



By: TA | AP Brief

Iran war and rising fuel costs could boost Panama Canal traffic



Panama Canal Administrator Ricaurte Vásquez said Thursday that the **conflict in the Middle East** and rising **fuel costs** could ultimately benefit the interoceanic waterway as global shippers adjust routes.

In an interview with The Associated Press, Vásquez said that higher energy, fuel and navigation costs could make the Panama Canal a more attractive option for commercial traffic.

“When costs increase, in general when the price of marine fuel rises, the Panama Canal becomes a more attractive route,” Vásquez said.

Oil prices have risen amid the war in the Middle East, which has led to the temporary closure of the **Strait of Hormuz** by Iran in response to U.S. and Israeli attacks.

About one-fifth of the world’s oil passes through the waterway at the mouth of the Persian Gulf.

Prolonged conflict could reshape global trade routes

If higher energy costs persist, routing cargo through Panama can cut voyages by between three and 15 days, depending on the route, while reducing fuel consumption, he said.

Vásquez said higher fuel costs are expected to affect container ships, bulk carriers and tankers transporting liquefied natural gas. If Middle Eastern supplies are disrupted, shipments may be replaced by other sources, including the United States, which could redirect some LNG cargo from Europe to Asia via Panama.

Any changes will not be immediate and will depend on how long cargo operators expect the conflict and instability in the Gulf last

Gerardo Bósquez, an executive with the Panama Maritime Chamber, said a prolonged conflict could reshape global trade routes, with gas transport among the segments likely to benefit.

Vásquez cautioned that any changes will not be immediate and will depend on how long cargo operators expect the conflict and instability in the Gulf last.