each case, Hutchison is simply a client or tenant of the host nation's maritime authority, not the controller of sovereign infrastructure. Panama is no exception. The Panama Canal Authority (and by extension the Panamanian State) remains in full sovereign control of the canal and its waters. All port concessionaires, Chinese or otherwise, operate under Panamanian laws and oversight. And, unlike ports elsewhere run by Hutchison, any vessel navigating toward a port terminal along the Panama Canal must still relinquish command to a Panamanian Canal pilot upon entering canal waters—an unequivocal assertion of Panamanian authority that ensures no foreign entity can dictate movement through the canal. Moreover, Hutchison's presence is far from dominant in Panama's overall shipping landscape: out of the five major commercial port terminals adjacent to the Canal,

Hutchison manages two, while the other three are operated by U.S.-allied or other multinational companies.

Recent developments underscore Panama's determination to safeguard its autonomy. After auditors uncovered irregularities in the extension of Hutchison's port concession, Panama's comptroller initiated a comprehensive audit and legal review back in 2024. Those findings have sparked a series of legal challenges that could potentially nullify Hutchison's contract extension and reopen that port concession to new bidders—possibly creating an opportunity for U.S. or allied firms to step in. And, more recently in 2025, Hutchison announced that it was in the midst of negotiations to sell a majority stake in one of its Panama terminals to a U.S.-led consortium reportedly anchored by the investment firm BlackRock. Far from drifting into China's orbit, Panama is actively courting more American investment when it comes to its critical infrastructure.

The broader context matters. In 2017, like many Latin American countries at the time, Panama switched its diplomatic recognition from Taiwan to Beijing, opening the door to official ties with the People's Republic of China. In the flush of this new relationship, Panama's government initially awarded several high-profile infrastructure projects to Chinese companies—including a cruise ship port and a large highway bridge over the Canal—and even joined China's Belt and Road Initiative. However, that early momentum slowed significantly under subsequent Panamanian administrations, effectively grinding to a halt. Not a single new major Chinese infrastructure contract has been granted in the past five years.

More recently, the administration of President José Raúl Mulino (2024-present) has explicitly indicated that Panama will neither renew nor expand its participation in Belt and Road. Instead, President Mulino's government has proactively reaffirmed Panama's strategic alignment with Washington, emphasizing that the country's long-term interests depend on deepening its ties with the United States. In short, Beijing's inroads appear to have been limited, while Panama continues to keep its most vital asset—the Canal—firmly neutral and open for all.

TRUMP'S CANAL GAMBIT: PRESSURE, CONCESSIONS, AND THEIR LIMITS

Fast forward to today: the Panama Canal has unexpectedly become a political flashpoint in Washington. Since returning to the White House, President Donald Trump has seized on the Canal in his rhetoric, even making the waterway a centerpiece of his America-first agenda. Remarkably, during his recent inaugural address in January, "Panama" was reportedly the second most-used word—

uttered more frequently than any term except “America.” Trump has repeatedly characterized the 1999 handover of the Canal as a historic blunder, hinting that he might seek to “take back” U.S. influence there. He has even occasionally mused about the specter of military intervention to “secure” the channel. Alarmingly, a recent U.S. poll indicated significant support among his political base for regaining control of the Canal by any means necessary.

For Panama—a small nation of 4 million that is nonetheless strategically crucial—such statements are not mere political bluster. They register as direct threats to its sovereignty and a repudiation of decades of partnership. In response to escalating pressure from Washington, the Panamanian government under President José Raúl Mulino initially adopted a conciliatory stance. Eager to mollify U.S. concerns, Panama went out of its way to demonstrate that it was no client of Beijing. Beyond withdrawing from China’s Belt and Road Initiative, the Mulino administration accelerated efforts to reduce Chinese company involvement in local port operations—moves that coincided with a high-profile visit by U.S. officials (including a visit by Secretary of State Marco Rubio).

Panama also offered unrelated concessions to appease the Trump administration’s agenda: it struck agreements to tighten migration controls, including enhancing a migrant detention facility and expanding a remote airstrip in the Darién region to facilitate U.S. deportation flights to Latin America. At Washington’s request, Panama even accepted the transfer of 299 deportees from the United States—individuals who were not Panamanian nationals at all, but originated from countries as distant as Iran, China, and Afghanistan, sent to Panama as a third-country destination. These extraordinary gestures—aimed at defusing tensions—have come at substantial domestic cost in Panama. Rather than calming the situation, the acts of overt accommodation triggered a nationalist backlash and fierce debate within Panama’s own political circles. Concessions that were meant to buy goodwill instead seemed to encourage further demands from the Trump administration.

During a subsequent visit by the U.S. Secretary of Defense, Peter Hegseth, Panama was pressed into additional concessions directly affecting the Canal. A new controversial security framework agreement was announced, authorizing joint U.S.-Panama security activities and allowing a rotational U.S. military presence at some formerly American bases on Panamanian soil. Furthermore, the Canal signed a declaration to “seek mechanisms” that would grant priority and toll-free passage to U.S. warships through the Canal. For Panamanians, this marked an unacceptable overreach. The idea of special toll-free treatment for U.S. military vessels struck a nerve, undermining the core principle of equal access that had defined the canal’s neutrality. It was also largely gratuitous: under the existing 1977 Neutrality Treaty

(Article VI), U.S. naval ships already enjoy expedited passage rights—in practice, with just 48 hours’ notice, an American warship can move to the front of the queue, and indeed no U.S. military vessel has ever waited more than about 24 hours to transit, even during crises. Moreover, the U.S. military currently pays only a token fraction of the usual tolls for warship transits (as little as 6%-30% of the fees charged to commercial vessels).

Demanding completely free passage went beyond these long-standing privileges and appeared to many in Panama as a humiliating assertion of one nation’s dominance over a waterway that is supposed to belong to everyone. Unsurprisingly, these latest concessions provoked widespread outrage in Panama. The Canal is deeply intertwined with Panamanian national identity, and any perceived threat to its autonomy has historically sparked intense public resistance. News of the secretive “toll-free passage” pledge set off alarms. Anger was further fueled by inconsistencies and a lack of transparency—notably, glaring discrepancies between the U.S. government’s announcements and the Panamanian government’s public statements about what was agreed.

The political fallout in Panama has been severe. Within weeks, the crisis triggered the resignations of Panama’s Deputy Foreign Minister and its Press Secretary. The National Assembly even took the rare step of summoning the Foreign Minister for questioning and floated the idea of a no-confidence vote. Street demonstrations erupted in Panama City, with citizens waving the national flag and chanting vows to protect the Canal’s sovereignty. To date, Panama’s painful concessions have yielded no tangible benefit—not even a moderation of President Trump’s aggressive rhetoric. The risk is clear: Panama’s attempts at pragmatism are setting a troubling precedent, suggesting that giving in to pressure only invites more. During the first 100 days of Trump’s new term, Panama found itself rapidly approaching the limit of what it could concede without fundamentally compromising its sovereignty. Now, five months into the administration, it’s clear those efforts have reached a limit. The pattern of appeasement has proven unsustainable, with diminishing returns and rising domestic costs.

RIPPLE EFFECTS: STRATEGIC COSTS BEYOND THE ISTHMUS

Washington’s hardball approach to Panama carries strategic costs that extend far beyond the Canal itself. During the intense U.S. debates over the Panama Canal treaties in the 1970s, several American officials and military strategists pointed out that the canal’s direct military significance had diminished over time. Advances in naval technology and shifting defense priorities meant the Canal was no longer

essential for U.S. force projection; in fact, its narrow locks could not accommodate many modern U.S. warships. Senator Barry Goldwater notably argued that the Canal was inherently vulnerable—a single well-placed explosive or a scuttled ship could disable it—and pointed out that few in Congress or the public were willing to send American troops to die defending it.

In practical terms, the canal's geography (a long, skinny choke point) makes it nearly indefensible against sabotage or attack. These arguments bolstered the case that the U.S. could safely relinquish control in 1999 without harming its core security interests. Yet economically and strategically, Panama's neutral stewardship has secured uninterrupted operations for decades, directly safeguarding American and global trade interests. The United States today heavily relies on the Canal to facilitate critical trade flows—from soybean and corn exports to the containerized goods from Asia that stock store shelves across America. Any major disruption to the canal's operation would trigger billions in losses, shipping delays, and price hikes, causing immediate pain for businesses and consumers far beyond Panama.

If the Panama Canal were shut down—even for a day—or politicized, shipping companies would have to reroute vessels on an 8,000-mile detour around the storm-tossed Cape Horn at the tip of South America, adding weeks of transit and eye-watering fuel costs. The last time something similar happened—the week-long Suez blockage—an estimated US\$ 10 billion in global trade was held up each day. The Panama Canal's remarkable record of reliability has meant global supply chains have not had to worry about such a scenario in the Western Hemisphere. Remarkably, Panama's commitment to neutrality and equal access for all nations has kept the Canal off potential adversaries' target lists. Unlike military bases or other strategic assets, the Panama Canal has weathered global instability without becoming a direct target or bargaining chip in conflicts.

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It has not been blocked, attacked, or even temporarily seized by any hostile power since Panama took over—proof that its neutrality is not just symbolic, but a real bulwark of security.

The geopolitical consequences of the current tensions, however, go beyond the physical security of the canal. By threatening a peaceful, democratic ally based on imagined strategic vulnerabilities, the United States risks undermining its own credibility and creating a rift in its regional diplomacy. Such threats send an unsettling message across Latin America: that aligning closely with Washington does not guarantee respect or stability, and that even long-standing treaties might be reopened on a whim.

In a region where memories of U.S. interventionism remain vivid, Trump's aggressive rhetoric toward Panama's Canal is reviving historic suspicions. Allies that prize their sovereignty and stability could begin to reconsider their alignment, hedging their bets by diversifying partnerships or even distancing themselves from U.S. influence. Adversarial powers are likely watching closely—and seizing the opportunity to cast themselves as more respectful partners who will not strong-arm smaller nations over critical infrastructure. Inside Panama, the backlash to Washington's pressure is already shifting the political landscape. This is a country that has historically been among the most pro-American in Latin America—as recently as 2023, surveys showed over 80% of Panamanians viewed the U.S. favorably, a legacy of cooperation and shared interests. But nationalist sentiment is now on the rise. Proud of the Canal and what it represents, Panamanians of all political stripes are rallying around the defense of the Canal's neutrality.

Large protests have filled the streets of Panama City with chants of “El Canal es Panameño” (“The Canal is Panamanian”), rejecting any hints of external control. Politicians across the spectrum—from moderate technocrats in the ruling party to firebrand opposition leaders—have found common cause in pushing back against perceived U.S. encroachment. Furthermore, several prominent Latin American leaders in other countries have publicly expressed support for Panama's position, reinforcing a regional consensus against heavy-handed tactics. The implication is clear: the U.S. approach to Panama is being closely watched by its neighbors, and it may influence how those countries engage with Washington moving forward.

LESSONS LEARNED: GIVING IN, STANDING UP, AND MOVING FORWARD

What, then, are the takeaways from this fraught new chapter in the Canal's long and symbolic history? For Panama, the lesson lies in calibrated firmness.

Concessions can have their place when they align with Panama's own interests and uphold transparency or good governance—as seen in President Mulino's own push to review and correct issues in the Chinese port contracts. But capitulating to external pressure purely to appease a foreign power, particularly when that pressure is rooted in a political narrative divorced from facts, sets a dangerous precedent. History suggests that Panama's strength—indeed its very legitimacy in managing the Canal—comes from asserting sovereignty through legal certainty, diplomatic poise, and institutional integrity. In practical terms, Panama may need to draw clearer red lines around the Canal's neutrality and communicate those both at home and abroad.

The recent turmoil also exposed shortcomings in Panama's strategy for dealing with Washington. The government invested heavily in traditional D.C. lobbying firms—a strategy that may have been misaligned with the current political moment. In an environment where the Trump administration favors open, transactional engagement at the very top, behind-the-scenes advocacy aimed at Congressional staffers and mid-level officials had limited impact on actual decision-makers. More critically, this inside-baseball approach came at the expense of a broader public diplomacy campaign. By not more assertively communicating the facts of Panama's Canal stewardship to the American public—for example, that Panama keeps the canal running efficiently, neutrally, and in ways that hugely benefit American consumers—Panama allowed a false narrative to take root among some U.S. audiences. That was a missed opportunity, especially when dealing with a U.S. president highly attuned to his base's perceptions and media coverage.

On the other hand, despite the domestic turmoil, Panama's appeasement strategy has so far averted a deeper rupture with the U.S. No punitive sanctions have been slapped on Panama, and no formal U.S. policy shifts have materialized—at least not yet. In that sense, Panama's government managed to defuse what could have been an even more drastic crisis, buying time to regroup. Moving forward, Panama may re-calibrate its approach to emphasize unity at home (so that any future concessions are not politically poisonous) and clarity abroad (so that facts triumph over fears in the narrative about the Canal).

For the United States, the takeaway should be even more strategic. Panama's neutral, professional stewardship of the Canal stands as one of the most successful post Cold War partnerships in the Western Hemisphere. It has delivered stability, efficiency, and mutual benefit—offering a rare model of shared responsibility and peaceful cooperation between a superpower and a small State. Undermining that model serves no one's interests—not American importers and consumers, not U.S. exporters, and certainly not U.S. influence or prestige in the region. If anything,

the current standoff has illustrated how vital Panama's goodwill and collaboration are to American interests.

President Trump, having demanded and received several concessions, can and arguably should claim a form of victory at this point. His administration has extracted costly promises: Panama pulled back from Chinese initiatives, beefed up migration controls at America's behest, and deepened security cooperation. The point has been made. Now is the time to pivot from pressure to partnership. There is an opportunity here for Washington to turn this episode into a new chapter of constructive engagement. Rather than viewing Panama as a wayward asset to be corralled, the U.S. should recognize it as a steadfast partner worthy of investment and respect.

Panama is open for business—and for allies. The two countries could expand cooperation in mutually beneficial ways that do not compromise sovereignty. For example, Panama is embarking on a multimillion-dollar watershed conservation and infrastructure project to ensure the Canal's water supply (critical for its operations in the face of climate change). U.S. companies and experts could be encouraged to participate in such efforts—not just as profit-seeking contractors, but as long-term partners contributing to Panama's success. Likewise, when Panama solicits bids for port upgrades or new logistics parks, American firms should be at the table, not because Panama is being coerced to accept them, but because they bring value and earn trust.

In essence, the U.S. can compete where it counts—economically and diplomatically—rather than revisiting military posturing or zero-sum demands. Ultimately, what's at stake in the current friction is far more than just a shipping route or a point of national pride. It is about the credibility of a global system in which small nations, through competence and neutrality, can earn the trust of great powers and manage shared strategic assets successfully. The Panama Canal has long stood as proof that a peaceful transfer of power—from a superpower to a much smaller State—can lead not to dysfunction, but to excellence. That model is now under scrutiny. The tensions between Washington and Panama are more than

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a bilateral foreign policy flare up; they send a message to the region and the world about how the United States treats its friends. What happens next will define more than a lane of commerce. It's a chance to show that in an era of shifting power, real leadership means backing the partners who get the job done—and knowing when to stand behind them, not in their way. ■

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