

The Panama Canal crisis and US imperialism's neocolonial drive against Latin America

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17 July 2026

The present crisis over the Panama Canal is part of the Trump administration's brazen drive for the recolonization of Latin America. What began in December 2024 with Trump's threats to "take back" the canal has escalated, over eighteen months, into a multi-track confrontation that includes the voiding of a nearly three-decade-old concession held by a Hong Kong-based company, the physical seizure of its port assets, a sustained Chinese campaign of economic retaliation through ship detentions and the formal elaboration of a Pentagon doctrine treating the entire Western Hemisphere as US territory. This crisis is a landmark in the decomposition of the post-Cold War order and the descent of the capitalist powers into military conflict over the re-division of the world.

The Canal and the rise of American Imperialism

The Panama Canal played a pivotal role in the transformation of the United States into a world imperialist power, a process whose dynamics were analyzed with penetrating clarity by Leon Trotsky nearly a century ago.

In his 1928 work *Europe and America*, Trotsky identified "the shift of the economic center of the world to the United States of America" and "the transformation of the 'Dollar Republic' into a world exploiter" as the central facts of the imperialist epoch. He insisted that the rivalry between North American and European capitalism was "becoming the axis of the world conflicts," and that any revolutionary program that failed to place this at its center would have "nothing in common with the program of the international revolutionary party."

The construction of the Panama Canal was, as clearly as any single event, the material expression of this historic shift. Washington's seizure of the Canal Zone in 1903—fomenting a secession from Colombia, installing a puppet government and extracting a treaty granting US control "in perpetuity"—inaugurated a century of US political domination and economic exploitation of the lands to its south. The canal linked the Atlantic and Pacific oceans under US military control, enabling the projection of naval power across both hemispheres and the integration of Latin American raw materials, markets and cheap labor into the circuits of American capital accumulation. The dollar was established as Panama's official currency. Washington reserved the explicit right to intervene militarily and did so repeatedly. The Canal Zone itself, a segregated US-controlled territory dividing Panama in two, was the physical embodiment of semi-colonial subjugation.

Trotsky's analysis of the dialectical relationship between American expansion and world crisis has lost none of its force. He warned that

American hegemony, far from stabilizing world capitalism, "compels her to include the powder magazines of the whole world into the foundations of her structure"—all the class struggles, colonial uprisings and inter-state rivalries that would eventually detonate within the imperialist power itself. The present crisis over Panama vindicates this analysis.

Trump's doctrine of hemispheric recolonization

The Trump administration's 2026 National Defense Strategy introduces the concept of "Homeland and Hemisphere," effectively expanding the definition of the American "homeland" to include all of North and South America. It declares: "We will actively and fearlessly defend America's interests throughout the Western Hemisphere. We will guarantee U.S. military and commercial access to key terrain, especially the Panama Canal, Gulf of America, and Greenland."

This document explicitly invokes 19th-century imperialism as its model. It praises "our predecessors" who "recognized that the United States must take a more powerful, leading role in hemispheric affairs," citing the Monroe Doctrine and the Roosevelt Corollary used to justify US Marines invading Nicaragua, Haiti, the Dominican Republic and Cuba. This is now the template for 21st-century policy. "This is the Trump Corollary to the Monroe Doctrine—a commonsense and potent restoration of American power and prerogatives in this hemisphere."

In March 2026, US Defense Secretary Pete Hegseth went further, outlining a "Greater North America" doctrine that claims "every sovereign nation and territory north of the equator, from Greenland to Ecuador and from Alaska to Guyana" as falling within the "immediate security perimeter" of the United States. As the *World Socialist Web Site* commented, this is the Monroe Doctrine on steroids, a preemptive blueprint for recolonization backed by US-sponsored police state regimes.

The doctrine is already being implemented through concrete acts of war. On January 3, 2026, US special forces invaded Venezuela and kidnapped President Nicolás Maduro, who remains imprisoned in New York. Venezuela's oil revenues now flow into an account controlled by Washington. Cuba faces a fuel blockade that Trump has explicitly described as preparation for invasion. US forces have sunk over 50 fishing boats in the Caribbean and Pacific, killing more than 180 people in what the Pentagon calls "preemptive strikes." The "Shield of the Americas" summit in March 2026 assembled a coalition of far-right regimes—Milei's Argentina, Kast's Chile, Bukele's El Salvador—that are the political heirs of the military dictatorships of the 1970s. This is a modern-day Operation Condor, a CIA-orchestrated network for counterrevolutionary

coordination across the continent.

The Panama crisis: From threats to expropriation

The Panama Canal crisis must be understood within this broader framework. It is not a bilateral commercial dispute but a strategic operation to remove Chinese-linked economic presence from a chokepoint Washington considers vital to its preparation for war.

On January 20, 2025, the day of Trump's inauguration, Panama's Comptroller-General launched an audit of Panama Ports Company (PPC), Hong Kong's CK Hutchison subsidiary that had operated the Balboa and Cristóbal ports since 1997. The audit, which alleged \$300 million in unpaid fees and a "ghost" concession operating since 2015, was released hours before US Defense Secretary Pete Hegseth arrived in Panama.

Secretary of State Marco Rubio made Panama his first overseas stop, declaring that Chinese control over the ports was "unacceptable" and that "absent immediate changes," the US would "take measures necessary to protect its rights."

Under this unrelenting pressure, President José Raúl Mulino announced Panama would not renew its participation in China's Belt and Road Initiative, becoming the first Latin American country to do so. Then, on January 29, 2026, Panama's Supreme Court ruled that the 1997 concession law itself was unconstitutional, voiding not merely a 2021 renewal but the original grant made nearly three decades earlier. Within days, Executive Decree No. 23 ordered the Panama Maritime Authority to occupy the ports, explicitly seizing PPC's private movable assets including cranes, vehicles, computers and proprietary software. Operations were handed to Maersk and MSC, both members of the BlackRock-led consortium that had sought to purchase Hutchison's global ports business.

The claim that this was neutral constitutional review rather than politically directed expropriation collapses upon the slightest comparative scrutiny. In late 2023, the same Supreme Court issued an almost identical ruling against First Quantum Minerals' concession to operate the Cobre Panamá copper mine, citing the same constitutional defects, same lack of competitive tendering, same sovereignty violations. Yet that ruling produced negotiation and a deliberate effort to keep the mine operating. First Quantum's shareholder base is largely US institutional investors. PPC's parent is Hong Kong-based. The variable that explains the divergence is not legal principle but with which great power's interests the company happened to align.

PPC has initiated arbitration at the International Chamber of Commerce, claiming damages exceeding \$2 billion, and has filed a separate arbitration against Maersk in London. Mulino has already declared the ports will "never again" be issued to a single company, a preemptive decision signaling that Panama does not contemplate returning the assets regardless of what any arbitration panel finds.

The China dimension

Beijing's response has been substantive and sustained, though it exposes the fundamental asymmetry in the two powers' toolkits. China cannot match the United States' military infrastructure in the hemisphere, the bases at Guantánamo and Soto Cano, the cooperative security locations and the decades of naval exercises and arms supply relationships. What it can deploy are economic and administrative levers.

Starting in March 2026, China began detaining Panama-flagged vessels in its ports in numbers far beyond historical norms. Approximately 20 ships were held in February, nearly a hundred in March, and 136 in April, over six times the prior year's average rate. Between March 8 and 12 alone, 28 Panama-flagged ships were detained, accounting for 75.7 percent of all detentions in China during that period. Lloyd's Intelligence data showed vessels transferring out of the Panama flag registry to the Bahamas and Marshall Islands.

China's official position, articulated by Ambassador Xie Feng at an OAS event in late June, was that the increased inspections were due to vessel collisions in Chinese waters and were "fully legitimate." But Tokyo MOU data showed inspections doubled in March from historic norms and nearly doubled again in April. The US was able to strongarm Bolivia, Costa Rica, Guyana, Paraguay and Trinidad and Tobago to issue a joint statement accusing China of "targeted economic pressure" and "a blatant attempt to politicize maritime trade."

Beijing simultaneously deployed regulatory leverage against CK Hutchison itself. When the company announced the \$22.8 billion sale of 80 percent of its global ports business to the BlackRock-MSK consortium in March 2025, China's State Administration for Market Regulation (SAMR) announced an antitrust review, claiming jurisdiction because Hutchison is publicly listed in Hong Kong. The review stalled the deal for a year, with SAMR demanding a "significant stake" for COSCO, China's state-owned shipping giant, as the price for clearing the transaction. By the time Panama's Supreme Court voided the underlying concession in January 2026, the global sale was already in a year-long stalemate, stymied by Beijing.

US imperialism fields the full power spectrum from capital to military force, bombing fishing boats, kidnapping heads of state, imposing blockades. China, for now, audits and inspects ships. The contrast is not between equals but between a globally dominant imperialist power operating in what it considers its backyard and a rising power that has not yet developed the military infrastructure to project force into the Western Hemisphere. That this asymmetry may narrow over time only intensifies the underlying dynamic and sets them and the world on a collision course.

The regional pattern and the road forward

The Panama template is already being replicated. In February 2026, the Trump administration warned Peru that it risked losing sovereignty after a Peruvian court ruled that COSCO's \$1.3 billion Chancay megaport was exempt from regulatory oversight. Two weeks ago, that decision was reversed, and oversight was returned to Peru's regulators. In Bolivia, a Chinese consortium's major zinc project was cancelled. Across the continent, governments that once balanced between Washington and Beijing are being forced to choose under conditions of military intimidation that no Latin American state can resist.

The beneficiaries of this neocolonial drive are not the working people of Latin America or the United States. Panama remains a society of obscene inequality, where the canal generates 23.6 percent of government revenue and the Mulino government has suspended constitutional rights to suppress worker protests against austerity. The same capitalist oligarchy that seeks neocolonial dominion over Latin America wants to abolish the social and democratic rights of workers in the United States. The \$1.5 trillion military budget Trump has demanded for 2027 will be extracted from the working class through the gutting of social programs and the further impoverishment of billions.

The working class has no stake in the ever-growing threat of inter-imperialist war. Rather it must unite across borders to fight their common

enemies. As Trotsky grasped, American imperialism's drive to dominate the hemisphere "prepares the ground for a gigantic revolutionary explosion in this already dominant and still expanding world imperialist power." The canal that once marked America's rise as a world power may yet become a flashpoint in its unraveling.

The answer to the Trump Corollary is not a return to the "rules-based international order" which was always a cover for imperialist predation. The answer is the political independence of the working class, the construction of rank-and-file committees independent of the pro-capitalist trade unions, and the building of the Socialist Equality Parties, sections of the International Committee of the Fourth International. The objective basis exists from the JBS meatpackers' strike in Colorado to the GM Silao workers in Mexico, from the Chilean student protests to the Brazilian metalworkers' strikes, workers and youth are already in motion. What is required is the conscious unification of these struggles under a revolutionary internationalist program, the fight for the United Socialist States of the Americas.



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