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Facilitator of trade

This year, we will commemorate 20 years since the transfer of the Panama Canal to the Panamanian people. Despite the original scepticism about the ability of Panamanians to manage and operate one of the most important assets of global maritime trade, Panama has proven that it could not only successfully operate the waterway, but also that it was able to oversee the development and construction of the largest infrastructure project since its opening in 1914. The Canal's expansion is a tremendous feat of engineering and logistics, which brought the waterway into the 21st century, reassuring its rightful role as a facilitator of trade, while driving progress for the country.

During these 20 years, tonnage through the Panama Canal has increased in line with the evolving needs of the maritime industry. The Canal was able to meet reliably the rising transit demand stemming from globalisation during the early 2000s and, in this way, it has also contributed to the development of other nations through trade. Three years since

the inauguration of the Neopanamax locks, our customers have reaffirmed their confidence in the stewardship of the Canal as they reroute their vessels to capitalise on considerable reductions in time, cost and greenhouse gas emissions.

As such, traditional containerised cargoes, energy products, vehicle carriers and dry bulkers, as well as new market segments such as liquefied natural gas, have discovered the new economies of scale of the all-water route using larger vessels and shorter distances, not only lowering their per unit cost of transportation, but also contributing to the fight against climate change. The Panama Canal is estimated to have saved more than 750m tonnes of carbon dioxide emissions over the course of its history.

More than 7,000 Neopanamax transits later, the Panama Canal continues to exceed expectations for the maritime industry. Our team's constant search for ways to improve the operations of the Neopanamax locks and the administration's commitment to continued investment into its operations and infrastructure have allowed the waterway

to secure the capacity and efficiency for shippers. This is how remarkable milestones have been achieved over the past year across segments, increasing the maximum allowable beam and length overall to allow the transit of the first Q-Flex LNG tanker and the largest containership to-date.

The Panama Canal's success is the result of our team's effort, hard work, innovation, integrity, and commitment and the close collaboration with our customers and many actors in the industry who continuously support us and share their knowledge and expertise to develop joint creative solutions. We look forward to continue exceeding expectations for our customers, while offering a reliable, sustainable and competitive service and, at the same time, strengthening our relationship with the shipping industry.

We would like to reaffirm our partnership with Seatrade and invite readers to discover in the next few pages more about the Panama Canal and the country's maritime sector.

Dr Ricaurte Vasquez
Administrator
Panama Canal Authority



Increased Connectivity

The Panama Canal offers increased connectivity to world maritime trade, maintaining a safe, reliable and efficient service, while providing a green route to its customers.

Moving forward, we will continue to bring value to the maritime industry, while remaining committed to ensuring the continued successful operation of the Canal—now, like always.



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Focusing on the environment, regulation and technology

A burden on shipping?

Panama was once again present at Sea Asia Exhibition and Conference 2019, from 9 April to April 11, organised by Informa Markets and co-organised with the Singapore Maritime Foundation. Sea Asia 2019 was inaugurated by Singapore's Senior Minister of State, Ministry of Transport & Ministry of Communications and Information, Janil Puthuchery.

The international maritime industry famous rendezvous set another record with close to 15,000 participants, 80 participating countries and regions, 440 exhibiting companies, 13 national pavilions and 9,088sq mtr net of exhibition space. The Conference addressed the key issues of the moment, focusing on the environment, regulation and technology, and the links between all three, with an interesting parliamentary debate on the environmental burden on shipping and whether it is too great.

On the first day of the Conference, April

9, the Panama Canal Authority (ACP) administrator and ceo Jorge Quijano was one of the speakers, participating in the session on 'will economic concerns trump improving fundamentals?' with Keith Denholm from J&J Denholm Ltd and Ralph Leszczynski of Banchemo Costa. The session was moderated by Marcus Hand, editor of Seatrade Maritime News. The conference this year brought 861 delegates from around the world who came to listen to 43 international prominent speakers.

The Panama pavillion was a large booth reuniting the Panama Maritime Authority (AMP), the ACP and the Ministry of Trade where the delegates welcome visitors.

The AMP reception, held on the second day, Wednesday 10, gathered ship owners from Singapore and other Asian jurisdictions, shipping agents and managers, foreign delegates and maritime personalities.

'Two years ago, we were here to celebrate Panama Ship Registry's 100 year

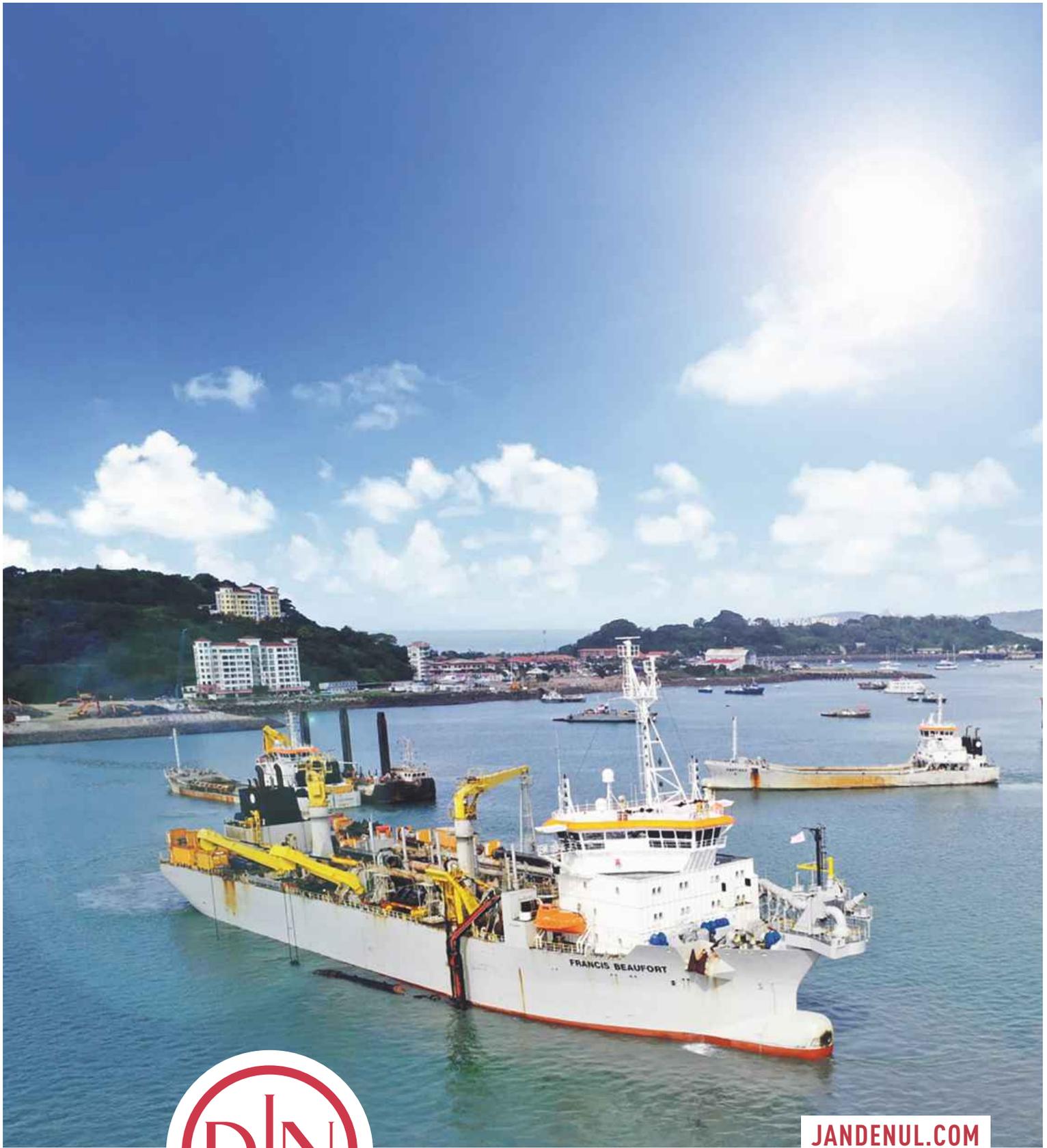
anniversary. And we meet again today to assure you that we will continue to provide service of excellence that made us the world's largest ship registry,' said Jorge Barakat, minister of maritime affairs.

'Panama Ship Registry has a policy to guarantee strict compliance with all international regulations and IMO conventions with regards to the safety of navigation to prevent pollution of the maritime environment, which has allowed Panama to be part of the white list of the Paris MoU and Tokyo MoU.' ●



Panelists:
Keith Denholm
CEO, Cotacabamba Maritime Services, Director, J&J Denholm Ltd
Ralph Leszczynski
Head of Business, Banchemo Costa
Jorge Luis Quijano
Administrator - CEO, Canal Authority of Panama





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The Canal must tackle the challenges of water economics

New encounters

On September 5, the Panama Canal administrator Jorge Quijano bid farewell to the institution where he spent almost all his career, leaving the future of the Panama Canal Authority (ACP) in the hands of Dr Ricaurte Vasquez who was designated administrator by the Panama Canal Board of Directors.

A new era opened for the waterway that was transferred to Panama, December 31, 1999. The expanded Canal, inaugurated June 26, 2016, has brought bigger vessels, additional cargo and revenues, becoming a game changer for the shipping industry and maritime trade.

Now, the challenges faced by Dr Ricaurte Vasquez, are quite different from those of his predecessor who oversaw the conclusion of the Canal expansion.

'The country and the waterway confront a serious problem of insufficient water. Finding or creating new sources of water supply has become a key issue, but it is not the sole responsibility of the Canal, thus commanding the encouragement and assistance of all of Panamanians to repair the decades of neglect aggravated by a growing population. We will need to refresh the methods by which the Canal must

tackle the opportunities and challenges of water economics,' said Vasquez.

As the global economy is also in constant change, 'we have to look at the viability of the markets, now in a return-cycle, and attend the necessary technological changes required in the global economy which has become more intra-regional than global as the main regions interconnect themselves. And that needs a different approach,' he added.

The Panama Canal will close its FY2019 (October 1, 2018-September 30, 2019) with a record of revenue and tonnage, despite the commercial war between the US and China, said former Canal administrator Jorge Quijano ahead of finishing his term

(2012-2019). As we go to press, FY2019 has not concluded yet but 'this year we must finish well above budgetary expectations. It will be a very good year,' said Quijano. He estimated that for FY2019 between 460m and 463m tonnes (PC/UMS) will pass through the Canal, a figure higher than the initially projected 450m tonnes. That figure would exceed the previous cargo record set in 2018, when total cargo volume reached 442m tonnes. The Panama Canal also expects toll revenues of \$2,525m for this fiscal year, a record amount.

The Canal is no stranger to world politics as around 2.3% of global trade goes through the waterway which is an essential shipping route between east and west maritime traffic, making it



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Farewell – by Administrator Jorge Quijano

Upon taking over as the Administrator of the Panama Canal in September 2012, the future appeared to be full of challenges. I was just the third Panamanian to lead the waterway, tasked with navigating the organisation through a shifting industry and uncertain global economy. We were also mid-way through our expansion programme, the largest enhancement project ever undertaken by the waterway, and beginning to advance new projects like the construction of a new bridge over the Canal on the Atlantic side.

While we still had a long way to go in our transformation, I assured the international maritime community that the Canal's legacy was rooted in embracing challenges. Seven years later, I can look back and say our team surpassed even our most ambitious expectations.

Since its inauguration in 2016, the expanded Canal has proven itself as a tremendous feat of engineering and transformative force for global trade. Key segments like liquefied petroleum gas (LPG) and liquefied natural gas (LNG) have taken advantage of the route's ability to accommodate the larger vessels, offering a highly competitive route for US gas deliveries to major global importers with significant reductions in voyage time. Further, the expanded Panama Canal has contributed to significant infrastructure investments across US ports in order to capitalise on economies of scale.

Over the past seven years, the waterway has also exponentially increased tonnage while continuing to invest in its operations infrastructure and equipment thus enhancing capacity, transit efficiency, reliability and safety. The team continues to achieve new remarkable records across segments. In the past year alone, we welcomed the transit of the first Q-Flex LNG tanker and the largest containership to-date exceeding the 15,000teu threshold. We also set a new daily tonnage record with 1.706m Panama Canal tonnes (PC/UMS) on August 16, and have reached the 7,000th Neopanamax transit since the inauguration of the



expanded Canal. This month, the construction of the iconic pre-stressed concrete cable-stayed Atlantic Bridge over the Canal was also completed.

The Canal's strategic location has enabled vessels to shorten the distance compared to alternate routes, thus reducing costs and greenhouse gas emissions. In combination with the introduction of the expanded Canal, which offers greater cargo carrying capacity and requires less cargo movements, the waterway is estimated to have saved more than 800m tonnes of carbon dioxide (CO₂) emissions over the course of its history. This is in addition to the 140m tonnes of CO₂ captured through conservation measures in the Panama Canal watershed, and 3.5m tonnes of CO₂ reduced through the Canal's environmental economic incentive programme.

I am deeply thankful for the performance of our dedicated workforce, supportive fellow Panamanians and loyal customers who made the past seven years so fruitful. I will leave the Canal well-positioned for its next era of growth and have tremendous confidence in the new leadership's ability to build off our strong foundation. If my 44-year long career at the waterway taught me anything, it's to never underestimate our team's ability to exceed expectations, and I look forward to watching the waterway's next chapter unfold.

sensible to global trade policies, and the so-called trade war between China and the United States is no exception.

For the Panama Canal, where the US is the largest customer, authorities announced mid-June, that Japan had overtaken China as the second biggest user of the waterway largely because of the escalating dispute between Washington and Beijing. Asia is buying less from the US therefore shipments of LNG and LPG have slowed down, according to Quijano. 'We began to feel an impact around October-November 2018. We saw some decreases [in volume] but also additional transits to the US East Coast, in preparation for the increase

of tariffs,' said Quijano at the time.

'The biggest impact on us thus far was a reduction of approximately \$36m in exports from the US to China via the Panama Canal, from the Gulf and East coast ports to Asia, particularly in LNG, LPG, petroleum products, crude oil and chemicals.'

Also grain exports from the US Gulf to China fell significantly with approximately an \$8m impact on Canal revenues. Plastic resins exports from the US Gulf ports, mainly Houston, to China also registered a considerable drop in volume through the waterway. However, South Korea and Japan have been buying

more LNG and LPG from the US, which resulted in Japan to displacing China as the second largest user of the Canal. 'But we have recovered in tonnage what was projected in the Master Plan [of the Canal expansion], commented Silvia de Marucci, ACP manager market research and customer relations. 'And we are on target on revenues.'

However, container traffic increased because of the 'extra loaders' put in place to arrive before the full implementation of the US tariffs on Chinese goods.

The Panama Canal continues to receive good ratings from the specialised agencies. For the fourth consecutive

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year, Fitch Ratings has affirmed the Panama Canal's 'A' investment grade rating with a stable outlook for its long-term issuer default rating and its senior unsecured notes.

The credit rating agency noted that the Panama Canal is 'an underlying asset that is critical not only for Panama, but for international commerce, as demonstrated by its stable volume performance, solid competitive position, and well-diversified cargo mix,' causing the Panama Canal volume profile to exhibit high levels of resilience. In addition, Fitch Ratings distinguished the Canal as a key player in global trade

with a privileged geographical position.

Fitch Ratings reaffirming the Panama Canal's rating for a fourth consecutive year is proof of the waterway's financial and competitive strength and is the direct result of the Canal's commitment to maintain profitable operations, while providing customers with a safe, efficient, and reliable service to meet the increasing needs of the maritime industry,' said Canal officials.

Fitch Ratings highlighted also the Panama Canal's legal framework that provides autonomy to the entity. Fitch Ratings cited the Panama Canal's

'extraordinary legal framework' as contributing to institutional, operational and financial autonomy, as well as sustained profitable operations across administrations. The ratings also reflect the Panama Canal's strong ability to modify tariffs that have strategically influenced demand and contributed to steady revenue growth.

In May 2019, Standard & Poor's (S&P) Global Ratings raised the Panama Canal's rating to 'A' from 'A-', ranking the Canal two notches above that of the sovereign foreign currency. In addition, Moody's Investment Services stated that the A1 rating of the Panama Canal's reflects its

The new Administrator



**New Panama Canal
Administrator
Dr Ricaurte Vasquez**

By unanimous decision, the Panama Canal's Board of Directors elected February 13, 2019, Ricaurte Vasquez to become the waterway's administrator on September 3, this year. 'It is a great day for the Canal,' said its board's president Roberto Roy.

'Catin' Vasquez as he is known by friends, politicians and all the Canal's employees, comes back to the Canal at a crucial period to lead the waterway through its next era of growth. He combines both a corporative business experience and knowledge of the Canal's challenges ahead.

A renowned economist with a PhD in Managerial Economics from Rensselaer Polytechnic Institute and more than 30 years of experience in financial and international capital market management and in the public sector, Vasquez became the first Panamanian finance director of the then- bilateral Panamanian-US Panama Canal Commission in 1996, playing a role in laying the groundwork for the transition to Panama and the waterway expansion programme.

He later served as deputy administrator (2000-2004) to then be Minister for Canal Affairs and Chairman of Panama Canal Board of Directors from 2004 to 2006. From there Catin Vasquez went to the private sector as General Electric's ceo for Central America and the Caribbean and later its executive director and vice president. Vasquez has already a good

understanding of the inside-administration and operations of the waterway giving him a timing advantage for his future work.

As it will soon enter into the third decade of Panamanian administration, the expanded Canal faces a different situation and a particular environment at the end of 2019, notes Vasquez.

'First, we have to look at the viability of the markets, now in a return-cycle, and attend the necessary technological changes required in the global economy which has become more intra-regional than global as the main regions interconnect themselves. And that needs a different approach,' he says.

'Panama's role has also evolved because of its location in Latin America, a region today of minor growth; the US is presently in a re-definition stage which the Canal must understand it has to serve it differently from now on.'

'The country and the waterway confront a serious problem of insufficient water. Finding or creating new sources of water supply has become a key issue but it is not the sole responsibility of the Canal, thus commanding the encouragement and assistance of all of us [Panamanians] to repair the decades of neglect aggravated by a growing population. We will need to refresh the methods by which the Canal must tackle the opportunities and challenges of water economics.'

Competitiveness for Vasquez means 'not being conformist, but aggressive' in the search for new business opportunities. 'If improving the service Panama provides the world, we have to identify other business options, we have to get there.'

'Catin' Vasquez will become the fourth Panamanian administrator of the waterway shortly before it celebrates the 20th anniversary of the transfer to Panama, December 31, 2019.

Past Panamanian Administrators include Jorge Quijano (2012-2019), Alberto Aleman Zubieta (1996-2012) and Gilberto Guardia (1990-96).

strong performance after the opening of the Neopanamax locks mid-2016.

On January 1, 2020, the global maritime community will adopt new ambitious emission standards set by the International Maritime Organisation (IMO). Aimed at reducing the industry's carbon footprint, the transition from the current 3.5% sulphur cap on fuel content to 0.5% has begun to spur significant changes that disrupt 'business as usual.'

To ease into and take advantage of the new guidelines, the Panama Canal has already undertaken a series of initiatives to position the waterway's competitive advantage in a post-IMO 2020 business environment. From providing new incentives for reduced emissions to forging new international partnerships, the Canal is well-positioned to capitalise on market demand for efficient and shorter routes

as a result of the new regulations.

The Panama Canal and UN Environment signed July 25, a cooperation agreement today to join efforts on sustainable development and combatting climate change. The agreement includes the exchange of experiences and knowledge, the development of programs and research in areas of shared interest, and human resources training across both institutions. The disruption of rainfall patterns due to climate change is one of the main threats to water levels in the watershed of the Canal, that sustains more than two million inhabitants, while producing energy and enabling the operation of the interoceanic route. The arrangement includes cooperation efforts between both organisations in areas such as the creation and management of environmental economic incentives, integrated watershed management,

water availability, air quality, renewable energy, energy efficiency and electric mobility, among others.

By constitutional mandate, the Panama Canal is responsible for the management, maintenance, use and conservation of the water resources of the watershed, which includes the water in the lakes and tributaries.

To guarantee water availability and quality, the Panama Canal works closely with communities on sustainability projects in the Colon and Panama Provinces. These efforts include reforestation initiatives and the Environmental Economic Incentives Programme (PIEA).

The waterway also promotes a rewards programme for ships that meet the highest standards of environmental performance and promote the

First woman to become Deputy Administrator, Ilya Espino de Marotta



She is daring, commands respect and receives it.

Ilya Espino de Marotta will become on January 1, 2020, the first woman to be designated Deputy Administrator of the Panama Canal. Until then, she was evp of transit businesses. However, her great exposure came when she was appointed in 2012 evp of engineering and programmes management with

the responsibility of overseeing the Canal expansion to its completion and its inauguration June 26, 2016.

A marine engineer from Texas A&M University with a Masters in engineering economics from Panama's Santa Maria La Antigua University, she joined the then Panama Canal Commission in 1985, working as a marine engineer at the Canal shipyard. Marotta worked from 2002 to 2007 in the expansion master plan co-ordinating team and in 2007 became manager of the expansion programme's resource management and project division, acquiring a thorough and intimate knowledge of the project.

'It was a very challenging professional experience combined with health family problems, but I learnt how to manage the stress,' she says. The Canal expansion proved to be a success with results doubling expectations. And she became a role model not only for all women at the Canal, but also the maritime industry.

The Panama Canal Board of Directors' decision shows that

the Canal is really a company of the 21st century, since being a woman was irrelevant in its determination to choose Marotta. Her capacity simply made her the right person for the position for which the Board of Directors wanted a Canal professional to complement the designation of Dr Ricaurte Vasquez as administrator.

Analysts of the sector who know Dr Vasquez and Marotta are quick to praise their talents and describe the 'team as very complementary. Both are down-the-earth and extremely knowledgeable of what the waterway must plan for in the years to come.'

Looking at the future, she describes her job as being 'what the Administrator will decide' but said: 'I believe my focus will be more operational, doing the tasks he will assign me. It is important that we look into improving efficiencies and there are many sectors where we can do that, in particular labour relations with more productive and open communications.'

'We are convinced that doing things differently will produce different results. We aim at better communicating internally because it is the best way to generate ideas.'

The Administrator has said that solving the water issue will be a priority and definitely will be addressed, since the beginning of his tenure.

'We are entering a new era for the waterway and I am very proud of being part of it. Like Dr Vasquez said, our goals can be summed in three words: transparency, expansion and innovation,' says Marotta.

New chairman and members of the Board of Directors



Panama's President Laurentino Cortizo appointed on July 1, former President of the Republic (1978-1982) Dr Aristides Royo, a well-respected lawyer and Politician, as chairman of the Panama Canal's Board of Directors. Dr Royo has a great knowledge of the waterway as he was a negotiator of the Panama Canal Treaty signed September 7, 1977. He was also Minister of Education and Ambassador of Panama several times.

President Cortizo also appointed as director on the Panama Canal Board of Directors, Enrique Everett Sanchez Salmon, a civil engineer retired after 38 years of service at the waterway. Sanchez belongs to a family of third generation workers of the Panama Canal. He was executive manager of purchasing and contracting division and a member of the National Board of Scrutiny (JNE) in 2004.

The other new director of the Board is Nicolas Gonzalez Revilla Paredes, a young businessman and current vice president of Corporation Medcom. Both new members were designated for the 2019-2028 period and will replace former members Nicolas Corcione and Jose Sosa.

The Panama Canal Board of Directors is composed of Chairman Aristides Royo, who has the title of Minister of Canal Affairs, and directors Alberto Vallarino, Elias Castillo, Francisco Sierra, Henri Mizrahi, Jorge Gonzalez, Lourdes Castillo, Oscar Ramirez and Ricardo Arango.

reduction of greenhouse gas (GHG) emissions in maritime transport.

The Panama Canal Authority (ACP) has also announced enhancements to its 'Green Connection Environmental Programme' for the shipping industry. The award-winning initiative encourages the shipping industry to mitigate the environmental impact of their operations through an incentive-based system that includes the 'Green Connection Award', the 'Environmental Premium Ranking' and the 'Emissions Calculator'.

Starting September 2019, the 'Emissions Calculator' will feature georeferenced data to improve the quality and precision of the carbon emissions data of vessels transiting the Canal. The tool aims to give customers – and the Canal – clear insight into their carbon footprint to incentivise environmental stewardship and reduce greenhouse gases (GHG).

The 'Environmental Premium Ranking' will factor in the use of low-carbon fuels and environmentally conscious transit operations starting mid-September. This ranking affords customers

with high environmental efficiency standards the opportunity to improve their position within the Panama Canal's Customer Ranking System.

In 2014, the Panama Canal introduced four traffic separation schemes (TSS) to regulate the commercial ships that enter and exit the Panama Canal and the country's ports. The new routes are designed to minimise shipping lanes from overlapping with humpback whale migration routes. From August 1 to November 30 this year, each vessel should reduce to 10-knot maximum speed in certain parts of the Canal in order to protect whales. Seeking to enhance its efforts, the Canal will assess the impact of the Panama TSS created to organise marine traffic to specific areas to keep whales from colliding with vessels.

The Panama Canal continues to consolidate its role as a leader in sustainable shipping around the world. Earlier this year, it joined the Global Industry Alliance (GIA), the IMO's public-private partnership focused on supporting energy efficiency and across all the maritime transport system.

Over the last 105 years, the Panama Canal has offered shippers an unparalleled, environmentally sound route. Given the shorter travelling distance and larger capacity offered, the Panama Canal consistently reduces fuel consumption and emissions, generating less GHG compared to other routes. Neopanamax vessels transits offer the benefits of economies of scales to the Canal's customers, while contributing to emission reductions. Of the more than 50m tonnes of carbon dioxide (CO₂) reduced since the inauguration of the expanded Canal, the Neopanamax locks are responsible for the reduction of more than 35m tonnes of CO₂. Since its opening in 1914, the Panama Canal has helped reduce more than 750m tonnes of CO₂.

Because of a severe drought in the Panama Canal watershed due to the phenomenon El Nino, the waterway announced in January its first draught reduction effective February 11, which it did not lift until July 26. In June, water levels remained below the average for last 65 years as climate change impacts the key waterway. 'Although the weather may change from one day to another and



Panama Canal Board of Directors during the public hearing for the tolls structure on July 2019

Spanish Sacyr, Italian Salini-Impregilo, Belgian Jan de Nul and Panamanian Constructora Urbana (CUSA), won the \$3.118m construction contract in 2009.

GUPCSA's claims associated with the Third Set of Locks Contract have risen to \$5.18bn according to its Statement at Completion submitted as per the contract, and are currently being claimed in three separate ICC (International Chamber of Commerce) arbitrations with seat in Miami (Concrete & Basalt, Gates and Disruption). The company recently announced that it does not expect major developments in the arbitration until 2020. Some investment funds specialising in debt have approached the company to buy the payment rights but, for now, the group has not considered selling them.

rainfalls have been pouring in recent weeks, we are still under the usual average for the month of June,' Quijano said at the time. 'The level of water is not sufficient and under the average level of the past 65 years,' he said explaining that the Canal Authority has been monitoring water levels for 105 years. 'We can say this is the climate change effect as of today.'

In April 2019, the Panama Canal participated once again with the Panama Maritime Authority and the Ministry of Trade and Industries in Singapore's Sea Asia conference-exhibition where the three entities shared the Panama Pavilion promoting Panama's maritime trade offerings. Sea Asia is co-organised by Seatrade with the Singapore Maritime

Foundation and held in conjunction with the Singapore Maritime Week. ACP administrator Jorge Quijano was a key speaker on the opening day of the Conference speaking on a panel with maritime executives and professionals on global trade flows.

After fulfilling three years of the maintenance period as per the contract of the third set of locks, GUPC, the Panamanian company owned by Sacyr and its partners in the former consortium (of which the Spanish constructor controls 41.6%), are working on completing the requirements under the terms of the Contract, in order to receive the Performance Certificate from the Panama Canal. GUPC, integrated by the

The Panama Canal published June 14 a proposal to modify its current tolls structure for the major shipping sectors. The proposal covers dry bulk, passenger, containership and vehicle carrier and ro-ro segments, tankers, chemical tankers, LPG and LNG vessels, as well the intra-maritime cluster (local tourism segment) and minimum tolls (small vessels).

After a period of consultation for industry feedback, the modified proposal was presented to the Cabinet Council, on September 2, which approved the final proposal. 'With this proposal, we aim to better serve the global maritime industry, said then-Panama Canal Administrator Jorge Quijano.

Panama Canal Advisory Board Elects New Chairman



The Panama Canal Advisory Board elected a new chairman, Admiral William J. Flanagan, in succession to William O'Neil, secretary general emeritus of the International Maritime Organization (IMO), who was elected as the first president in 1999 and re-elected thereafter by unanimous vote.

'It is an honour to be appointed chairman of the Panama Canal

Advisory Board. I have always had a great relationship with Panama and I think the waterway has a bright future ahead,' said Flanagan, who was Commander-in-Chief of the US Atlantic fleet, Commander-in-Chief of NATO, West Atlantic, and president of Caledonia Partners, Inc.

The Advisory Board meets twice a year, alternately in Panama and in a city linked to the maritime industry, which sometimes coincides with the residence of one of its members, who offer their work and experience ad honorem.

This is an instance instituted in the Organic Law of 1997, to act as an advisory body, with the primary responsibility of providing guidance and recommendations to the Panama Canal Board of Directors. Both former Panama Canal administrators, Alberto Aleman Zubieta and Jorge Quijano, are members of the Advisory Board.



'Our proposed modifications will increase transparency and flexibility, among other improvements, to ensure the Panama Canal remains competitive and optimal for the industry today and moving forward.'

For the dry bulk segment, the proposal matched tolls charged to Neopanamax vessels carrying iron ore with the tolls assessed for grains and 'other dry bulk' cargoes. It also includes a tariff increase for Neopanamax dry bulkers transiting in ballast.

For the containership segment – the main user of Neopanamax locks – the proposed toll offers more attractive rates for customers who benefit from the Panama Canal Loyalty Programme by adding new levels with reduced rates in the capacity charge for shipping lines deploying between 2m to 3m teu, and additional reductions for lines deploying an incremental over 3m teu. Ship owners would receive a \$3 per teu reduction on volumes of between 1.5m and 2m teu. This rises to \$3.25 for between 2m and 3m teu. Above this, the cut is \$5 per teu.

'For the alliances, each customer [part of the alliance] transits with its own code number which receives the teu applicable for the loyalty programme. Since 2016, tariffs by teu has been reduced thanks

to the loyalty programme,' explained Silvia de Marucci, ACP Manager Market Research and Customer Relations.. The incentive implemented in the last toll modification of fiscal year 2018 for total teu loaded in the return voyage (TTLR) will remain in effect.

For the vehicle carrier and ro-ro segment, the proposed modifications include – for the first time – a new tariff category or range precisely designed for Neopanamax vessels to account vessels sizes and capacity. Additional modifications for this segment include slight increments in tolls tariffs for Panamax-sized vessels, as well as minor adjustments based on vessel size ranges.

The toll structures for tankers, chemical tankers, LPG and LNG vessels remain unchanged, but tolls adjustments are proposed to more closely align with the value of the route.

Cruise ships tariffs will not change but the Panama Canal will continue analysing the sector. During FY2019 (1 Oct 2018 to 30 Sept 2019), around 240 cruise ships transited the waterway. Yachts will see rates increases according to size.

Lastly – and based on comments submitted by clients during the 2017 public consultation and hearing process

– the Canal proposes to review the rates charged to vessels carrying containers on deck, which do not belong to the container shipping segment, to allow for differentiated charges for containers that are empty, dry or refrigerated.

The approved toll adjustments will go into effect based on the following schedule:

- **January 1, 2020:** Modifications for Minimum tolls applicable to small vessels; Improvements to the Loyalty Programme for Container vessels; Considerations to charge based on Timber Summer DWT or Summer Loaded DWT, whichever is higher, only for Dry Bulk vessels carrying timber deck cargo.
- **April 1, 2020:** Modifications for the Liquid Bulk Segment (including Oil and Product Tankers, Chemical Tankers, LPG and LNG vessels); Modifications for Neopanamax Dry Bulk vessels carrying iron ore and Neopanamax Dry Bulk vessels transiting in ballast; Modifications for the vehicle carrier segment; Differentiation of the teu tariff applicable to non-container vessels carrying containers on deck.
- **May 1, 2020:** Modifications for the intra-maritime cluster – local tourism segment. ●

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Panama Canal
Miraflores Locks. The
Panama Canal was
inaugurated in 1914



The number of Neopanamas vessels transiting is growing consistently

A viable route for decades

The Panama Canal has celebrated three years since the inauguration of the third set of locks with the transit of the 'Cosco Shipping Panama' on June 26, 2016. The number of Neopanamax vessels transits is growing constantly nearly reaching the 7,000 milestone and the introduction of new segments have surpassed Panama Canal authorities' expectations of increased traffic and revenues.

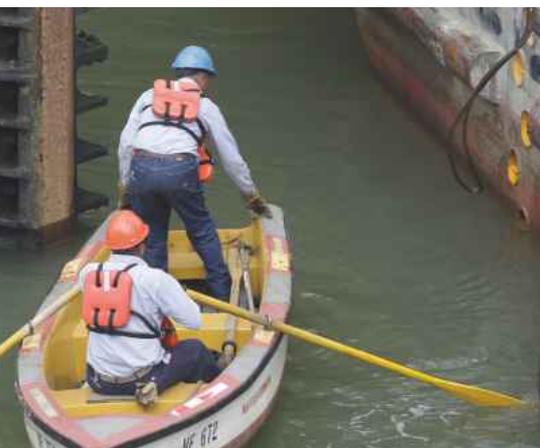
The waterway has observed its 105th anniversary this year and to remain an efficient waterway, it has successfully undergone its expansion with the construction of new larger, longer and wider locks that have transformed the Canal in a modern passage well adapted to the necessities of today's globalisation and the competition in world trade. The expansion will remain a viable route for decades to come.

The US steamer 'Ancon' inaugurated on August 15, 1914 the canal that would join the Atlantic and Pacific oceans opening a channel that a century later would prove too small for the contemporary vessels of the 21st century.

If we look at the 1914 pictures, there were few spectators watching the American ship sail across Gaillard Cut, the narrowest portion of the Panama Canal which is still the most incommodious stretch of the waterway. At the time, the Panama Canal Company was a US-government agency and its construction by the US Army Corps of Engineers had been made possible thanks to some 60,000 labourers from the West Indies and Caribbean islands. It is likely that only a handful of journalists were present for that historic event since the news was generated on the European battlefields where WWI was officially starting. The world environment has changed a lot since 1914.

The world has been twice at war; the Panama Canal was transferred in 1999 to Panama administration by a treaty signed in 1977 between Panama and the US; and the container box has been invented transforming the shipping business, rapidly making the waterway in need of adapting to the new conditions of the industry. Even though the canal has continuously modernised its operations to keep up with the contemporary maritime requirements, the time came to expand by building a third set of bigger locks. But, this time, the design and construction would be under the supervision of the Panama Canal Authority (AMP) with an entirely Panamanian workforce.

On a sunny Sunday June 26, 2016, more than 30,000 Panamanians, Canal employees, heads of state and dignitaries from around the world, customers, and international and local journalists were awaiting the transit of the Chinese



vessel and cheering at her passage in the new Agua Clara Locks in the Atlantic at dawn and at the Cocoli Locks in the Pacific in the afternoon. The Panamanians in attendance, at the Atlantic and Pacific Locks and at every surrounding available, felt an immense pride to have been those who built the third lane, 'entirely Panamanian.'

The history of Panama as a country, is closely linked to its geographical position. It has been seen as early as the 16th century as a passage between two oceans when it raised interest from the King of Spain Charles V who wanted to create a shortcut connecting Europe, the American continent, and Asia that would shorten the transportation time of his recently discovered Peruvian riches to Spain. However, Panama would have to wait until the early 19th century when the idea of building a navigable canal surfaced in Europe and the US, supported by the inauguration of a trans-isthmian railroad by a US company in 1855.

With the opening of the Suez Canal, completed by Ferdinand de Lesseps in 1869, competition between US and European builders to begin work on a canal in Panama, a province of Colombia, was raging. In 1878, the French naval engineer, Lt. Lucien Napoleon Bonaparte Wyse obtained a concession from Colombia to dig a canal in Panama. Wyse sold the concession the same year to Ferdinand de Lesseps who

wanted to construct a sea-level canal.

The Compagnie Universelle du Canal Interoceanique, under the direction of Ferdinand de Lesseps began operations in 1881, but the project was finally abandoned years later, defeated by an enormous financial scandal in France and diseases in Panama. However, a year before the French company would go bankrupt, it was clear that if the canal could ever be built it would have to include a series of locks. Gustave Eiffel, the steel genius architect, was commissioned to design and build the gates of the locks in his shipyard in Saint Nazaire, France. Today, looking at the graphic representation of one of those gates, the sliding model invented by Eiffel is extremely similar to the present version of the gates that have been installed in the new locks of the expanded canal. Although historians believe the first locks were built in Saint Nazaire, they would never to be found, likely to have been melted after the bankruptcy.

The US received in 1902, US Congress authorisation for the construction of an interoceanic canal in Panama. A treaty was negotiated with Colombia, but was rejected by the Colombian legislature on the grounds that it would infringe Colombia's sovereignty and provided insufficient remuneration.

In 1903, the Panama province declared its independence from Colombia, granting the US rights to undertake

the construction of a waterway and the following year, the US bought the rights and properties of the French Company for \$40m, gave \$10m compensation to Panama's government, and began excavating.

The US undertook a major sanitary effort under Col. William C. Gorgas, wiping out the diseases that defeated the French. The monumental construction was completed in ten years at a cost of about \$387m. Its triumphant culmination was due principally to the engineering and administrative skills of John F. Stevens and Col George W. Goethals.

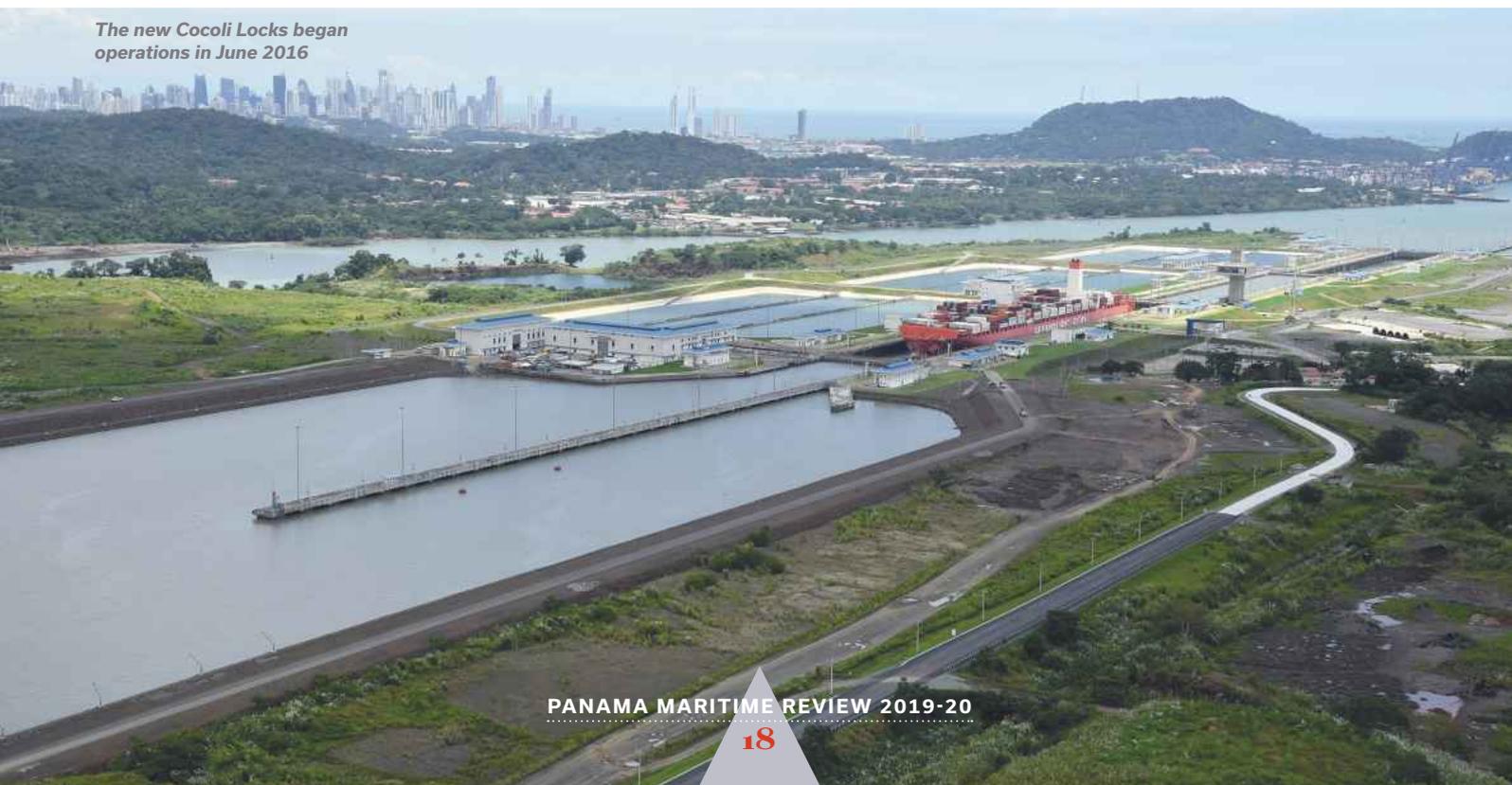
They had to dig through the Continental Divide, create the largest artificial lake of its time, earth dams and build three sets of twin locks, with mitre gates bigger than everyone had ever imagined and solve environmental problems of enormous proportions. Goethals completed the construction ahead of time and under budget and on August 15, 1914, the US steamship Ancon made the historic first official transit.

Modernising the waterway

With the waterway being transferred December 31, 1999, to Panamanian administration, Panama Canal officials presented to referendum in 2006 a proposal to build a third set of locks to increase capacity.

The Canal expansion aimed at letting the most modern vessels of the time, the

The new Cocoli Locks began operations in June 2016





Co-operation, \$800m; Inter-American Development Bank, \$400m; International Finance Corporation, \$300m and the Andean Development Corporation, \$300m. Spreads over LIBOR, in the package are at 48 basis points, 75bp and 120bp and up to 140bp, which gave an average interest rate of 5.49% with a 20-year amortising period including a 10-year grace period.

The expansion features engineering novelties since the design of the third set of locks, on the eastern side of Gatun locks in the Atlantic and on the western side of Miraflores and Pedro Miguel locks, includes the construction of water-saving basins. The basins, three for each chamber of the new locks, re-use 60% water during lockage which will result in 7% less water consumption for each lockage than the original system. The new locks have three chambers, three water-saving basins per chamber [18 in total for the entire project], a lateral filling and emptying system and 16 rolling gates.

The new locks [Agua Clara on the Atlantic side and Cocoli on the Pacific side] are 427mtr in length, 55mtr in width and 18.3mtr in depth. They can accommodate vessels up to 14,000teu- 'post-Panamax' or 'Neopanamax'- and no longer use the historic 'mules' or locomotives which are replaced by tugboats to position the vessel in the locks' chambers. In comparison, the original locks measure 304mtr in length, 32.3mtr in width and 12.04mtr in depth allowing the passage of vessels up to 4,400teu, called the 'Panamax' vessels.

post-Panamaxes or Neopanamax, sail directly from Asia to the US east coast and Europe as they are, now, able to transit the new third set of locks, longer, wider and deeper than those of the existing waterway, built a century ago. Before the expansion, Canal capacity was around 340m Panama Canal Universal Measurement System (PC/UMS) tonnes and once inaugurated capacity is now doubled to 600m PC/UMS.

The Canal expansion was essentially composed of two major elements: the construction of the third set of locks and a series of other components such as the widening and deepening of the Pacific and Atlantic access channels to a 225mtr-width; widening and deepening of the Gatun lake channels; and improvements to facilities to enable the raising of Gatun Lake an additional 45cmtr to increase the water supply.

At the time of the release of the expansion proposal, costs for the expansion were detailed as follows: the two new locks totalled \$2,730m; the water basins \$620m; the new navigation channels, \$820m; improvements to present navigational channels \$290m; increase water supply \$260m and \$530m for inflation during the time of construction putting the total cost of the expansion programme at \$5.25bn.

In December 2008, Canal officials sign the external financial structure for \$2.3bn with five multilateral agencies. The financial package was allocated as follows: European Investment Bank, \$500m; Japan Bank for International

Another classic feature of the waterway also disappeared with the new design of rolling gates which are different from the hinged mitre gates used in the original locks, which require maintenance at the ACP industrial synchro-lift. The mitre gates also require dewatering of the locks, forcing temporary suspension of operations, normally for a week, to allow for the lock chamber sills to be reconstructed and the wall seals to be replaced.

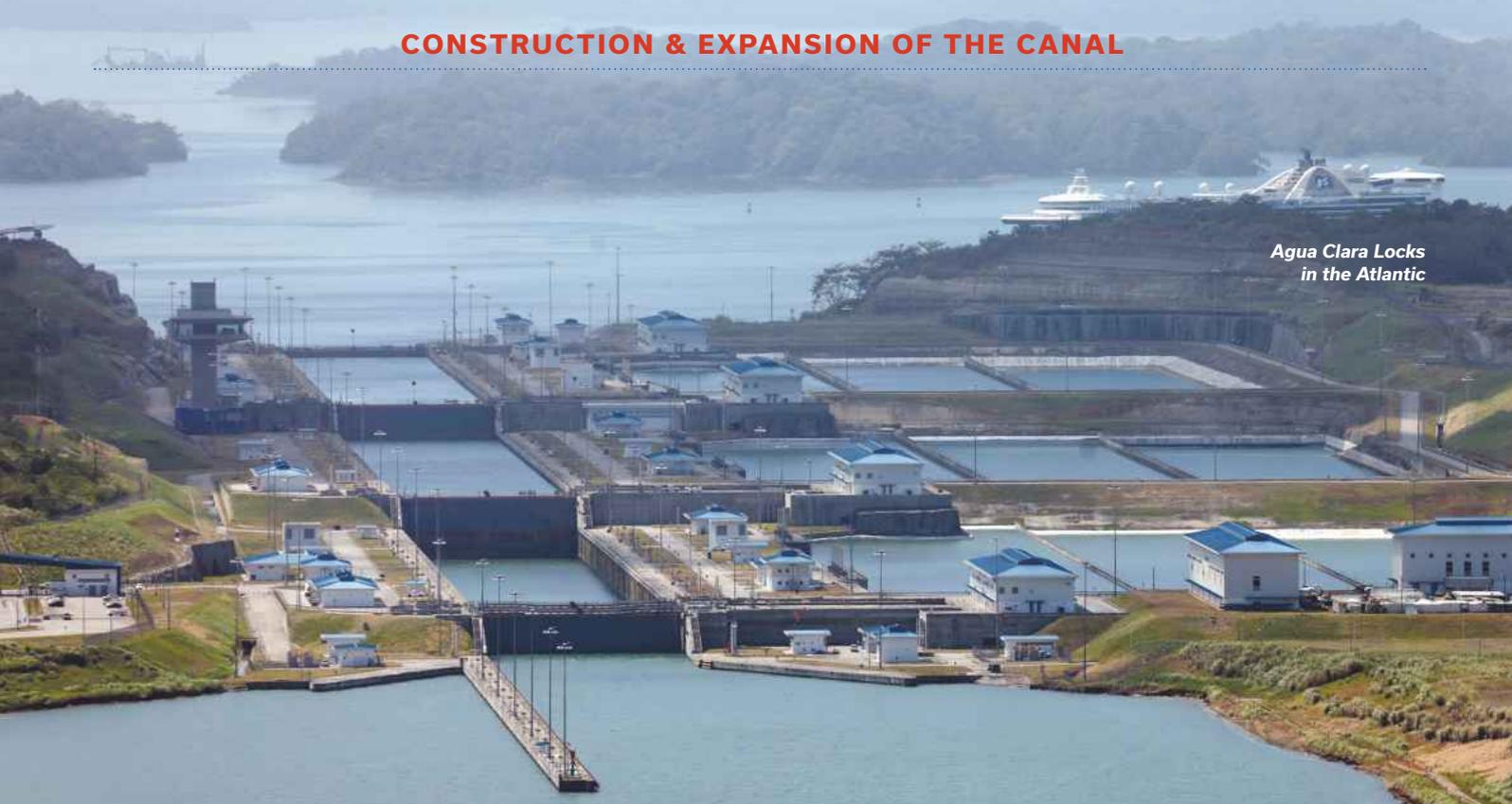
The new locks have 16 rolling gates that operate from a recess located adjacent and perpendicular to the lock chamber. The gate configuration turns each recess into a dry dock which in turn allows servicing the gates on site without the need of removing them and without major interruption to locks operations. The system results in increased lockage capacity and flexibility as it offers shorter maintenance times at a lower cost.

The new locks' filling and emptying system allows filling each lock chamber in 10 minutes whenever water-saving basins are not used, and in 17 minutes when these are employed.

A total of 47.5m cu mtr had been excavated to build the new locks.

The expansion programme's other components

The construction of a third lane required the excavation of new navigation channels for accessing the new locks. The navigation channels are 218mtr wide, sufficient to allow the passage of Neopanamax vessels in one direction



Agua Clara Locks
in the Atlantic

and in convoy mode of operations. On the Atlantic side, the new navigation channel is 3.2km long from Agua Clara locks to the Atlantic Ocean and on the Pacific side, the new navigation channel is 7.1km long in total, including a channel of 6.1km long to connect the new Cocoli locks to Gaillard Cut and another of 1.3km long to access the Pacific Ocean.

In addition, the ACP has deepened Gaillard Cut and Gatun Lake channels by 1.2mtr to 9.14mtr Precise Level Datum (PLD) giving the waterway a draught of 15.2mtr in tropical freshwater during most of the year to facilitate navigation of larger vessels as well as widening Gatun Lake channel to no less than 280mtr in straights and 366mtr in curves. However, the ACP is constantly improving the deepening of Gatun lake and widening of Gaillard.

A series of contracts were awarded for the excavations and construction of the access channels. The process to award the largest contract of the expansion to design and build the third set of locks began on August 28, 2007, when the ACP released its 'Request For Qualifications' for the project.

Four consortia were pre-qualified, and on July 8, 2009, Canal authorities revealed that Grupo Unidos por el Canal (GUPC) had received the best technical evaluation and offered the best price of \$3,118m,

lower than the ACP's owner's allocated price of \$3,481m. GUPC was formed by Madrid-based Sacyr Vallehermoso as leader, accompanied by Italy's Impregilo S.p.A, Jan de Nul from Belgium and Panama's Constructora Urbana S.A. (CUSA) with the designers Montgomery Watson Harza (MWH), IV-Groep, Tetra Tech, and Heerema Fabrication Group that would fabricate the gates. The Heerema Group will later be substituted by the Italian Cimolai shipyard. According to the terms of the fixed-price contract, the consortium had 1,883 days (269 weeks) to deliver the project from the commencement date, August 25, 2009.

Another major feat of engineering: the construction of the locks

As the GUPC received August 25, 2009 the Notice to commence works, the landscape on both entrances of the waterway began to change, moving earth, excavating, blasting, and constructing facilities, while huge excavators created enormous craters.

At the Compagnie Nationale du Rhone (CNR) in Lyon, France, the 1/30 scale physical model confirmed the validity of the hydraulic design developed by GUPC. In October 2010, a team from the ACP and GUPC representatives visited CNR to see the model of the locks hydraulic systems and the results 'were excellent.'

In 2011, GUPC replaced its gm Antonio

Zaffaroni by Bernardo Gonzalez, who had previously overseen construction of the locks on the Atlantic side. The expansion project was entering a crucial period of getting ACP acceptance of the concrete design that had been delayed by a series of unforeseeable circumstances, but subsequently complied with the requirements. Structural concrete placement began in June 2011. The special concrete had to meet ACP requirements, verified through a series of tests to prove its durability (to 100 years), low permeability to salt water, and compressive strength and shrinkage. About 4.8m cu mtr of concrete would be necessary to build both locks' complexes. The structural marine concrete was also accepted after having completed the American Standard of Testing Material (ASTM C 1202) used to determine the level of permeability.

GUPC awarded the fabrication of the 16 gates to Italian shipyard and builder Cimolai began the fabrication of the gates October 2011 which took two years. The gate design varies depending on their location in the locks. All gates are the same length 57.6 mtr. The tallest of all gates is 33.04 mtr, the equivalent of an 11-story building. They weigh on average approximately 3,200 tonnes, the heaviest facing the Pacific Ocean at Cocoli locks, weighing 4,200 tonnes, because of a more robust seismic requirements and higher tides. Another

critical part of the locks system was the construction of 152 valves for the control the flow of water through the conduits and culverts. The valves would be fabricated at the Hyundai Samho shipyard in Gwangju, South Korea.

Also, GUPC subcontracted the excavation and construction of the three Borinquen dams to the consortium CBDam (Consortium Borinquen), formed by Spain-based EPSA and Costa Rica's MECO, which produced the design with GUPC.

In September 2012, Jorge Quijano, until then head of the expansion, was sworn in as the new Panama Canal administrator while Ilya Marotta assumed the direction of the expansion programme being designated ACP evp for engineering and programmes management. Ilya Marotta had been deputy of Jorge Quijano for the third lane project until she was assigned to the completion of the expansion.

After a six-day work stoppage when workers petition for higher salaries and overtime-pay, GUPC said on April 2, 2012, that it will deliver the new locks completed and operational in April 2015. Because of the delay incurred with the acceptance of the concrete design and on July 20, it gave the ACP a notice of claims totalling \$573m.

Claims have to be evaluated by the ACP whether the claims present merit or not. If GUPC is not in agreement with the ACP's determination, they then go to the Dispute Adjudication Board (DAB). Once the DAB has decided on the claim, the ACP and/or GUPC can issue a notice of dissatisfaction, within 28 days, and if the dispute is not amicably settled by the parties, an International Arbitration

may be commenced 56 days after or later in Miami under International Chamber of Commerce (ICC) rules.

However, by the end of 2013, GUPC presented a series of claims totalling \$1.6bn. The consortium threatened to stop works January 20, 2014, if it did not get answers to its claims. Talks between the ACP and GUPC were held throughout January to find a solution, but GUPC stopped all works on February 5, 2014. While negotiations were going on, both parties agreed to sign a Memorandum of Understanding (MoU). And the consortium resumed works February 20, 2014 on the construction sites of the third set of locks.

The consortium replaced Sacyr's manager Bernardo Gonzalez by Impregilo's Giuseppe Quarta and reaffirmed its commitment to 'conclude the works in time by end-2015.' A nationwide work stoppage is called by Panama's Constructors Union (SUNTRACS) that lasts two weeks.

Since the arrival of the last locks gates and their installation in the Atlantic Cocoli and Pacific Agua Clara locks – the last gate being installed in Cocoli locks April 28, 2015, the landscape of works changed dramatically. The third lane was finally taking shape while some of the most significant works, invisible to the eyes, were being performed as the expansion entered into the testing stages.

Water filing began June 11, 2015. 'It is the culmination of years of arduous labour,' said Quijano at the time. But as the filling of the locks marked the start of a planned and methodical phase of operational testing of the locks, including its culverts valves, maintenance

bulkheads and gates, seepage emerged at the end of August 2015 on the sills separating the lower and middle chamber of the Cocoli locks, as they were being stress tested through exposure to level differentials much higher than those required for normal operations, but which may occur during dry-chamber maintenance works in the future. The problem came from the design and was solved in January 2016 as GUPC reinforced with steel the sills in the three chambers of both locks-Agua Clara on the Atlantic and Cocoli on the Pacific. Testing of all systems on the expanded Panama Canal project was launched and lasted several months.

At each locks site, 46 buildings have been erected – a total of 92 – and every set of gates have one machinery building, every set of valves has a hydraulic power unit room or building in addition to six buildings for the water-saving basins. Over two thousand tests were conducted to check the inter-operability between operating systems on both sides of the Canal. Some 2.500km of cables (three and a half times the length of Panama. Electrical, fibre optic and signals had to be connected. GUPC announced the final functional completion delivery date of the locks May 31, 2016.

The ACP went through a lottery process on April 29, 2016 to pick, amongst its top customers, the Neopanamax ship which would make the inaugural transit on June 26, 2016. The winner was the 'Andronikos' from China Cosco Shipping, a 9,443teu vessel with a beam of 48.25mtr and length overall of 299.98mtr. Andronikos would be later renamed 'Cosco Shipping Panama', to celebrate the event. Commercial transits began 'full gear' the next day on June 27, 2016. ●

Neopanamax vessels can now transit the Canal's third set of locks



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Busy tonnage despite commercial differences between the US and China

Record revenue

The Panama Canal will close its fiscal year 2019 (October 1, 2018-September 30, 2019) September 30 with a record of revenue and busy tonnage, despite the commercial war between the US and China, Panama Canal administrator Jorge Quijano said ahead of finishing his term (2012-2019) September 5. As we go to press, the FY2019 has not yet concluded but 'this year we must finish it very well, above budget expectations. It will be a very good year,' said Quijano.

Quijano estimated that for FY2019 between 460m and 463m tonnes (PC/UMS) will pass through the Canal, a figure higher than the initially projected 450m tonnes. That figure would exceed the previous cargo record set in 2018, when total PC/UMS or Panama Canal Universal Measurement System is the volumetric unit utilised at the Panama Canal to admeasure vessels) reached 442m tonnes. The Panama Canal Authority (ACP) also expects toll revenues of \$2,525m for this fiscal year, a record amount.

'The ACP team continues to achieve new remarkable records across segments. In the past year alone, we welcomed the transit of the first Q-Flex LNG tanker and the largest containership to-date exceeding the 15,000teu threshold. We also set a new daily tonnage record with 1,706m Panama Canal tonnes (PC/UMS) on August 16, and have reached the 7,000th Neopanamax transit,' said Quijano in his official farewell. The

Hapag-Lloyd 'Cartagena Express' box ship made her southbound transit from the Atlantic to the Pacific Ocean August 23, becoming the 7,000th Neopanamax to transit the new locks. The ship built in 2017, measures 333mtr in length and 48mtr in width and has the capacity to transport up to 11,519teu.

Of the Neopanamax vessels that have transited to date, 50% of vessels have been from the container ship segment, followed by 26.2% of liquefied petroleum gas and another 11.6% of liquefied natural gas. Other ships that have used the Neopanamax locks are dry and liquid bulk, car carriers and passengers.

The US China trade war that began almost a year ago, and it is a matter of concern for the Panama Canal as it has hindered greater growth in revenues this year for the order of \$29m.

For the Panama Canal, where the US is the largest customer, authorities announced mid-June, that Japan had overtaken China as the second biggest user of the waterway largely because of the escalating dispute between Washington and Beijing. Asia is buying less from the US therefore shipments

of LNG and LPG have slowed down in that particular trade route, according to ACP administrator Jorge Quijano. 'We began to feel an impact around October-November 2018. We saw some decreases in volume, but it picked up for a brief period in preparation for the increase of tariffs, said Quijano at the time.

'The biggest impact on us thus far was a reduction of approximately \$36.4m in tolls from exports from the US to China via the Panama Canal, from the Gulf and east coast ports to Asia, particularly in LNG, LPG, grain and chemicals.' Grain exports from the US Gulf to China fell significantly with approximately an \$8m impact on Canal revenues. Containerised plastic resins exports from the US gulf ports, mainly Houston, to China also registered a considerable drop in volume through the waterway. On a positive note, South Korea and Japan have been buying more LNG and LPG from the US, which has helped to compensate the volumes traded through the waterway and resulted in Japan displacing China as the second largest user of the Canal. 'We have exceeded in tonnage what was projected in the Master Plan (of the Canal expansion), commented Silvia de Marucci, ACP manager market



research and customer relations. 'And we slightly below on revenues.'

However, container traffic increased with respect to the same period last year because of the 'extra loaders' put in place to arrive before the full implementation of the US tariffs on Chinese goods.

At end August 2019, US was the main user of the Panama Canal with a total of 156,623,289 long tonnes of cargo that was either originated or destined for that country, followed by Japan, 31,863,185 tonnes, China, 30,946,203 tonnes, Chile, 27,770,094 tonnes, Mexico, 26,403,441 tonnes, South Korea, 23,984,400 tonnes, Colombia, 21,849,573 tonnes, Peru, 20,252,876 tonnes, Canada, 13,093,782 tonnes. The following ten countries by origin and destination of cargo were Ecuador, Panama, Guatemala, Trinidad and Tobago, Spain, Taiwan, Belgium, The Netherlands, Brazil, Russian Federation and the UK.

The US east coast-Asia remained, at end of August 2019, the main cargo route with 47,800,101 long tonnes, although down from 48,826,527 tonnes a year ago. It was followed by Asia-US east coast, with 29,816,329 slightly above the year before and by South America west coast-Europe with 8,567,622, lower than the year before and by SAWC-US east coast



Silvia de Marucci

with 10,366,998 tonnes versus 12,529,067 a year ago. The following two routes were very similar: US East Coast-SAWC, 23,479,129 compared to 23,973,366 a year before and US east coast-west coast Central America, with 16,337,419 tonnes compared to 16,863,721 a year ago. The Europe-US west coast, with 3,883,282 tonnes compared to 4,428,071 the year before and USWC-Europe, 2,356,602 tonnes compared to 1,977,418 tonnes a year ago while ECSA-Asia dropped to 2,366,310 tonnes compared to 2,516,660 the year before. Other routes were up to 87,431,894 tonnes versus 83,223,293 tonnes the year before; the total for October 2018-August 2019, was slightly below to 232,405,686 tonnes versus 232,836,809 tonnes for the same period a year ago.

Transport of petroleum and petroleum products increased to 68,151,061 long tonnes for the period October 2018-August 2019, compared to 64,703,427 long tonnes a year ago; this growth was supported mainly by gasoline, LNG and LPG. Grains were on the decline with 25,209,642 tonnes compared to 25,722,900 tonnes the year before. Container cargo was down to 52,687,276 tonnes, from 52,837,037 tonnes, Coal and coke, up to 16,150,781 compared to 15,952,347 and autos, trucks, accessories, up to 4,873,058 from 4,598,388 tonnes. Chemicals and

petroleum chemicals fell to 15,229,083 tonnes from 15,523,928 tonnes.

Maersk leads the list of top customers, followed by Mediterranean Shipping Corporation (MSC), Cosco, CMA CGM, ONE, Hapag-Lloyd, NYK, Wilhelmsen Lines, SONAP and Mitsui O.S.K.

During the month of May, the waterway saw the transit of Evergreen's 'Triton', the largest vessel in dimension and container cargo capacity, surpassing the 15,000teu vessel threshold, to pass through the expanded Canal since it opened in June 2016 and another record with the transit of the largest LNG carrier Q-Flex 'Al Safliya.'

The Neopanamax containership 'Triton', which has a Total Teu Allowance (TTA) of 15,313, a 20-row beam of 51.2mtr and a length of 369mtr, transited northbound from the Pacific to the Atlantic Ocean on May 15, establishing a new record in terms of total teu capacity. 'Triton' is deployed on Evergreen's Far East-US east coast (Taiwan Strait-TWS/AUE) service as part of the OCEAN Alliance network, which connects Asia and US east coast ports via the Panama Canal. The AUE service is comprised of 11 vessels ranging in size from 8,452teu to 14,424teu. The Alliance includes China Cosco Shipping, Orient Overseas Container Lines (OOCL), CMA CGM Group and Evergreen, which are amongst the Panama Canal's top customers by volume.

Top 20 customers

1. Maersk Line A/S
2. Mediterranean Shipping Co.
3. Cosco
4. CMA CGM
5. Ocean Network Express Pte Ltd
6. Hapag Lloyd
7. Wilhelmsen Lines AS
8. Nippon Yusen Kaisha (NYK Line)
9. Mitsui O.S.K.
10. Sonap
11. Shell Intl Trading & Shipping Co.
12. Evergreen Marine
13. Trafigura Beheer B.v.
14. Zim
15. Glencore HK
16. Dampskibsselskabet Norden AS
17. Bw Gas AS
18. Kawasaki Kisen "K"Line
19. Cargill International
20. Baltic Shipping

List based on number of transits and tolls paid.

Former minister of Canal affairs and president of the board of directors Roberto Roy with ACP top executives, June 2019



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The former record for largest containership to transit the Canal by capacity was set on August 22, 2017 by the CMA CGM Theodore Roosevelt, which measures 365.96mtr in length and 48.252mtr in beam and had a 14,863 TTA.

This achievement was made possible by an increase to the maximum allowable beam for vessels transiting the Neopanamax locks. Beginning in June 2018, the Canal increased the allowable beam from 49mtr to 51.25mtr due to the team's extensive training and experience gained from successfully operating the expanded Canal for almost three years. This experience, coupled with the team's close collaboration with the customer, also enabled the waterway to accommodate the transit despite the vessel exceeding the waterway's established maximum vessel length of 366mtr.

It marked a new era for containerships at the expanded Canal. 'We look forward to collaborating on similar opportunities in the future as liners continue to re-route services and consolidate cargo on larger vessels,' said ACP senior international trade specialist Argelis Moreno de Ducreux. And that similar opportunity came across earlier than expected with the transit of Thalassa Elpida, with capacity of 14,387teu and 51mtr beam and 368mtr LOA, which transited August 21. This containership set a new toll record, in spite of being slightly smaller than the Triton, because of greater utilisation.

The Qatargas Al Safliya, a Q-Flex tanker which measures 315mtr in length and

50mtr in beam with an overall cargo capacity of 210,000cu mtr of LNG, transited northbound from the Pacific to the Atlantic Ocean, on May 12 breaking the record of largest LNG carrier.

'It was the first of its kind Q-Flex tanker to transit the Canal and we look forward to welcoming many more Q-Flex vessels in the future,' said de Marucci. Q-Flex LNG tankers can now pass through the Panama Canal following the increase in the maximum allowable beam for vessels transiting the Neopanamax locks, implemented in June 2018. In combination with Al

Safliya's Q-Flex class design, which allows for the 40% reduction of emissions in comparison to other gas carriers, the Panama Canal and Qatargas saved nearly 10,000 tonnes of CO₂ emissions compared to alternative routes, directly reducing of global emissions.

In 2018, the Canal saw 290 LNG transits, up from 163 transits in 2017. By August 31 of FY2019, the Canal has seen over 363 LNG transits.

Since October 2018 until the end of August 2019, the container segment was up to 15,235,767teu in total capacity

Main commodities (thousand long tonnes) Oct 2018 to June 2019

	FY2018	FY2019
Crude Petroleum	6,234,390	6,457,157
Petroleum and Petroleum products	58,469,037	61,693,903
Grains	25,722,900	25,209,642
Corn	7,667,667	6,216,598
Grain, Misc	4,184,720	4,200,203
Rice	517,975	431,463
Sorghum	6,025,706	5,567,600
Soybeans	5,047,557	6,465,836
Wheat	2,279,275	2,327,943
Coal and Coke (Excl. Petroleum Coke)	15,952,347	16,150,781
Container Cargo	52,837,037	52,687,276
Autos, trucks, accesories and parts	4,605,190	4,876,447
Canned and refrigerated foods	2,012,007	1,831,717
Nitrates, phosphates and potash	9,782,481	8,630,811
Lumber and products	2,175,241	2,076,216
Manufactures of iron and steel	5,763,460	5,259,996
Chemicals and petroleum chemicals	15,523,928	15,229,083
Ores and Metals	10,265,332	9,638,655
Subtotal	209,343,350	209,741,683
Others	19,517,698	18,723,494
Total	228,861,048	228,465,177

SOURCE: PANAMA CANAL MARKET RESEARCH AND CUSTOMER RELATIONS

SOURCE: PANAMA CANAL MARKET RESEARCH AND CUSTOMER RELATIONS

Panama Canal main cargo routes (long tonnes)

Origin route	Destination route	FY2018	FY2019
East Coast of the US	Asia	48,826,527	47,800,101
Asia	East Coast of the US	29,389,223	29,816,329
West Coast of South US	Europe	9,109,464	8,567,622
West Coast of South US	East Coast of the US	12,529,067	10,366,998
East Coast of the US	West Coast of South US	23,973,366	23,479,129
East Coast of the US	West Coast of Central US	16,863,721	16,337,419
East Coast of South US	West Coast of South US	5,037,127	4,709,763
Europe	West Coast of US	4,428,071	3,883,282
West Coast of US	Europe	1,977,418	2,356,602
East Coast of South US	Asia	2,516,660	2,366,310
Others		78,186,167	82,722,131
Total		232,836,809	232,405,686

compared to 14,607,544 teu registered in the same period of fiscal year 2018, equivalent to 4.3% growth in the capacity deployed through the Panama Canal. On the other hand, it registered a 4.8% growth of loaded container volumes compared to last year figures, up to 9,701,785 in loaded teu compared to

9,257,862 loaded teu during the same period the year before. 'We experienced the cancellation of about four services during this fiscal year, however the negative effect of these withdrawals was compensated with the entrance of the same amount of new liner services, and an increase of vessel size,' said Marucci.

At the beginning of the fiscal year, on Asia-east coast of the US route, ZIM, Maersk and MSC consolidated two services that was transiting the Panama Canal, one Panamax and one Neopanamax, into one Neopanamax service, as part of the co-operation agreement signed between these three carriers. Three Panamax services serving west coast South America to Caribbean, Europe and west coast of the US, respectively, were also cancelled.

However, these losses were mitigated by the deployment of four new services, one from the west coast of South America to the east coast of the US by Maersk; two from intercostal movements between east and west coasts of South America from Hapag-Lloyd and CMA CGM, and the fourth one expected to start operating in September in the route Asia-Gulf of Mexico in the US by 2M.

The ACP published June 14 a proposal

Ocean Network Express (ONE)

Ocean Network Express (ONE) was announced and formed as a new joint venture in 2016, between Nippon Yusen Kaisha (NYK), Mitsui O.S.K. Lines (MOL) and "K"Line (KLI). The company started trading under the name 'Ocean Network Express' from 1 April 2018, with a holding company office in Tokyo, global headquarters in Singapore and regional headquarters in UK (London), US (Richmond, VA), Hong Kong, and Brazil (Sao Paulo). ONE has a fleet size of 1.4m teu and is the sixth largest player in the global shipping market.

ONE has selected the quintessential Japanese cherry blossom magenta as its brand colour for its ships and containers which is therefore used as a symbol to convey a larger concept for the shipping world, that needs to change dynamics by becoming a more visible and a less obscure industry for its final customers.

ONE is an integral member of THE ALLIANCE, providing 54 services, directly calling at 81 different ports on a regular and continuous basis, of which 19 in Asia Far East (seven in China, five in Japan), three in the Indian subcontinent, seven in Middle East and Red Sea, 24 in Europe (seven in North Continent, 14 in the Mediterranean Sea), 21 in US and Canada, 7 in Central America and Caribbean.

ONE has decided to heavily invest in the refrigerated sector, by ordering in August 2018 over 14,000 brand new white reefer containers (13,000 x 40' teu and 1,000 x 20' teu). This large equipment purchase aims to establish ONE as a real leader in the reefer shipping market, reaching the top three positions in the carriers' ranking.



In addition to the tonnage inherited from the three mother companies, there are several new ships close to delivery: one ultra-large 20,000teu vessel, and twelve 14,000teu vessels.

Ocean Network Express Panama Inc. start operation 1st April 2018 with the main office in Panama City and a second office locate in Colon, on the Atlantic side. ONE Panama staff is a mix of professionals in the maritime industry led by Julio De la Lastra, president and ceo with more than 40 years of experience in the shipping industry.

Since ONE began operation in Panama, more than 578 vessels have transited the Panama Canal. ONE had a canal ranking of 570 when started transiting the canal back in April 2018. 'In August 2019 our ranking increased to fifth position.

SOURCE: PANAMA CANAL MARKET RESEARCH AND CUSTOMER RELATIONS

Ranking of countries by origin and destination of cargo Oct 2018 - Aug 2019 (long tonnes)

Rank	Country	Origin	Destination	Intercoastal	Total
1	US	101,350,519	55,272,770	1,899,139	156,623,289
2	Japan	6,035,982	25,827,203		31,863,185
3	China	19,052,024	11,894,179		30,946,203
4	Chile	12,309,215	15,460,879		27,770,094
5	Mexico	6,744,768	19,658,673	455,421	26,403,441
6	South Korea	9,191,239	14,793,161		23,984,400
7	Colombia	14,898,856	6,950,717	573,425	21,849,573
8	Peru	7,983,010	12,269,866		20,252,876
9	Canada	9,170,563	3,923,219	45,524	13,093,782
10	Ecuador	4,422,127	7,346,032		11,768,159
11	Panama	1,479,363	6,687,231	63,102	8,166,594
12	Guatemala	1,136,640	6,282,079		7,418,719
13	Trinidad and Tobago	4,444,940	223,556		4,668,496
14	Spain	1,839,385	2,481,461		4,320,846
15	Taiwan	1,878,483	2,356,883		4,235,366
16	Belgium	1,751,738	2,271,625		4,023,363
17	Netherlands	1,531,539	2,273,486		3,805,025
18	Brazil	2,310,430	1,624,830		3,935,260
19	Russian Federation	2,127,457	1,632,933		3,760,390
20	UK	564,922	2,498,369		3,063,291

Metric based on cargo long tons origin and destination of the country. Intercoastal tonnage is excluded from the total.

to modify its current tolls structure for the major shipping sectors. The proposal covers dry bulk, passenger, containership and vehicle carrier and ro-ro segments, tankers, chemical tankers, LPG and LNG vessels, as well the intra-maritime cluster (local tourism segment) and minimum tolls (small vessels).

After a period of consultation for industry feedback, the modified proposal was presented to the Cabinet Council September 3 and given final approval.

‘With this proposal, we aim to better serve the global maritime industry,’ said then-Panama Canal administrator Jorge Quijano. ‘Our proposed modifications will increase transparency and flexibility, among other improvements, to ensure the Panama Canal remains competitive and optimal for the industry today and moving forward.’

For the dry bulk segment, the proposal matches the tolls charged to Neopanamax vessels carrying iron

ore with the tolls assessed for grains and ‘other dry bulk’ cargoes, as well as a tariff increase for Neopanamax dry bulkers transiting in ballast.

For the containership segment – the main user of Neopanamax locks – two new categories were added to the loyalty programme to incentivise the deployment of additional services. By adding new levels with reduced rates in the capacity charge for shipping lines deploying between 2m to 3m teu, and additional incremental reductions for lines deploying more than 3m teu within a 12-month period. Ship owners currently receive a \$3 per teu reduction on volumes of between 1.5m and 2m teu. The new categories add an incentive of \$3.25 for volumes between 2m and 3m teu. Above this, the cut is \$5 per teu exceeding the 3m mark.

‘For the alliances, they inform prior to arrival the customer code under which the vessel will be transiting, so that only that individual company receives the teu applicable for the loyalty programme. Since 2016, tariffs by teu have been more attractive thanks to the loyalty programme,’ explained Marucci. The incentive implemented in the last toll modification of fiscal year 2018 for total teu loaded in the return voyage (TTLR) will remain in effect.

For the vehicle carrier and ro-ro segment, the proposed modifications include – for the first time – a new tariff category or range precisely designed for Neopanamax vessels to account vessels sizes and capacity. Additional





modifications for this segment include slight increments in toll tariffs for Panamax-sized vessels, as well as minor adjustments based on vessel size ranges.

The toll structures for tankers, chemical tankers, LPG and LNG vessels remain unchanged, but tolls adjustments are proposed to more closely align with the value of the route.

Cruise ships tariffs will not change, but the ACP will continue analysing the sector. During FY2019 (1 Oct 2018-30 Sept 2019), around 240 cruise ships transited the waterway. Yachts will see rates increases according to size.

Lastly – and based on comments submitted by clients during the 2017 public consultation and hearing process – the Canal reviewed the rates charged to vessels carrying containers on deck, which do not belong to the container shipping segment, to allow for differentiated charges for containers that are empty, dry or refrigerated.

After careful consideration of the arguments presented by the industry, the date for implementation of the modifications to the tolls structure is planned for January 1, 2020 for small vessels, containers and dry bulkers revision of timber deadweight tonnage;

April 1, 2020 for all other changes, except local tourism cluster, which will be implemented on May 1, 2020.

In September 2018, the Panama Canal announced changes to its Transit Reservation (booking) System for Neopanamax vessels, effective October 1, 2018. The modifications were a step in a positive direction for the Neopanamax locks and take into consideration the lifting of certain navigation rules for liquefied natural gas (LNG) vessels and ongoing customer feedback, as well as routine analysis of the utilisation and fair market value of the expanded Canal, said Canal authorities at the



time. These changes, guided by input from the waterway customers, strategic planning and years of experience, are an essential next step in ensuring the continued availability of the expanded Canal for all, said Canal officials.

Until October 1, customers could reserve transits during three booking periods determined by the days prior to the requested transit date. However, the announced adjustments introduced a new booking period within the first booking period, called booking period 1.a, which will be accompanied by corresponding modifications to the duration and slot allocation within each booking period. These changes also included a transition period for those LNG vessels that have already obtained slots during the current booking period 1, which will allow customers to release them without being charged a cancellation fee.

The total slots available for Neopanamax vessels and priority for certain market segments remained unchanged. However, by tailoring the reservation process, along with restructured cancellation fees for current LNG carrier practices, the Panama Canal aims to curb unused reservations moving forward, thereby improving slot utilisation and service reliability.

'We tailored the Transit Reservation System to align with the LNG market's spot and long-term contracts market (Annual Delivery Programme) and scheduling, commensurate with the lifting of certain restrictions currently imposed on LNG vessels,' said Silvia de Marucci.

Despite being the fastest-growing segment, LNG vessels used only 60% of the reservations they acquire. LNG vessels are now the second most important segment transiting the Neopanamax locks in terms on tonnage, Marucci said.

The latest modifications to the Transit Reservation System are part of a series of efforts to provide added flexibility and reliability per growing market needs. This includes the Canal's decision in June to lift certain daylight and meeting restrictions for LNG transits beginning on October 1, 2018, as well as the additional Neopanamax reservation slot made available in May, totalling eight daily. The Canal's decision to implement these modifications is a result of over two years of experience transiting Neopanamax vessels, including LNG vessels.

The ACP has also announced enhancements to its 'Green Connection Environmental Programme' for the shipping industry. The award-winning initiative encourages the shipping industry to mitigate the environmental impact of their operations through an incentive-based system that includes the 'Green Connection Award', the 'Environmental Premium Ranking' and the 'Emissions Calculator'.

Starting September 2019, the 'Emissions Calculator' will feature geo-referenced data to improve the quality and precision of the carbon emissions data of vessels transiting the Canal. The tool aims to give customers – and the Canal – clear insight into their carbon footprint to incentivise environmental stewardship and reduce greenhouse gases (GHG).

The 'Environmental Premium Ranking' will factor in the use of low-carbon fuels and environmentally conscious transit operations starting mid-September. This ranking affords customers with high environmental efficiency standards the opportunity to improve their position within the Panama Canal's Customer Ranking System.

In 2014, the Panama Canal introduced four

traffic separation schemes (TSS) to regulate the commercial ships that enter and exit the Panama Canal and the country's ports. The new routes are designed to minimise shipping lanes from overlapping with humpback whale migration routes. From August 1 to November 30 this year, each vessel should reduce to 10-knot maximum speed in certain parts of the Canal in order to protect whales. Seeking to enhance its efforts, the Canal will assess the impact of the Panama TSS created to organise marine traffic to specific areas to keep whales from colliding with vessels.

The Panama Canal continues to consolidate its role as a leader in sustainable shipping around the world. Earlier this year, it joined the Global Industry Alliance (GIA), the IMO's public-private partnership focused on supporting energy efficiency and across all the maritime transport system. Just in September, the Panama Canal and UN Environment also signed a co-operation agreement to join forces on promoting sustainable development and combating climate change.

Over the last 105 years, the Panama Canal has offered shippers an unparalleled, environmentally sound route. Given the shorter travelling distance and larger capacity offered, the Panama Canal consistently reduces fuel consumption and emissions, generating less GHG compared to other routes. Neopanamax vessels transits offer the benefits of economies of scales to the Canal's customers, while contributing to emission reductions. Of the more than 50m tonnes of carbon dioxide (CO₂) reduced since the inauguration of the expanded Canal, the Neopanamax locks are responsible for the reduction of more than 35m tonnes of CO₂. Since its opening in 1914, the Panama Canal has helped reduce more than 750m tonnes of CO₂. ●



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Terminals have increased capacity to accommodate Neopanamax ships

Moving with the times

The Panama Canal expansion's 'before' and 'after' had been decisive periods for the US ports' transformation which, depending on their decision, either had to follow the trend or stagnate and US ports rushed to dredge, build new piers and purchase new Post-panamax, STS cranes during the construction of the Panama Canal new locks. The timing was perfect as the Neopanamax locks were inaugurated, with some delay, in July 2016, allowing the terminals to increase capacity.

Not only the ports' landscape has changed, featuring now bigger ships at quays but the list of customers had grown as well as volumes.

The US administration is giving some funding facilities to three US port-related projects which will receive funding totalling \$142.06m to spend on improving freight productivity and efficiency. The American Association of Port Authorities (AAPA) said the US Department of Transportation (USDOT) has selected the projects in Baltimore, Cleveland and Miami to forward to Congress for grant funding under the Nationally Significant Freight and Highway Projects Programme (INFRA).

The Maryland Department of Transportation will get \$125, for the Baltimore Howard Street railroad (CSX Transportation) tunnel to enable double stacking of shipping containers to and from the Port of Baltimore in this crucial freight-rail corridor. The Northeast Ohio Areawide Coordinating Agency (NOACA) will get \$9.02m for Cleveland's Cuyahoga River bulkhead project to replace bulkhead on the Cuyahoga River Ship Channel. This is a key economic and environmental protection funding initiative for the Port of Cleveland. And \$8.04m will be given to PortMiami for its Seaboard Marine Terminal rehabilitation and expansion initiative, which is the second year in a row this PortMiami terminal project will get an INFRA grant. Last year it received US\$7m for a new gate complex.

And the Trump Administration wants to support automation at US ports and is looking for advice from the government and private sectors on how to do it. In a request for information published on August 2, the US Maritime Administration (MarAd), part of the US Department of Transportation, asked for comments from state and local agencies, companies across all transportation modes, and technology developers on opportunities

and challenges of automating ports and their surrounding environment, whether they are planning to automate, and how technologies may affect the workforce.

The east coast ports have benefitted from expansion as they continued to absorb west coast container traffic, taking nearly half of it, a 10% increase over the last 10 years while growing 2.5 times more than their Pacific rivals, according to data published real estate and logistics giant New York-listed JLL Inc, reported New York's FreightWaves.

East coast ports controlled 48.9% of container traffic last year, up from 46% in 2014 and 43.5% in 2008, said JLL's annual study of North American seaports. And more larger vessels are delivered Asian cargo to US east coast ports.

In addition to the ports of Newark/Elizabeth, New Jersey, Baltimore, Maryland and Norfolk, Virginia, which already have 50ft harbour draughts, a requirement to handle bigger vessels, the ports of Charleston, South Carolina, and Savannah, Georgia, are nearing the completion of their deepening projects.

The Port of Baltimore has a new look and sees finally its expansion plans



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completed and bringing success and with it, dividends to the state and generation of new jobs. Even the biggest ships to transit the Panama Canal have become a regular feature.

The 14,000teu Evergreen Triton arrived in May this year the Helen Delich Bentley Port of Baltimore, setting a new record as the largest container ship to ever visit Maryland. The Neopanamax ship was able to call at Baltimore thanks to the port's recent dredging work. The previous record-holder as the largest container ship to visit the Port of Baltimore was the 11,000teu Gunde Maersk, which arrived in October 2018. By comparison, this class of ship is about double the average size of ship that regularly came to Baltimore. 'The significance of this vessel is its size,' said Bayard Hogans, of Ports America.

Thanks to a public-private partnership between the Maryland Department of Transportation, Maryland Port Administration (MDOT MPA) and Ports America Chesapeake, the Port of Baltimore is one of the few ports on the East Coast to have a 50ft deep channel and a 50ft deep berth, which are necessary to accommodate the mega-ships that now transit the Panama Canal new locks. Ports America Chesapeake operates Seagirt Marine Terminal, the port's container terminal.

'Thanks to Maryland's investment in a 50ft berth, every year we are seeing larger and larger container ships choosing the Port of Baltimore,' said Maryland Governor Larry Hogan in a statement. 'Maryland truly is open for business. The Port of Baltimore

fuels the state's economy and supports thousands of jobs throughout the freight industry.' In the state of Maryland, there are roughly 140,000 jobs dependent on the port of Baltimore.

The first round of dredging deepened one berth at Seagirt. In December 2018, MDOT MPA and Ports America Chesapeake announced a \$33m project to develop a second 50ft deep container berth at the facility to allow two Neopanamax ships to call simultaneously. Construction on the new berth is expected to commence by the end of 2019, and it is expected to become operational by early 2021.

The Port of Baltimore is coming off a record-breaking year. In 2018, a record 43m tonnes of international cargo was handled by the port's state-owned and privately-owned marine terminals, surpassing the previous high mark of 40.9m tonnes in 1974. The value of the cargo passing through the Port in 2018 was also a new benchmark, nearly \$60bn, and the port saw record high numbers for containerised cargo and ro-ro moves. Baltimore ranks first in the nation for ro-ro vehicles and ro-ro heavy equipment.

The Port of Corpus Christi began in June 2019, the dredging work to expand Corpus Christi Ship Channel and prepare the port for the anticipated increase in US crude oil exports. The ship channel Improvement project will deepen and widen the entrance ship channel from 47ft up to 54ft and widen it from 400ft to 530ft. The \$93m dredging contract was awarded to Great Lakes Dredge and Dock

Company earlier this year with work expected to be completed in 2020.

The overall ship channel deepening project has an estimated contract value of approximately \$360m over the next five years.

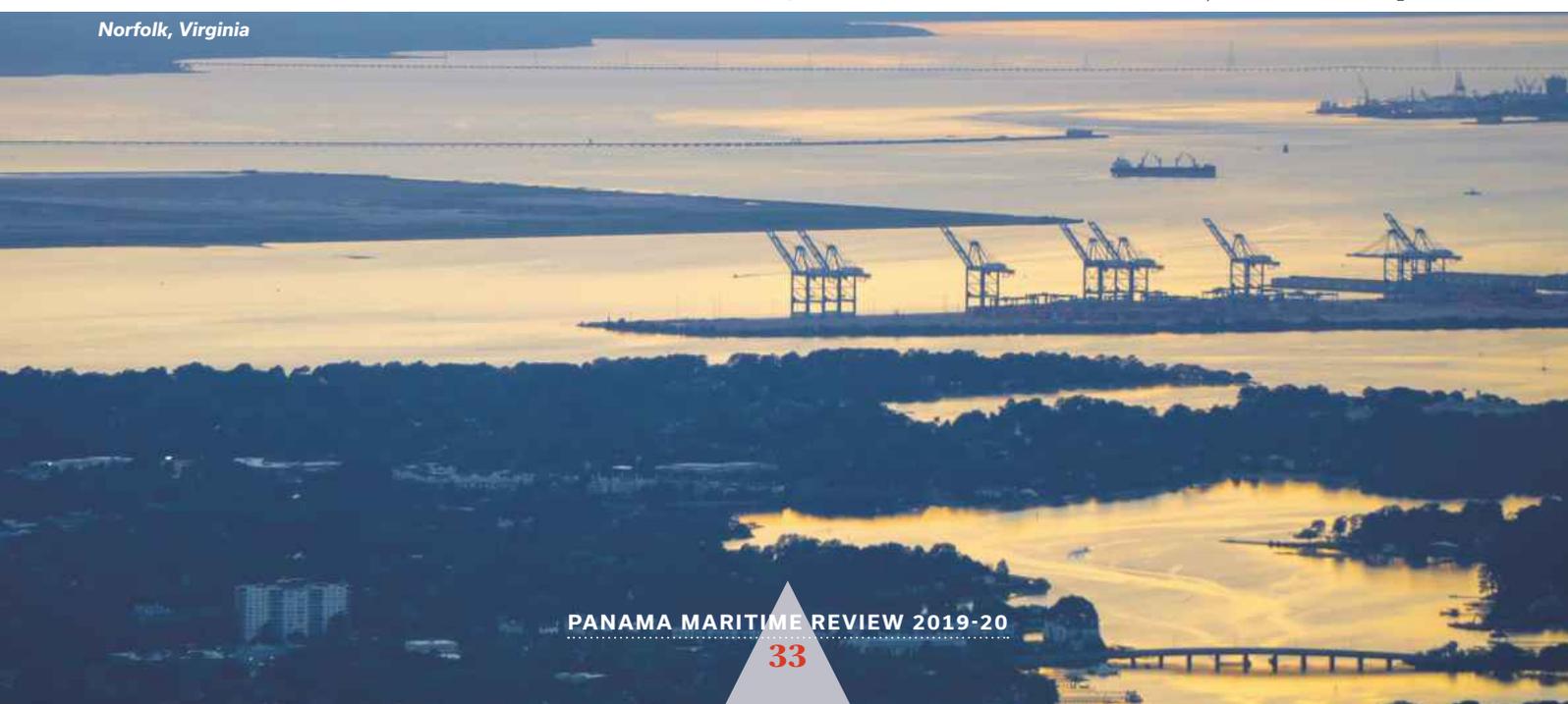
'We are building and enhancing infrastructure and collaborating with new partners as we prepare to accommodate major growth in crude oil production,' said Sean Strawbridge, ceo of the Port of Corpus Christi at the time.

The Port of Corpus Christi has become the largest crude export port in the US. Its location on the Gulf of Mexico and proximity to the West Texas oil and gas boom drove demand and traffic for the Port of Corpus Christi. In 2018, the Port of Corpus Christi exported \$10.8bn worth of crude oil. The Port of Corpus Christi currently is the 4th largest port in the US in total tonnage, and the expectation is that the Port's crude oil exports will triple, and perhaps quadruple, as production continues to increase, the port said in a statement.

And in April, the Port of Corpus Christi Commission approved a 50-year-long-lease agreement with Lone Star Ports, LLC, a joint venture between the Carlyle Group and the Berry Group, to develop a petroleum-export terminal. The \$1bn terminal is to be developed on 200 acres on Harbor Island, near Corpus Christi, Texas, and expected to begin operation by the end of 2020.

The Lone Star Ports' Complex (Harbor Island Terminal) will have the deepest

Norfolk, Virginia



channel depth of any on-shore crude oil-export facility in the US. The agreement between the Port of Corpus Christi Authority and Lone Star Ports will provide significant accretive value in the Port's annual operating revenues and will be the first US onshore terminal capable of loading Suezmaxes and nearly full VLCCs.

'This long-term commitment is testament to the significance of the Corpus Christi gateway for American energy exports, which are expected to triple in the next decade,' said Sean Strawbridge.

'A 50-year lease agreement with the Carlyle Group and the Berry Group joint-venture company, Lone Star Ports, is not only complementary to our existing marine terminal infrastructure but also positions the Port of Corpus Christi to be the preferred outlet for US-produced crude exports serving all major global demand centres for generations to come.'

'The Carlyle Group is enthusiastic about our shared vision with the Port of Corpus Christi Commission to develop an environmentally safe, world-class facility that will position Corpus Christi as a vital economic engine in Texas and around the globe,' said Ferris Hussein, managing director of The Carlyle Group.

Civil works for this facility repurposing project, have been underway for the past year ahead of finalising a definitive lease agreement, including the demolition of existing dock structures from a previous decades old Exxon crude import terminal on Harbor

Island. The execution of this new lease enables the parties to commence major equipment and materials procurements and other construction efforts.

'This project on Harbor Island is the next pivotal step in directing the growing crude oil production in the US to global markets via our Port of Corpus Christi,' said Charles W. Zahn, Jr., Port of Corpus Christi Commission chairman.

The American Association of Port Authorities (AAPA) recognised the Port of Corpus Christi's Moving America's Energy media campaign with its 2019 Award of Excellence. The campaign highlighted the port's ongoing infrastructure investment programme and the importance of the record-breaking exports of American energy to US trading partners around the world. The AAPA Excellence Award recognises the Port of Corpus Christi as an overall category top submission amongst competing ports of similar size.

'We appreciate this recognition by our peers and the AAPA as we continue to share our story of American energy independence,' commented Corpus Christi ceo Sean Strawbridge. 'The Moving America's Energy campaign has helped inform and educate the markets of this Nation's strategic emergence as a global producer and exporter of energy. Indeed, Washington and the international stage have taken notice,' he added. 'Thus, we continue our investment in the Port of Corpus Christi as we become the largest US energy export gateway status and ultimately achieve resiliency in energy and balance of trade.'

The Port of Oakland has issued a building permit for a Seaport Logistics Complex and the developer, CenterPoint Properties, began preparation and ground stabilisation work on its 27-acre site early 2019 and is actively engaged in construction on the 460,000sq ft facility, with completion expected mid-2020. CenterPoint's \$52m project would anchor a logistics campus planned for 180 acres at the decommissioned Oakland Army Base which will be leased to tenants engaged in cargo transportation or logistics.

'CenterPoint's facility will give us logistics capability you can't find at other ports,' said Port of Oakland maritime director John Driscoll. The Port envisions a campus where containerised cargo could be quickly transferred from ships to trucks or rail which it expects to increase the volume of international shipments moving through Oakland.

The Port of Oakland's containerised export volume increased by 4.2% in June 2019 compared to June 2018 totals and has now reported year-over-year export volume gains in four consecutive months. Oakland's total cargo volume, imports, exports and empties, is up 3.6% through six months of 2019 compared to the same period last year.

Monthly import volume in July was greater than in any other month in the Port of Oakland's entire 92-year history, port officials said early August. July import volume was also up 7.5% from the same period a year ago and exports gained 10.2% compared to July

San Francisco Bay



2018. The port attributed the gain to strong US consumer demand. Export volume was also up from last year.

Continuing with record statistics, the Port of Savannah moved an all-time high of 4.5m teu in the fiscal year that ended June 30, representing year-on-year growth of 7.3%. For the first time ever, the Georgia Ports Authority (GPA) handled half a million container lifts to rail, an increase of 16.6% compared to fiscal year 2018. The 506,707 intermodal boxes constituted one-fifth of total containers, another record.

'The authority's investment in the Mason Mega Rail project is coming just in time for our capacity to stay ahead of demand, ensuring the free flow of intermodal cargo,' said GPA chairman Will McKnight. 'The first phase of the project will be complete this year, cutting rail transit time to Midwestern markets by 24 hours.' The Mason Mega Rail project will double Savannah's rail capacity and create the largest on-terminal intermodal facility in North America. By 2021, the new facility will be able to handle one million containers a year. 'Rail cargo is expanding at twice the rate of our overall container trade, reducing congestion on our highways and increasing Georgia's reach to a mid-American arc of cities, including Chicago, St. Louis and Columbus, Ohio,' said GPA's executive director Griff Lynch.

And in the South Carolina Ports Authority (SCPA), with its main port

of Charleston, throughput increased 8.8% year-on-year to 2.m teu from July 2018 through June 30, while moving 200,406teu across the Wando Welch and North Charleston container terminals last month. SCPA's RapidRail programme, which provides a seamless connection between rail yards and marine terminals, saw a record year with more than 330,000 rail moves in fiscal 2019. The port now handles 24% of containerised volumes by intermodal container rail – the highest annual percentage in history.

As part of an on-going project to increase the terminal capacity by 66% to meet port-wide cargo are rising by double digits, the Port of Houston will embark on a \$39.7m gate expansion that will double the number of truck lanes into the Barbours Cut Terminal. The funds, approved by the Port of Houston Authority Monday, will increase the number of gate lanes from 14 to 28 and upgrade 23 acres of existing pavement for more efficient container storage. The port has also approved \$1.2m to update parts of the gate operating system to be completed by 2021, for the additional 14 lanes, including new cameras and audio interface to communicate with truck drivers, and ticket printers.

With an on-going upgrade, Barbours Cut Terminal that will increase its capacity from 1.5m teu to 2.5m teu. Barbours Cut handled about 1m loaded and unloaded teu in 2018, 37% of Houston's containerised cargo, with the remainder handled by its second terminal, Bayport.

Container throughput at the port of Houston has grown steadily during the past decade, especially since the widening of the Panama Canal was completed in 2016. In the first five months of 2019, the Port of Houston has averaged a 12% increase compared with the same period in 2018.

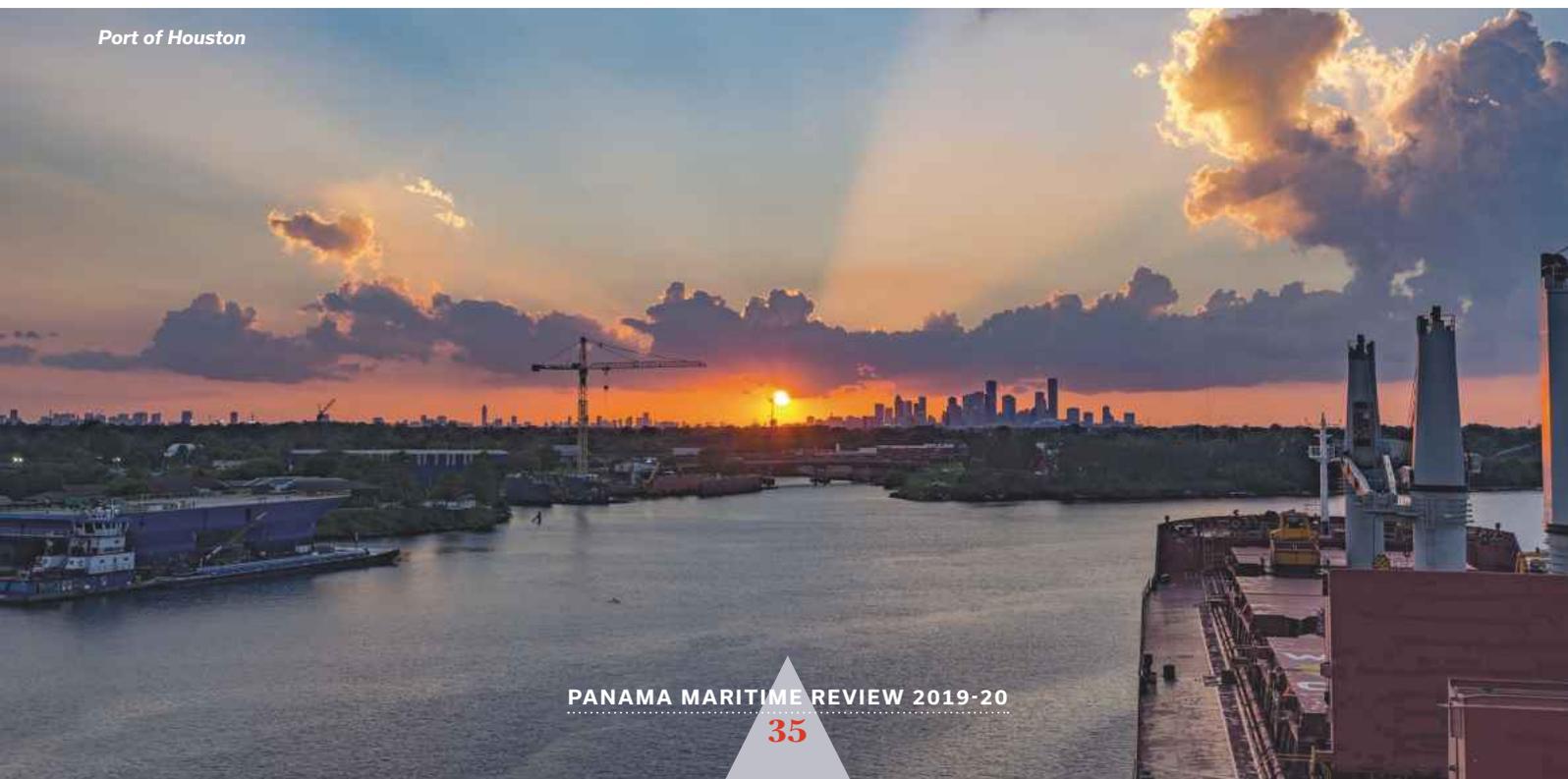
While port operators on the east and west coasts are forecasting negative outcome of the US-China trade war, the Port of Los Angeles set a new single-month cargo record in July making it the busiest July ever for the US' busiest container port.

'Container exchange per vessel reached 9,915teu, the highest and most efficient level we've ever experienced,' said Port of Los Angeles executive director Gene Seroka. 'Despite the continued decline in exports and high level of uncertainty driven by trade tensions, we continue to optimise our facilities and are grateful for the support and confidence of our supply chain partners,' he added.

According to the Port of Los Angeles, July 2019 imports increased 8.7% compared to 2018 but exports decreased 4% while empties increased 20.7%. Seven months into 2019 overall volumes have increased 6% compared to 2018, when the port set an all-time cargo record.

At neighbouring Port of Long Beach, the nation's second-busiest container port, volumes fell nearly 10% in July from impacts from the ongoing trade war. ●

Port of Houston





The modernisation of the AMP guarantees continuity

Efficient service

With the election on May 5 of President Laurentino Corizo of the Revolutionary Democratic Party (PRD, Partido Revolucionario Democrático) a new administration began on July 1 seeing changes of ministers in the cabinet, important government authorities and autonomous entities, including the Panama Maritime Authority (AMP) whose administrator is Noriel Arauz, a naval architect.

It had been a productive year at the AMP as the new president of the Panama Maritime Law Association (PMLA) Jazmina Rovi told her fellow lawyers when she took office in April 2019. 'If you allow me, I take the floor to extend well-deserved congratulations from the PMLA to the AMP and, in particular to the General Directorate of Merchant Marine, for the success achieved in the audit carried out in 2019 by the Tokyo Memorandum of Understanding which resulted in the audit team recommending at the Thirtieth Meeting of the Port State Committee the admission of Panama as a Permanent Member of the Tokyo MoU where it has been on the white list for more than 10 years; and to the General Directorate of Ports and Auxiliary Maritime Industries for the presentation of the Strategic Plan for Maritime and Port Development of Panama-Vision 2040 with a view to optimising auxiliary maritime activities and increasing the productivity of the Panamanian maritime sector.'

The minister of maritime affairs and head of the AMP at the time, Jorge Barakat, has succeeded in developing a closer relation with all the actors of the sectors and 'institutionalising the AMP by completing the ISO certification in all the directions of the authority,' she added.

'We now offer an efficient service to all international and local clients thanks to substantial improvements in IT with the creation of an integral platform of services for the ship registry, seafarers and inspections,' commented Barakat, pondering on his five-year tenure. 'We have integrated and legalised the brokers and even incorporated direct discounts on line.'

The modernisation of the AMP with a 'in house' IT system via a very capable IT team that will guarantee continuity and platform improvements without



Noriel Arauz, AMP administrator and minister of maritime affairs

exaggerated costs, has been long in the making but succeeded in perfecting and strengthening the Ship Registry technological platform. The platform provides issuance of electronic certificates in its entirety and increases the levels of modernisation and automation in 'our diversified offers of services of a technical nature for the maritime sector, applying the recommendations of the International Maritime Organisation (IMO) set out in Circular FAL.5 / Circ.39 / Rev.2, adopted by the Facilitation Committee of this Organisation,' explained Barakat.

The implementation of the new methodology has contributed to streamline procedures, the improvement of processes, response times, and of course ensure the validity and authenticity, in the issuance of technical certificates issued by the International Ship Registry of Panama, by including the digital signature and other security and transparency features.

New markets have been opened in Turkey and in the Middle East, in Saudi Arabia and Oman. New SEGUMAR offices have been created with the capacity of giving the Register's customers not only technical but excellent service of all kinds.

The AMP network has 14 technical documentation offices for ships (Segumar), strategically located for the benefit of its clients: Miami (US), Piraeus (Greece), Istanbul (Turkey), Singapore, Seoul and Busan (South

Korea), and Imabari and Tokyo (Japan) and the one installed in Panama City, as well as the new offices established in: London (UK), Manila (Philippines), Dubai (UAE), Houston (EU) and the recently inaugurated one in Shanghai (China). These offices offer technical-nautical consultancy, assistance in cases of emergency, issuance of certificates and technical documents required on board Panama-flagged vessels that are issued exclusively by the administration, as well as other services required by shipowners or captains of the registry.

Since 2002, the AMP has been part of the 'A' Category of the Council of the

International Maritime Organization and have been re-elected for the biennium 2018-2019 and the Registry is in the Tokyo MoU White List and since 2010 in the White List of the Paris Memorandum of Understanding (Paris MoU), entities responsible for supervising the activities of the Governing State of the Port in the continent. After a satisfactory result of the Tokyo MoU audit, Panama will be included as Permanent Member of the Tokyo MoU.

After many years in the pipeline, Panama passed legislation for ship financing, the first of its kind for the country. The Law 50 of 28 June 2017 entered into force on

29 December 2017 and is known as the 'Naval Financing Law'. The legislation creates an attractive investment environment and contemplates ship financing from banks established in Panama while extending its reach to all foreign financial institutions providing they establish a branch office in Panama to enjoy the law's benefits. The new Law rules and regulations have been approved and are awaiting [at presstime] the President's signature on the Executive Decree to enter force soon.

The law creates a special legal regime for financing operations in the local and international maritime sector and grants

A new team leads the Panama Maritime Authority (AMP)

Panama's new President Laurentino Cortizo has sworn in his cabinet and with it a new team combining experience and youth for the Panama Maritime Authority (AMP) that oversees the maritime sector and the world's largest Ship Registry.

Noriel Arauz, a naval architect, will be the AMP Administrator and Minister of Maritime Affairs. Arauz is praised for good technical knowledge and his appointment has been applauded by the local maritime sector. He is an affable man, very accessible and fluent in English and his first contacts with the international ship owners' community, have initiated strong relationships.

He will be accompanied by nautical engineer Samuel Ferreira as deputy administrator; maritime lawyer Elvia Bustavino is the new secretary-general; and at the direction of merchant marine and head of the Ship Registry by nautical engineer Rafael Cigarruista.

Cigarruista has a wealth of experience in Casualty Investigation, Flag Inspection, Classification, Certification of Vessels and STCW (seafarers) requirements, having worked previously in different areas all related to the flag implementation requirements and responsibilities. Cigarruista's deputy is also a nautical engineer, Capt. Demostenes Sanchez, who has much experience at the AMP. At the head of the Seafarers' department is Capt. Juan Maltes and in charge of the Ports direction, Lic Flor Pitty who has a master in transport and navigation sciences.

One of the new Minister of maritime affairs' objectives is 'to integrate the sea to the politics and economy of Panama and enforce special training for Panamanian seafarers. We must prepare them better in English to access employment on the Panama-flagged vessels and the cruise ships. Panamanian seafarers must understand there is a large market and



AMP administrator Noriel Arauz with the Authority new directors

opportunities for them since we are the world's largest ship registry but they need to prepare consequently. And we will help them to do so.'

'My priority is to make sure we respect international conventions, be ready for the Sulphur Cap of 2020 since we have an important bunker sector, maintain our flag position in the White List of Paris MoU and continue to give our Ship Registry customers a good and efficient service.'

'We have also to work in preparation to receive the Audit of the International Maritime Organisation (IMO) which measures Panama's compliance with the IMO Compulsory Instruments, which must be carried out in the year 2021.'

'In addition to current international regulations, there are regulations that will come into force as of next year, such as those seeking to reduce to 50% sulphur oxide emissions from ships, and those related to illegal fishing, with the certification of the crew members on board the fishing vessels and with the procedures of supervision by the State Master of the port worldwide,' says Arauz.

'The Amador cruise terminal is high on my priority list. It will be completed in 2020 and we have to improve some of the tender's conditions for its operation. It has been a big government investment that will quickly bear fruits if we consider the enormous interest it has created in the cruise industry, eager to find a home port on the Pacific side,' he adds.



IMO Kitack Lim inaugurated Panama Maritime XIV

fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime project fundable, from the Republic of Panama.

Article 2 of Law 50 of 2017 defines as Maritime Project Financing those that are oriented towards the construction of ships, of shipyards and other premises, workshops or yards for construction of ships and repairs of containers used for foreign trade and the construction of offshore wind farms. 'This law complements previous legislations for the establishment of foreign multinational companies, [in order to attract shipowners, operators, ship building and ship repairs, container building and repairs, insurance companies] and now banks and other financial institutions to open up branches in the country, thus continue moving on its way to become an international maritime centre,' described Barakat.

With the opening of diplomatic relations with the People's republic of China, Panama and Beijing signed in November 2017 an accord on maritime transport to promote maritime and port development of Panama and China, strengthen the ship registry and support the Chinese Maritime Authority in the maritime safety issues of Panama-flagged vessels sailing in its waters.

The accord entered into force May 17, 2018 and since July 1, 2018, the Panama Ship Registry received the 'Most Favoured Nation' treatment. The Panama-flagged vessels can now enjoy the advantages and lower port costs applicable to other states which have similar agreements with China. The agreement includes transfer of knowledge and technical control of ships' documentation and crews on board Panamanian vessels. Also, both countries signed a Memorandum of Understanding (MoU) on maritime matters. The MoU will implement projects and activities

that contribute to strengthening relations between the two countries. In particular, following the signature of the MoU with China's Ministry of Transport, Panama will send eight Panamanian professionals who will receive a scholarship for the Dalian Maritime University, one of the most prestigious in China, for which some 60 candidates entered the competition.

'The mutual contribution in areas such as maritime environmental protection, certification and training of seafarers, recognition of documentation of the ships, the port state control, among others, has grown with the signature of the treaty signed by Panama and China in November 2017,' said minister Barakat. 'Likewise, we see cooperation between both administrations not only in maritime matters, but also in human resources and education.'

The launching, at end-July 2018, of the Maritime Safety and Inspection System Global Platform, on accurate and fast receiving data system working on a 24/7 basis was an important milestone. 'This platform, in addition to facilitating the work of Panamanian inspectors, will guarantee the safety of the seaworthiness of the vessels registered under the Panama flag and will show warning measures for the decision-making based on the different processes carried out by the Department of Navigation and Maritime Safety, for the realisation of Annual Flag Inspections (ASI), Interior Service Inspections (ISI), as well as Port State Control Inspections (PSC),' said Jorge Barakat. The new platform offers a fast and fluid communication between the Department of Navigation and Maritime Safety and the Departments of Ship Registration, Maritime Protection of Ships and the General Directorate of Seafarers.

The system can be accessed from a fixed or mobile computer from any place where

there is internet access 24/7, obtaining information on all applications that are entered into the system. The ASI carried out through this system will be carried out at an international level to all Panama-flagged vessels through the flag inspectors duly authorised by the General Directorate of Merchant Marine.

Panama's Minister of Maritime Affairs Jorge Barakat and the United States' Maritime Authority Administration (MARAD)'s Admiral Mark. H. Buzby, have inked a major maritime transport co-operation agreement in Washington DC in September 2018. 'The signing of this Memorandum of Co-operation will optimise the exchange of information and experiences for the training of seafarers and port operators; it will also promote favourable conditions for the private sector investment and will serve as a framework to present the maritime investment projects promoted by Panama to US investors, in order to continue strengthening Panama's logistics hub' said Minister Barakat. 'It is important to highlight that we have fulfilled one of the main objectives proposed by both administrations since the bilateral meeting held in 2016, when we presented the first draft of the Agreement together with the interest of our country in strengthening the bonds of understanding and maritime cooperation,' added the minister of maritime affairs.

The AMP, which oversees Panama's Ship Registry has adopted Pole Star's PurpleTRAC solution to ensure compliance to International sanctions across its registry operations and is the first in the sector to do so. Recently, Dow Jones Risk & Compliance and Pole Star have announced a partnership for vessel tracking and screening checks. The partnership enables users of Dow Jones' trade compliance solution to access additional intelligence for

vessel screening and monitoring via Pole Star's PurpleTRAC software.

PurpleTRAC provides a vessel's complete voyage history and screening checks for advanced auditing, combining Transponder signals with Inmarsat Satellite tracking. Dow Jones' trade compliance solution enables companies to assess risk with regard to dual-use goods, trade counterparties, vessels and sanctioned cities and ports. It gives coverage of all major export control regimes, including the Wassenaar Arrangement, the Chemical Weapons Convention and US Commerce Control List.

Pole Star's PurpleTRAC solution has been designed and built in conjunction with institutions that have regulatory and sanctions exposures in maritime transportation and supply chains. The platform allows its clients to screen and monitor large numbers of vessels used for sea trade on a daily basis, automating complex compliance processes and generating an auditable record of their compliance with international trade sanctions.

The AMP has presented, together with the Development Bank of Latin America (CAF), a strategic plan for maritime and port development of the Republic of

Panama Vision 2040. CAF contributed through a non-reimbursable cooperation of \$125,000 to develop the strategy, for a period of nine months and the report was made by Mc Valnera S.L., a Spanish company. The port system of Panama is constituted by a large conglomerate of state ports, concessioners' ports, concessioners' terminals, docks, berths, shipyards and ramps. This conglomerate constitutes one of the fundamental pillars of the Panamanian economy.

Panama Vision 2040 proposes a 'Strategic Maritime and Port Development Plan' for the next 20 years with actions required to contribute to the increase of the country's productivity, the eventual construction of new terminals, the development of the ports, the modernisation of the existing infrastructures, the coastal reordering and the regulation of auxiliary maritime economic activities; as well as the implementation of electronic information exchange systems to expedite the reception of ships and international maritime traffic.

The report focuses on an integral development of Panama's competitiveness; the priority action bases applicable to the generation of added value by port area; the analysis of port facilities: current activities and action proposal; definition of poles of port development; identification of

investments and inventory of available areas; proposal for the reordering of auxiliary maritime services; identification of the parameters' of environmental policies for development and a road map by port area or pole with the Priority Bases of Action. 'Those maritime projects must be realised through the figure Public-Private-Partnership,' said Barakat.

The AMP and the General Directorate of Maritime Transport of the Federal Public Mobility and Transport Service of Belgium signed a Cooperation Agreement, with the purpose that the competency titles of Panamanian officers are recognised by the maritime administration of Belgium, which concludes the initial phase of the process so that the competition titles issued by the AMP, are recognised by the European Union (EU), which marks a milestone in Panamanian maritime history. This important agreement was signed by the minister of maritime affairs for Panama, Jorge Barakat and the secretary of state for the North Sea, Belgium, Philippe De Backer, and also by the director of the directorate general of navigation, Eugene Van Craeyvelt, at the office of the Maritime Inspectorate of Belgium (BMI) in Brussels.

This process began in June 2016, when the present administration, during an official visit to Belgium, held the first

Postal stamps commemorate the centenary of the Panamanian Ship Registry

The Panama Maritime Authority (AMP) and the General Directorate of Post and Telegraph have launched the first issue of stamps for the centenary of the Ship Registry to commemorate public recognition of this important activity.

Panama's vocation as a maritime country began at the beginning of the 20th century, December 13, 1917, when Panama began its journey in the competitive world of maritime industry opening a new window of opportunities and laying the foundations for the success of the International Ship Registry of Panama.

'Those commemorative stamps mark a milestone, since it honours for the first time an activity that has contributed to the national development, being the Ship Registry the first maritime international services company of the Republic of Panama,' said Jorge Barakat, administrator of



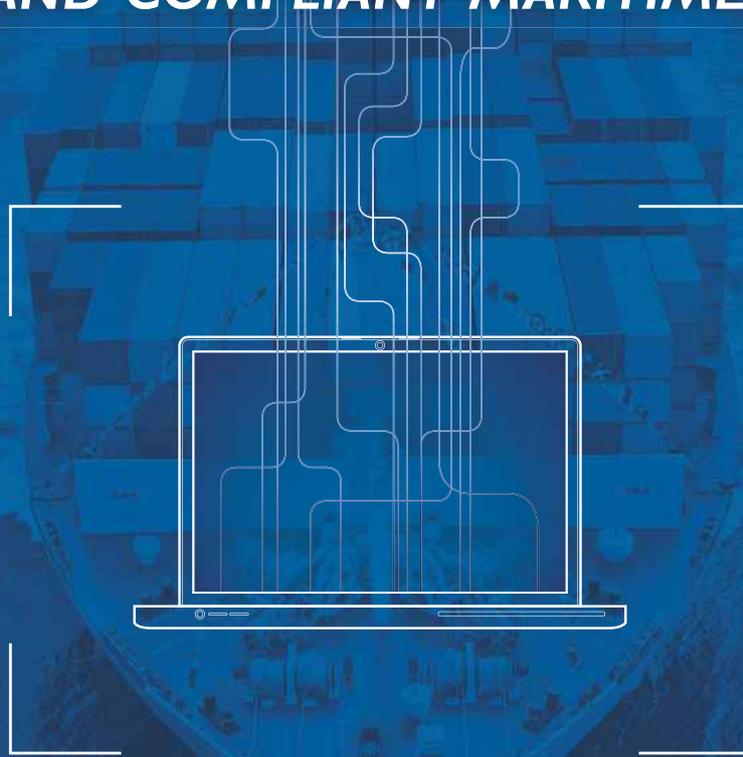
the AMP and minister of maritime affairs at the time.

It is also the recognition of the efforts of all the key players, who over the course of a century have promoted the growth of world trade, through the development of international services such as the flagging of ships and of the maritime industry. Barakat

thanked the National Post Office and its general director, Rubén Gómez, for this issuance of new stamps.

The director of the Post and Telegraph office Rubén Gómez highlighted the maritime activity impact in Panama's economy while noting that the launching of six postal stamps, with images of ships transiting the international seas waving the Panamanian flag is an homage to the Centennial of the Panamanian Ship Registry, which through its motto 'uniting ports, seas and people' has helped to celebrate the name of Panama.

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meeting of rapprochement between both maritime administrations, which resulted in the support of Belgium to Panama when it applied before the European Commission for the recognition of qualifications of competence and degrees of sufficiency of third countries not members of the European Union.

Belgium, being the applicant country and as a requirement for the signing of this Agreement, conducted a preliminary audit in Panama in March 2018, to the General Directorate of Seafarers, whose purpose was to verify the degree of compliance. 'The efforts made by the AMP demonstrated the commitment of this Administration to comply with the STCW'78 Convention, as amended, and to promote the employment opportunities of our seafarers, as well as to strengthen the technical cooperation ties between Panama and Belgium, demonstrating in this way that the Panamanian Registry is focused on providing the international maritime industry, officers with a high level of professional training, competitive and at the forefront with the technological requirements that

guarantee a safe and reliable maritime transport,' said minister Barakat.

The AMP presented to Panama's maritime community in May 2019 a marketing study on the Ship Registry aiming at looking at Panama's competitors and what to do to improve the Registry tonnage which has slightly slowed down in the past two years.

The study's conclusions showed an excessive red tape and costs since most of the registrations of vessels are made through consulates. It calls for a redefinition of the register and advocates considering changing the present model to a new state-owned entity, independent, in some way similar to corporate-government institutions. The idea is not new and had been contemplated quite often but the advantages of being a state-backed register guaranteeing quality and security have kept the existing structure.

'The study is a good basis for adopting changes in the service infrastructure. However, it is necessary to incorporate actions that must be adopted, which must

be agreed with the merchant marine sector, because many of them are strong measures that can affect the direct participation by several agents in this business. Therefore, decisions must be focused on accessibility, modernisation, speed and quality of service, the reduction of costs borne by users, and the capture of new vessel registries, among other objectives,' said the head of Panama Ship Registry, Fernando Solorzano.

During Barakat's administration, the AMP for the first time has made 'real investments' such as the \$165m in a cruise terminal, and not the typical investments in small ports or fishing facilities. 'It was a long over-due project that we made a reality and that will put Panama on the map of cruise tourism,' said Barakat. The terminal will be inaugurated in 2020.

'There are still challenges but the most important will be, for the future administration, to eliminate the representation of the consuls and in its place, create 'technical registrar offices.' 'For a truly independent registry [without changing its structure],' said Barakat. ●

Panama Maritime Authority receives the Hellenic Maritime Award

The Hellenic Maritime Forum that took place in Greece, awarded the Panama Maritime Authority (AMP) its highest reward, the 'Hellenic Maritime Centre Award' as a recognition for its commitment to make the shipping industry safer, more ecological and sustainable.

'The Panama Ship Registry, the world's largest both in registered vessels and tonnage, has the support of the State which provides security and international quality service. The Register is dynamic, always in constant expansion and seeking new business opportunities, which explains why we have the 'first place' in the shipowners' preferences. Proof of that is our latest registration of the world's largest self-propelled semi-submersible crane called SLEIPNIR, designed to perform underwater equipment installations and removals, decommissioning services and heavy lift operations in oil and gas installations on the high seas around the world,' said Jorge Barakat, minister for Maritime Affairs when receiving the trophy (pictured).

'During this past quinquennium, we have made significant legal and regulatory changes in order to guarantee the quality and transparency of our work, since we represent 18% of the world merchant fleet and set the standard of the shipping business.'

'The implementation of the on-line technology [in the Register] has contributed to streamline procedures, improving processes, response time, and of course ensure the validity



and authenticity of the issuance of technical certificates by the International Ship Registry of Panama with including the digital signature and other security and transparency features,' he noted.

'Since 2002, we have been part of the "A" Category of the Council of the International Maritime Organisation and have been re-elected for the biennium 2018-2019. In addition, since 2002 we belong to the Tokyo White List of the Memorandum of Understanding (Tokyo MoU) and since 2010 to the White List of the Paris Memorandum of Understanding (Paris MoU), entities responsible for supervising the activities of the Port State Control in the continent,' added Barakat.

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An important contributor to the country's economy

Oldest open registry

Panama Ship Registry has become a brand name in the maritime sector since its creation in 1917. Although it is entering its 103rd year of operation,

being the oldest open registry, it is the world's largest register since 1993, having never failed to ratify, implement and comply with the major international maritime conventions.

The ship registry is an important contributor to the country's economy bringing directly around \$160m in fees and taxes, and indirectly some \$250m including the legal sector which is one of

A new team leads Panama Ship Registry

With the new Administration of President Laurentino Cortizo Cohen, on July 1, a new team came on board the Panama Maritime Authority with the designation of naval architect Noriel Arauz as administrator and minister of maritime affairs, and nautical engineer Rafael Cigarruista at the head of the directorate of merchant marine, therefore responsible for the Panama Ship Registry and Capt. Demostemes Sanchez as his deputy director.

It was the first time, in more than a decade, that the institution that governs the maritime sector, is administrated by technicians of the sector.

Cigarruista has a wealth of experience in Casualty Investigations, Flag Inspections, Classification of Vessels, IMO Rules Implementations including STCW (seafarers) requirements, having previously worked in different areas all related to the flag implementation requirements and responsibilities, as well as in the private sector.

An affable man who starts his day at around 5a.m., exercising and reading international newspapers before going to the office, 'my work days are long and I don't leave until I close urgent files,' he says.

The world's largest registry is getting an extreme make-over to maintain it in this position considering that competition is fierce amongst the world's top registers. 'We need to address some internal re-structuring in particular in the investigation and technical supervision departments, improving our on-

line services with modern technology though respecting due diligence which is taking more importance than ever in view of continuous threats at sea,' he explains.

After 20 years of experience, always in full contact with ship owners, charters, seafarers and life onboard Vessels, his view, prospective and approach are certainly different, from the dry dock (repairs and construction) to the ISM, ISPS and MLC Implementation.

'The market has changed therefore the Panama Flag business model must adapt, we must understand that our way or working, methodology and internal process are in extremely need to be part of a vast re-engineering. The technical staff must be specialised, digitalisation, transparency, rules of implementation and compliance and customer service are the main topics that we must tackle as soon as possible,' he says.

'Our registry is still the leader. However, competition is pushing us to take immediate actions. In other words, our users, providers and customers can rest assure that this administration is in the good hands of experience and knowledgeable team in the maritime sector to set forth on this voyage to optimise, maintain and support the Panama Registry for here on.'





its main beneficiaries. It is also the flag with the highest number of seafarers, over 630,000 seafarers' worldwide which held Panama competency licence to date, the largest manpower registry globally.

The numbers of vessels rise or decrease slightly but have remained relatively constant. Total tonnage at end-December 2018 reached 217,152,595gt down from 218,484,082gt at end June 2018. The number of vessels in December 2018 to 8,000, up from 7,916 in June 2018 (the register eliminated several ships considered sub-standards) but down from 8,017 in December 2017 and 8,085 in June 2017, according to IHS Global. At February 2019, the number of ships slightly decreased to 7,916 while tonnage was up to 217,227,377gt.

Panama's merchant marine represents 17.1% of the world's fleet at end-June, 2018 and the age of the fleet is at 18 years.

The participation at August 2018, by vessels owners' nationalities was the following: Topping the list is Japan with 41.3% of total Panama's tonnage; South Korea, 9.7%; Greece, 6 %; Switzerland, 5.9%; PRC, 5.2%, China/Taiwan, 5.1%; China/Hong Kong, 2.1%; Bermuda, 1.5% and others, 23.3%, according to Panama's Merchant Marine statistics department.

The majority of Panama's fleet, 48% is constituted by bulk carriers, 103.8m gt; followed by dry cargo and passengers, 27% with 59.5m gt; tankers with 22% and 47.8m gt; and others with 3% and 7m gt for a total of 218.16m gt according to IHS Global.

To date, 56% of the fleet is under ten years old with 19% under four years of age with 1,104 vessels and tonnage of

42m gt while 37% are under nine years of age with 2,137 vessels and 81.2m gt. Under 14 years of age are 1,336 ships, 21%, totalling 45.02m gt and vessels over 15 years total 49.9m gt and 3,410 ships.

In recent years, the Panama Maritime Authority (AMP) has opened new offices of SEGUMAR (Segumar is the acronym for Seguridad Maritima – Safety at Sea. The Segumar offices offer technical support and a 24/7 service all year round) in Ibamari, home of Japan's leading maritime cluster and in Istanbul and Miami, that has replaced the New York office. Segumar has also offices in Piraeus, Busan, Seoul, Singapore and Tokyo with the Segumar-Panama office having the largest number of employees.

All these offices are staffed with technicians speaking the language of the country and, as such, able to reply promptly to any eventual technical problems. 'We have also opened Segumar offices that provide these same services in Manila, London, Houston and Dubai,' said Panama Maritime Authority (AMP)'s general director of Merchant Marine and head of the Ship Registry Fernando Solórzano. 'And recently, a Segumar office has been habilitated in Shanghai, China'.

The decision to open diplomatic relations with China in June 2017 gave Panama's maritime sector and the Ship Registry in particular many opportunities. An immediate benefit was the opening of the Consulate and merchant marine office in Shanghai, with a Segumar office.

The Shanghai Consulate can register all maritime services including naval mortgages and property titles. Now with diplomatic relations, Panama will

qualify for establishing technical offices in China for the control of maritime safety and navigation of its vessels, which will strengthen the quality of the fleet. A Consulate was later opened in Guangzhou, formerly Canton, which is an important centre of distribution.

In November 2017 in Beijing, Panama and China signed a bi-lateral Agreement on Maritime Transport that includes Panama in the list of co-operative countries and promote the competitiveness of the Ship Registry. A Memorandum of Understanding (MoU) on maritime matters was later signed by China's Ministry of Transport and the AMP. The MoU allows to implement projects and activities that contribute to strengthening relations between the two countries.

Starting July 1, 2018, the Panama Ship Registry has received 'the Most Favoured Nation' treatment and Panama-flagged vessels can now enjoy the advantages and lower port costs applicable to other States which have similar agreements with China. The agreement includes transfer of knowledge and technical control of ships' documentation and crews on board Panamanian vessels.

Digital technology has been implemented in the Ship Registry starting with the Seafarers Automated Application (SAA), therefore the manual system has been suspended. SAA is the technological platform that allows access online, 24/7, with emissions of seafarers' documents in short time with transparency, following standards established in the STCW'78, amended, which confirms that the maritime administration complies with the international standards of training and certification for the more than 600,000 seafarers worldwide.

As well, the implementation of the BWMC has been the kick-start opportunity to achieve this goal, through the e-segumar application window, and as well as in this way contribute with the paperless culture. The certificates will not be delegated to the Recognised Organisations (ROs). The certificates have validity and consistency with the format and content required by the relevant International Conventions or instrument. The certificates are protected

from edits, modifications or revisions by other parties. They have a unique tracking number for verification purpose, as well as a printable and visible symbol confirming the source of issuance.

'With the new platform e-segumar app, (e-segumar application window) third parties' intervention is not required; this will reduce as well any additional charge, unless the ship owner or operator decided to use third parties in this process,' says Fernando Solorzano. The current e-certificates are: CLC g2; BWMP Approval; IBWMC and DMLC Part I. And as part of the planning schedule more certificates will be added to the e-Segumar platform during these coming years.

'As a leading Register, we are working towards the commitment with the shipping industry to facilitate the communication among the ship, its owner, manager, the port state control authorities, the class or Recognised Organisations, and our administration,' says Solorzano.

Panama Ship Registry has also launched the Maritime Safety and Inspection System Global Platform, an accurate and fast receiving data system working on a 24/7 basis.

This platform, in addition to facilitating the work of Panamanian inspectors,

will guarantee the safety of the navigability of the vessels registered under the Panama flag and will show warning measures for the decision-making based on the different processes carried out by the Department of Navigation and Maritime Safety, for the realisation of Annual Flag Inspections (ASI), Domestic fleet Inspections (ISI), as well as Port State Control Inspections (PSC).



Fernando Solorzano

This new 'app' provides a fast and fluid communication between the Department of Navigation and Maritime Safety and the Departments of Ship Registration, Maritime Protection of Ships and the General Directorate of Seafarers. It will show the warning measures for decision making based on the different processes carried out by the Department of Navigation and Maritime Safety, either through (emails or warning messages in the web application), where the offline application will be integrated on mobile devices (tablets), for carrying out Annual Flag Inspections (ASI) and Domestic fleet Inspections (ISI), to the Panama-flagged ships, as well as conducting Port State Inspections (PSC) to the ships flagged by other registries.

The system can be accessed from a fixed or mobile computer from any place where there is internet access 24/7, obtaining information on all applications that are entered into the system. The ASI carried out through this system will be carried out at an international level to all Panama-flagged vessels through the flag inspectors duly authorised by the General Directorate of Merchant Marine. The system streamlines the process of data delivery by inspectors ASI, PSC, ISI in national and international waters, in addition the application provides the facility to administer inspectors' files, as well as handle everything digitally, including images. It is possible to review all the documents of the same by the different users of the sections of the different types of inspections, besides being able to carry out online evaluations to the inspectors and to archive a history of everything they have done throughout their delegation of respective functions or authorisations.

Information on all ASI, PSC and ISI applications can be obtained and follow-up on PSC inspections carried out on Panama-flagged vessels in foreign ports, accessing the information reported in the databases of the different Memorandum of Understanding of Port State Control whose access has been authorised by the Maritime Authority of Panama.

Panama-flagged world's largest dual-fuel semi-submersible crane vessel

The Netherlands-based Heerema Marine Contractors (HMC) has developed a new generation of cranes called Sleipnir. The SLEIPNIR is designed for heavy work on the high seas around the world. It is equipped with two cranes of 10,000m tonnes of lifting capacity each and a reinforced deck area of 220mtr long and 102mtr wide, making it the largest crane vessel in the world.

Named after Norse God Odin's eight-legged stallion, the SLEIPNIR is the first SSCV to be able to run on LNG and/or marine gasoil (MGO) for the installation and decommissioning of offshore structures globally.

This very special vessel is classed by Lloyd's Register of Shipping and registered under the flag of Panama by the Netherlands-based Hubel marine BV operated by Erik de Koning.

Built at a price of \$1.5bn, Netherlands-headquartered Heerema has lined up at least eight jobs including the first in September this year for Noble's Leviathan field in offshore Israel lifting a 13,000tonne topside. Seven other jobs include ExxonMobil's



Jointen B, Shell's Brent A, Total's Tyra, Equinor's Johan Sverdrup P2, Aibel's P2, Marathon Oil UK's Brae Bravo, and Fairfield Energy's Dunlin Alpha Topsides.

'We believe that in five years' time there will be a sufficient uptake in gas bunkering worldwide,' said Pieter Heerema, chairman of the board of Heerema Marine Contractors.

In January 2018 The General Directorate of Merchant Marine (DGMM) of the Panama Maritime Authority (AMP) was successfully audited by Lloyd's Register Quality Assurance, Inc. (LRQA), achieving an effective transition from the Standard of Quality ISO 9001: 2008 to the Quality Standard ISO 9001: 2015.

The ISO 9001: 2015 Standard is the basis of the Quality Management System-SGC, which fulfils the function of establishing international regulations that serve as a reference standard for the quality management of a company anywhere in the world. For the Ship Registry, obtaining this re-certification in the framework of its centennial is fundamental to carry on imposing new goals.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments, adopted in 2004 (BWMC), came into force. Accordingly, all ships engaged in international maritime transport must carry out their ballast and sediment water management in accordance with the provisions of that Convention. The AMP and the Ship Registry have created a specialised section to evaluate the technical documentation that Panama-flagged ships must carry on board, as evidence of faithful compliance with the International Convention.

As a result, the AMP determined that the definitive certification and approval of the Ballast Water Management Convention (BWMC) plans will be carried out by the General Directorate

of Merchant Marine in the SEGUMAR-Panama Department and 'considering the importance of the implementation of this Convention at the international level and compliance by the Panamanian merchant fleet, it is therefore necessary to delegate to our Recognised Organisations some of the tasks necessary to control and comply with the Convention's guidelines on board Panama-flagged vessels,' said the AMP. Within these requirements it is possible to emphasise that the ships bigger than 400gt, are object of inspections with the purpose of verifying the faithful fulfilment with the requirements of the Convention.

'Currently, we have a special category of Circulars called 'BWMC' available on the website www.segumar.com, where our users can find updated information regarding the AMP's policy on the Convention for the Management of Ballast Water and Sediments of Ships,' explains Solorzano.

All vessels are required to maintain a BWM management plan, and the procedures described shall be implemented. In addition, all ships will have to carry a 'Ballast Water Log Book' and must apply BWM procedures in accordance with the rules of the Convention.

In reference to the "Sulphur Cap 2020", the Panama Maritime Administration has stated that it respects and abides the IMO decision related to the compliance measures on low percentage of sulphur in fuels, and continues to make efforts to guarantee the

implementation of the standard, which will be effective as of January 1, 2020.

In this sense, Panama through "Marina Notice" published in January 2019 with the objective of raising awareness on the new regulations, has advised its users to develop an implementation plan for a low percentage of sulphur in fuels.

At the same time, they consider it vitally important not to neglect the reality that the "scrubbers" are options allowed by the interested Member Parties, whose application on Panamanian fleet vessels have been approved and reported to the IMO, as appropriate. Therefore, they do not object the research taken and believe that the experience of those vessel owners whom, in good faith, have installed adequate equipment or mechanisms must be considered, thus avoiding penalties for the initiators.

Therefore, and as they have stated previously, Panama will continue participating in all of these deliberations, contributing with its support in a determined and diligent matter to and for the maritime industry, and executing balanced measurements that are necessary for compliance with the requirements of the IMO in relation to the quality of the environment and the operational efficiency of vessels.

There are a number of yachts that fly the Panama flag. Notwithstanding, there have been issues in which the Panama Ship Registry has encountered lack of proper regulations to confront specific matters. Thus, the Panama Maritime

Dow Jones Risk & Compliance to use Pole Star tracking solution

The Panama Maritime Authority (AMP), which oversees Panama's Ship Registry has adopted Pole Star's PurpleTRAC solution to ensure compliance to International sanctions across its registry operations and is the first in the sector to do so.

Recently, Dow Jones Risk & Compliance and Pole Star have announced a partnership for vessel tracking and screening checks. The partnership enables users of Dow Jones' trade compliance solution to access additional intelligence for vessel screening and monitoring via Pole Star's PurpleTRAC software.

PurpleTRAC provides a vessel's complete voyage history and screening checks for advanced auditing, combining Transponder signals with Inmarsat Satellite tracking.

Julian Longson, managing director of Pole Star, said, 'As we strive to make maritime trade safe and compliant, forming this mutually beneficial partnership with Dow Jones – the world leaders in third-party risk management and regulatory compliance solutions – is an exciting next step for us,' commented Julian Longson, md of Pole Star.

Dow Jones' trade compliance solution enables companies to assess risk with regard to dual-use goods, trade counterparties, vessels and sanctioned cities and ports.

It provides coverage of all major export control regimes, including the Wassenaar Arrangement, the Chemical Weapons Convention and US Commerce Control List.

PANAMA



Authority has decided to adopt as its own, the regulations appearing in the Red Ensign Yacht Code Part A and Part B (Resolution No.106-82-DGMM of September 12th, 2018). These regulations, prepared and adopted by the UK and its overseas territories, are the most referred to and applied around the world, with the highest standards for a safe and proper operation of these vessels. Those regulations entered into force January 1, 2019. The Panama Ship Registry is also working on the proper implementation of these regulations on yachts either operated for private use only or commercial yachts.

The Panama Maritime Authority presented to Panama's maritime community in May 2019 a marketing study on the ship registry aiming at looking at Panama's competitors and what to do to improve the Registry tonnage which has slightly slowed down in the past two years.

The study tackles an excessive red tape and costs since most of the registrations of vessels are made through consulates. It calls for a redefinition of the Register and advocates considering changing the present model to a new state-owned entity, independent, in some way similar to corporate-government institutions. The idea is not new.

'The study is a good basis for adopting changes in the service infrastructure. However, it is necessary to incorporate actions that must be adopted, which must

be agreed with the merchant marine sector, because many of them are strong measures that can affect the direct participation by several agents in this business. Therefore, decisions must be focused on accessibility, modernisation, speed and quality of service, the reduction of costs borne by users, and the capture of new vessel registries, among other objectives,' says Solorzano.

'These actions should be directed, for example, to an institutional restructuring, that strengthens our financial autonomy, incorporates valid market analysis mechanisms, pursues institutional profitability and consular operations, re-structures rates and taxes for services, fixes for each promoter of the registry budget goals and accountability,' he adds.

'On the other hand, it is necessary to review the competences of the management units of the Maritime Administration, so that the Merchant Marine Department registers and regulates all the technical aspects of the fleet; and that the seafarers department focuses on providing documentation of seafarers and supervise the training centres; that we assess whether all controls on international fishing vessels can be reincorporated into the Panama Maritime Administration, including monitoring, inspection, supervision, licensing, sanctions and reporting.'

'We must also unify the databases of the Public Registry and the Merchant Marine Department, establishing defined

controls, and implement – if the final decision is to maintain the consular offices external contacts, the E-Consulate system, so that all Services are provided online, including electronic documents and payments,' says Solorzano.

'There are many other actions that we can suggest to reduce the state bureaucracy, which are summarised in changing our management model by measuring the effectiveness of the service. Vessel registration should also be reinforced with more specialised human resources and ensure their continuous training.'

'We must encourage the creation of alliances and associations of shipowners and users in their multiple specialties (Modus, cruises, yachts, fishing, etc.).'

'And implement a plan to promote financial operations, including banking and financial centres, with active participation in renowned shipping fairs, forums and maritime exhibitions, always keeping in touch with our users.'

'The management of business intelligence is the key. Without neglecting bilateral relations with other states and blocks of States, achieving agreements on merchant marine, seafarers' documentation and competitiveness, to ensure our country the application of preferential rates, free access to markets, treatment of the most favoured nation, co-operation and reciprocity,' he concludes. ●



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Colon Container Terminal (CCT)



Expansion of the Canal has led to ports updating facilities for Neopanamax

Throughput boost?

The expansion of the Panama Canal did not bring more transshipment, as many thoughts originally. The Neopanamax vessels of up to 14,000teu/15,000teu which can now transit the waterway not only stop in Panama, but continue their voyage to their final destination in Latin American ports that have also expanded and dredged their facilities, therefore not adding more transshipment to Panamanian ports. Most of the shipping lines have consequently concentrated and reshuffled services.

In 2018, Panamanian ports cargo volumes showed slight growth of 1.7% to 7,014,410teu with container terminals posting all, a double digit increase, except for Panama Ports. However, in the first half of 2019 cargo volumes grew 0.6% to 3,340,507teu compared to 3,313,805teu the year before, reflecting the economic slowdown.

Colon is listed as 38th amongst the world's top 100 ports with 4,324,478teu in 2018, up 11.1% from 3,891,219teu in 2017.

Colon port complex (Manzanillo International Terminal, Cristobal and

Colon Container Terminal) had the highest throughput of all container gateways in Latin America and the Caribbean for 2018, according to figures released by the United Nations. Colon saw throughput of 4.3m teu in 2018, representing more than 11% of the total of 37.9m teu for the region's top 20 gateways, and Panama Pacific (Balboa and PSA) with 2.5m teu, down 15.6%, according to figures published by the UN's Economic Commission for Latin America and the Caribbean (ECLAC).

The figures are based on the performance of a sampling of 31 countries and 118 ports and port areas in the region, ECLAC said.

Colon could see a further boost in throughput this year from China. Late in 2017, as China's President Xi Jinping visited the country, Chinese officials said their country would give the Panama Canal more importance in its trade due to its strategic location.

China officials said China is the second-largest user of the canal (at the time) and is the main supplier to Colon's Free Trade Zone. As a result, they said, Panama could

become the main connection between China and Central America.

Panama Pacific's Port of Balboa saw its throughput drop by 15.6% in 2018, but it still came in amongst the top five ports in Latin America and the Caribbean for 2018, according to figures released by ECLAC. Balboa saw throughput of 2,520,587teu in 2018, down 15.6% from its total in 2017 of 2,986,617teu.

Balboa was named the region's fifth-highest performer by throughput in 2018, following Colon at 4.3m teu, up 11.13%; altogether, the region's top 10 ports saw throughput of 26.3m teu, while the next 10 had a total of 11.6m teu for a total of nearly 38m teu in the top 20 ports.

Despite the downturn in 2018, Fitch Solutions forecast growth in throughput for the Port of Balboa over the coming four years. Fitch estimated throughput of 3,227,238teu for 2019, rising to 3,674,702 for 2022.

Every terminal registered growth in 2018 – two of them MIT and CCT with double digit – with only Balboa with cargo volume decreasing by

Panama Ports Company (PPC)

The formation of new alliances between the shipping lines, following the expansion of the Panama Canal and transit of Neopanamax through the new locks of Cocoli and Aguas Claras, have put pressure on transshipment as Neopanamax vessels can go to their final destination without unloading cargo in intermediary terminals as most of Latin American ports have also expanded and dredged their facilities. Panama has not been exempted of those re-routing services. During the first half of 2019, volumes have shown a slight increase of 0.6% to 5.34m teu compared to 5.32m teu a year ago.

At Panama Ports Co (PPC) a subsidiary of Hutchison Ports Holdings, that administers the ports of Balboa on the Pacific side and Cristobal, on the Atlantic, cargo volumes have decreased as some services are calling the recently opened and expanded terminal that faces Balboa.

Cristobal which had, in 2018, still benefitted, like in 2016 and 2017, from cargo volumes that were unable to reach Bahamas' Freeport heavily damaged by hurricane Mathew in 2016, has returned to its normal activity and therefore seen also a fall in volumes compared to 2018. During the first half of 2019, Cristobal moved 472,240teu while Balboa, which is the terminal with larger capacity in Panama, handled 892,419 teu.

Panamanian ports are strategically located at both ends of the Panama Canal and offer benefits no other ports can, and for Panama Ports, being located on both the Atlantic and the Pacific sides is an advantage. In recent years, PPC has invested more than \$1.4bn to improve its facilities in Balboa and Cristobal.



In its constant effort to consolidate strategies that improve the local economy through world maritime trade, Panama Ports is making efforts to position Panama as the best logistics hub of Latin America and has been able to demonstrate its transshipment capacity through the trust placed in its commercial allies, receiving new cargo transshipment services in Panama. Starting the second half of 2019, Balboa receives the new 'CLX' service that consolidates Maersk's cargo with Hamburg Sud.

This new service will provide the South America West Coast route with northern Europe, direct coverage between Chile, Peru and Colombia, with Northern Europe (Germany, UK, The Netherlands and Belgium), including a stop in Panama for transshipment. This new service is operated with ships of 1,400 reefer plugs on board, adapted to the needs of the route. The first departure was made at the beginning of June on the ship 'Luna Maersk' that left Chile towards northern Europe.

29.3% because of the expanded PSA-Panama, on the Pacific side facing Balboa, which began operation of its 2m teu-expanded terminal in March.

On the Atlantic side, Evergreen's Colon Container Terminal (CCT) posted growth in 2018, of 16.4% with 816,378teu, while SSA's Manzanillo International Terminal (MIT) increased volume by 18.5% to 2,225,055teu, returning to the 2m teu mark. Cristobal, administrated by Hutchison's Panama Ports, saw a decline of 2.2% to 1.282,736teu as it still benefited from transshipment from the Caribbean in the wake of various hurricanes that damaged the islands.

On the Pacific side, cargo volumes at Balboa, also administrated by Hutchison's Panama Ports fell by 29.3% to 2.225,055teu because some services that used to call the terminal moved to the recently opened PSA-Panama that registered

increase of 646.5% to 608,906teu up, from 81,568teu a year ago. 2.9m teu.

During the first six months of 2019, cargo volume was slightly up by 0.6%, affected again by strong declines in Balboa and Cristobal: Cristobal because normalcy returned to Bahamas' Freeport and the Caribbean terminals and Balboa because some Neopanamax services moved to PSA-Panama and the Hutchison's Pacific terminal suffered a 12-day strike that perturbed loading and unloading containers.

Cristobal volumes fell by 22.8% to 472,240teu and Balboa saw again volumes dropping by 23.4% to 892,419teu. However, starting the second half of 2019, Balboa receives the new 'CLX' service that consolidates Maersk's cargo with Hamburg Sud. CLX service will provide the South America West Coast route with northern Europe, direct coverage

between Chile, Peru and Colombia, with Northern Europe (Germany, UK, The Netherlands and Belgium) including a stop in Panama for transshipment. This new service is operated with ships of 1,400 reefer plugs on board, adapted to the needs of the route. The first departure was made at the beginning of June on the ship 'Luna Maersk' that left Chile towards northern Europe.

Colon Container Terminal (CCT) posted a small growth of 1.6% to 366,253teu. 'Several services returned to CCT last year and continue to call the Atlantic terminal, but we lost the PWS in February; since then we've made up for much of that lost volume through customer realignments as well as customers repositioning more equipment through Panama,' commented CCT president Stephen Shaffer. 'For the rest of the year we may end up a little below the 2018 mark.'

Manzanillo International Terminal (MIT) moved 1,117,849teu, up 7.2%. 'Due to new network and services configurations we expect 2019 to close with around 2.5m teu, a 15% increase from 2018 total volumes,' said MIT general manager Stacy Hatfield. Although the Project Cargo is currently

down, as many of the major projects have been completed, 'we do expect this cargo will increase for the 4th bridge project and others in the future,' he said. According to government officials, the construction of the 4th bridge over the canal should begin by year-end.

With an increase of South American exports, principally in reefers, 'the YTD reefer moves (January through July) for both 2018 and 2019 were 14% of the overall moves, although we do expect a slight increase in 2019 for the remainder of the year. Maersk Line,

PSA-Panama



The second phase of PSA Panama which doubled its capacity to 2m teu was inaugurated April 2, 2018, with the arrival of 15,100-teu MSC Renee, leading the terminal to close 2018 with 608,906teu, up 646.5% compared to the same period a year ago. During nearly three years PSA Panama volumes had been declining because of the construction of the expansion and seeing growth of triple digit was extremely comforting and promising.



Alessandro Cassinelli

The first seven months of 2019 saw volumes increased again by triple digit for the period January-July to 550,000teu. 'Our forecast for the whole 2019 is just slightly below the 1m teu mark, maybe 950,000teu year-to-year. And in 2020, though it is early to say, we definitely count on passing the 1m teu mark,' said PSA-Panama general manager Alessandro Cassinelli.

'Although Panama remains a strategic hub in a strategic location, uncontrolled and long-lasting actions such as the one suffered by PPC [a twelve-day strike at the balboa terminal] are damaging the country's perception abroad. Competition of neighbouring countries is already fierce when it comes to service level and reliability and certainly what just happened was a 'own score' that puts all of us one step behind where we were just before,' he commented.

During Balboa slowdown, some vessels could not unload cargo and 'yes it did [bring additional cargo] although it was marginal. We have helped some shipping lines not to take the decision of diverting their ships and cargo to other countries and ensured that the containers were operated in Panama.'

'After our 'go-live' in June 2018, we are handling 14 weekly calls

of MSC, ONE and Hapag Lloyd,' Cassinelli explained.

With the 2020 sulphur cap entering force January 1, 2020, there is some concern whether the measure will have any effect on global volumes. 'The 2020 IMO regulation will certainly have an impact on volumes. Transshipment may become again as relevant as it was in the past and we are ready to play the pivotal role that shipping lines will be looking for in case of need.'

Another subject of worry is the US-China trade war which has resulted in high tariffs on Chinese products and 'US import will be impacted by the increase on duties making Panama suffer from this, by seeing lower transshipment,' he forecasts.

'Panama has still a lot of potential to be unveiled. We are in the middle of the Americas and we can all play a much bigger role than today.

If we want to think of ourselves as a hub we need to play big. Neighbouring countries need to be our market reach, perhaps using the combination air/sea to offer a combined product? Air-freighting sensitive cargo into Panama, stuffing and shipping it could be our next frontier,' observed Cassinelli.

'On the other hand, we have many multinational companies having Regional Headquarters offices in Panama. By increasing and making more reliable our technology and work stability, we might be able to create the local cargo that today we do not have. Although Panama does not have big production/consumption, the country can develop other means to become relevant in terms of import/export.'

'We still have our PanaHub 2.0 project with the Logistic Cabinet to be fully developed and all of these ideas need to be discussed,' Cassinelli said.



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Colon Container Terminal (CCT)

Evergreen's Colon Container Terminal (CCT), located on the Atlantic side, has posted growth of 16.4% in 2018 to 816,373teu and reached 366,233teu during the first six months of 2019, up 1.6% compared to the same period a year ago.

'Several services returned to CCT last year and continue to call the Atlantic terminal, but we lost the PWS in February; since then we've made up for much of that lost volume through customer realignments as well as customers repositioning more equipment through Panama,' commented CCT president Stephen Shaffer. 'For the rest of the year we may end up a little below the 2018 mark.'

But 'several major economic regions are on the verge of recession. A broad-based slowdown is resulting in lower growth in China, Europe, as well as in Latin America. The US is not far behind. The global macro picture isn't good,' said Shaffer.

'At the beginning of the year I saw little cause for effusive optimism despite the final 2018 macroeconomic data coming out of many markets. My concerns were, and remain, the nature of the growth, i.e., its underlying drivers, and how much gas is still in the tank of each major economic region. Add to that the non-cyclical factors such as trade wars, and the pressure on those underlying cyclical growth drivers only amplifies the fragility of underlying growth.'

'For the [Panamanian] ports on aggregate, demand has held up relatively well despite the global slowdown. Early indications from the new government is that it is 'laser-like focused' on converting ideas and concepts of the 'logistics hub' into concrete and tangible policies and initiatives that draw more international manufacturers, retailers, and their logistics operators to Panama. So, at the moment I am optimistic and encouraged by the new government's approach to the sector thus far,' Shaffer added.

'The location of Panama at the nexus of east-west and north-



south trade lanes positions it as well as anyone in the region. Lately, some reconfigurations across a number of carriers have resulted in some incremental volume landing in Panama. This is to say that growth for Panama's ports this year may well be driven by shifts in market share among regional ports as lines move to take advantage of wherever growth is occurring, and aligning their fleets to optimise capacity around that new growth pattern.'

'Where I think Panama can continue to derive growth is through the further development of the logistics market. Many existing users of Colon Free Zone and Panama Pacifico are actually looking to expand in Panama. The drivers of their growth are both regional demographics (purchasing power, age demographics), increasing penetration of digital/e-commerce platforms, supply chain optimisation-driven (JIT, last-mile customisation), as well as a flight to safety, from the potential effects of the Trump-China trade tensions which could affect other distribution locations used by the same companies,' commented the CCT president.

'While those companies engaging in these kinds of regional distribution expansion projects may not represent the majority of port volumes today, it is that kind of volume that can underpin and moderate the effects of regional economic headwinds.'

including Hamburg Sud and Sealand, have the main share of reefer moves year to date 2019, with the principal destinations being Europe and the US for reefer exports from the west coast of South America,' Hatfield said.

PSA-Panama posted a substantial increase of 255.8% to 456,148teu. 'Our forecast for the whole 2019 is just slightly below the 1m teu mark, maybe 950,000teu year-to-year. And in 2020, though it is early to say, we definitely count on passing the 1m teu mark,' said PSA-Panama general manager Alessandro Cassinelli. In addition to MSC own services, PSA Panama also handles vessels from MSC's partners: ONE,

Hapag Lloyd, Sealand and Hamburg Sud. 'After our 'go-live' in June 2018, we are handling 14 weekly calls of MSC, ONE and Hapag Lloyd,' Cassinelli explained.

'Although Panama remains a strategic hub in a strategic location, uncontrolled and long-lasting actions such as the one suffered by PPC (a twelve-day strike at the Balboa terminal) are damaging the country's perception abroad. During Balboa slowdown, some vessels could not unload cargo and 'yes it did [bring additional cargo] although it was marginal. We have helped some shipping lines not to take the decision of diverting their ships and cargo to other countries and ensured that the containers were

operated in Panama,' Cassinelli said.

Panamanian ports is a sector that has received large investments which surpassed the \$3.5bn-\$4bn bringing total capacity to 14m teu, without counting the future \$1.1bn-2.5m-teu-box terminal in construction on the Atlantic side in Margarita Island, next to CCT, by the Chinese consortium Landbridge Group and its partners. The box terminal consists of three berths totalling 1.2km with a draught of 18 metres, which is being built by China's CCCC Group and the design of the piers by Beijing-based Port Design Institute (PDI). Two of the three berths will have capacity to receive Super-Neopanamax vessels and



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The proximity of the PSA facilities to the Panama Canal, has allowed easy access to the main Intermodal route of the Americas, making Panama one of the leading countries in port logistics in Latin America and the Caribbean, positioning port activity in one of the main pillars for its economic development.

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the third berth for Neopanamax and multipurpose ships. PCCP has a 20-year-concession renewable for 27 hectares where the terminal and container yard will be built. Construction works have slowed down recently leaving in doubt they could conclude by end-2020.

Cristobal was revamped with 13 STS cranes 47 RTGs as part of its expansion that doubled its capacity to 2m teu. MIT has completed the first phase of its expansion plan, with an increase in capacity to 3.5m teu. Panama Ports Company (PPC) has invested over \$1.5bn to increase capacity in Cristobal and



Stacy Hatfield, MIT

STS cranes, the biggest carnage in Latin America. PSA-Panama expansion increased from 450,000teu to 2.5m teu per year. The new terminal has 11 quay cranes with a maximum outreach of 24 rows and over 1.1km of berth. The

Balboa. The 50 hectare-expansion of PPC facilities in Balboa has included extending the container yard to 63 hectares and Balboa piers to 1,900mtr of quays with 27

investment into civil works amounted to \$285m while the value of equipment was over \$125m. In addition to the eight Quay Cranes, the terminal features 12 Rail Mounted Gantry Cranes (RMGs), nine Rubber Tyred Gantry Cranes (RTGs), 52 Prime Movers and three Empty Container Handlers.

On the passenger shipping front, the consortium Cruceros del Pacifico, formed by Belgium's Jan de Nul and Beijing-based China Harbour Engineering Co, was awarded a \$165.7m contract by the AMP to design, develop and build the Amador Cruise Terminal at the

Manzanillo International Terminal (MIT)

The first container terminal to be inaugurated in Panama was Manzanillo International Terminal (MIT-Panama) in 1995. Located on the Atlantic side of the Panama Canal, Manzanillo International Terminal (MIT), a joint venture between Seattle-based SSA Marine and a group of local investors, will celebrate its 25th anniversary in 2020, a milestone for port activity in Latin America. MIT, with a capacity of 3.5m teus, became the first terminal in Latin America to introduce Automatic Stacking Cranes to support yard operations and is renowned as model of efficiency.

MIT closed 2018 with a record 18.5% growth to 2,225,055teu, up from a 2.6% increase in 2017 compared to 2016. The increase was the result of new services connecting the Americas, Caribbean, Europe and Asia regions, said MIT general manager Stacy Hatfield.

For the period January-July 2019, 'we finished with 1.368m teu, up 9.8% compared to the first seven months of 2018,' said Hatfield. 'Due to new network and services configurations we expect 2019 to close with around 2.5m teu, a 15% increase from 2018 total volumes.'

Although the Project Cargo is currently down, as many of the major projects have been completed, 'we do expect this cargo will increase for the 4th bridge project and others in the future,' said Hatfield. According to government officials, the construction of the 4th bridge over the canal should begin by year-end.

With an increase of South American exports, principally in reefers, 'the YTD reefer moves (January through July) for both 2018 and 2019 were 14% of the overall moves, although we do expect a slight increase in 2019 for the remainder of the year.

Maersk Line, including Hamburg Sud and Sealand, have the main share of reefer moves year to date 2019, with the principal destinations being Europe and the US for reefer exports from the west coast of South America.



A recent partial strike in one of Panama's terminals was disruptive to the general port environment in August. 'The last time the Pacific side suffered from a labor strike (almost two weeks), there were negative consequences to container volume growth. We hope all stakeholders realize the susceptibility of transshipment volumes to service disruptions. Panama needs to continue offering consistent, reliable marine terminal services to protect the jobs in the sector and create new opportunities,' commented Hatfield.

Only six months remain to implement the so-called '2020 sulphur cap' but is not expected to be disruptive by the port operators. 'Aside from some operational cases of vessels' phase-in/out to have scrubbers installed, we don't foresee any major impact from the new sulphur mandates. Around 8% of vessels calling MIT take bunkers while alongside,' he explains.

Even if the US-China trade war continues to make headlines, 'we don't see a direct correlation of high tariffs in the US and cargo volumes in Panama. However, the resulting economic uncertainty does affect investment and consumer confidence, which ultimately could have an effect on economic performance and cargo volumes.'



PSA-Panama

Panama Canal's Pacific entrance. The terminal, with a draught of 10.5mtr, will have capacity to accommodate two cruise ships of 360mtr in length, with a capacity of 5,000 passengers per vessel and is expected to be inaugurated in 2020. An international tender will be called for the administration of the cruise port, since the AMP wants the terminal opened to every cruise line.

The US-China trade war and some slow down of Panama's economy during the past twelve months ad worried ports operators, but since there was a change of government and a new president Laurentino Corizo sworn-in July 1, most are optimistic about the near future. 'The government of Cortizo is formed by very good professionals that understand the importance of the maritime sector as well as the role that Panama plays in the shipping industry,' said PSA-Panama's Cassinelli. 'We indeed see no growth when we explore the months to come with our client which tells us there is a general slowdown and uncertainty for the future.'

'There are many theories about Panama's economic performance – high, by regional standards, but not strong (or deep) enough to be felt by the ordinary Panamanian. On the other hand, years of above-average (and unsustainable) economic growth aggravated national debt levels and brought inflationary

pressure. On the short term, the world and regional trends do not point to a 'recovery' (for an economy that relays more than 75% on service sector). For the long- term, structural economic reforms are needed,' commented MIT gm Stacy Hatfield. While many economists point at an imminent recession, 'if we were to compare same services (not taking into consideration new ones that have resulted from network changes), we would see a reduction in container volumes... a likely indicator of low regional economic performance,' he added.

About the impending trade war, 'the back and forth between Washington and other markets is certainly not causing anyone to raise growth projections. If anything, the opposite. There is a great deal of interconnectedness between the economies in question, and the ripple effects of these battles is certainly having a dampening effect on global growth,' CCT president Stephen Shaffer explained.

'For Panama, whether it comes from China or Vietnam or Malaysia, it will still arrive at one of five ports and the port that has the carrier/service combination connecting manufacturers and buyers will benefit most. On aggregate, I would not expect the tariff battle to increase prices of goods for Panama. Since Panama is not a party to the trade battle taking place, if anything, producer markets could have a surplus of products (or surplus of capacity

for sure) which could result in downward pressure on the prices of imported goods.'

'For the ports on aggregate, demand has held up relatively well despite the global slowdown. Early indications from the new government is that it is laser-like focused on convert ideas and concepts of the 'logistics hub' into concrete and tangible policies and initiatives that draw more international manufacturers, retailers, and their logistics operators to Panama. So, at the moment I am optimistic and encouraged by the new government's approach to the sector thus far,' commented Shaffer.

'For the existing base of cargo passing through the region, the location of Panama at the nexus of east-west and north-south trade lanes, positions it as well as anyone to do not worse than anyone else in the region. Lately some reconfigurations across a number of carriers has resulted in some incremental volume landing in Panama. This is to say that growth for Panama's ports is presently driven by shifts in market share among regional ports stemming from lines moving rapidly to take advantage of wherever growth is occurring and aligning their fleets to optimise capacity around that growth pattern.'

'Where I think Panama can continue to derive growth is through the further development of the logistics market. Many



Stephen Shaffer, CCT

existing users of Colon Free Trade Zone are actually looking to expand in Panama. The drivers of their growth are both regional demographics

(purchasing power, age demographics), increasing penetration of digital/ecommerce platforms, supply chain optimisation-driven (JIT, last-mile customisation), as well as a flight to safety (from the potential effects of the Trump-China trade tensions which could affect other distribution locations used by the same companies). While those companies engaging in these kinds of regional distribution expansion projects may not represent the majority of port volumes today, it is that kind of volume that can underpin and moderate the effects of regional economic headwinds.'

'In the short-term, the tool that is probably most readily available to the government is to re-evaluate the manner in which it selects contractors who bid on public works projects like subways, bridges, roads, etc.'

'It wasn't so long ago that during the expansion of the Canal that economic activity was at a fever pitch. Now, one has to factor in the effects of the commodity bubble the led to a great deal of investment from neighbouring economies, but nevertheless there were foreigners and locals alike earning

income locally and spending it locally. The money spent on that project undoubtedly had a significant multiplier effect on the economy in the sense that for each dollar spent on the project, a good portion of that money cycled through the local economy more than once,' believes the CCT president Shaffer.

'During the past couple of years, it has been difficult to tell that there are any significant public works projects underway because you don't see the spending the way you saw it before. That tells me that much of the money being spent isn't staying local and rather it is trapped somewhere or going offshore. The result of that situation is that your multiplier effect could be less-than 1.0x.'

'From a public policy perspective, policy makers should aim not only to get subways and bridges built for the best value, but their calculus of 'value' should also consider which option would give the economy the biggest bang for the buck? And that would apply both during the construction phase as well as post-construction. For many decades policy makers have looked toward things like Leontief input-output models to attempt to compare the different project alternatives from a tax revenue, income, and consumption perspective. The models were not perfect and could be abused by some politicians, but they were nevertheless one approach to figuring out whether you had a better bang for buck than an alternative. I haven't heard of that or any other methodology

being utilised in Panama, but some form of impact model, (even a cost-benefit model) would be probably be worth considering to ensure that new projects have greater short-term impact,' he said.

'For the mid-term, the emphasis will need to be on making Panama even more competitive for logistics activities – in terms of aligning a whole array of policies to match the national strategy of being the regional logistics hub. Policies such as immigration, labour, education, and taxation just to name a few. These are things that places like Singapore have done very effectively. Every part of government must have policies consistent with the national objective.'

There is no sense is trying to reinvent the wheel by insisting on doing it all oneself. That is extremely time consuming and one will likely repeat all the mistakes made by those who have tried elsewhere. So why not tap into the global talent pool and draw individuals, education institutions, research institutions, and manufacturers to Panama and try to keep them here (and their brains) for the long-term? Since Panama is primarily dependent upon services for its economic output, it means it will depend on its skill sets and brains for growth and success. So, bringing in others who can help develop new services, new products, new anything, would all be steps consistent with diversifying and making the economy more resilient,' Shaffer estimates. ●





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Slowing of world trade leading to falling volumes in key bunkering ports

Pressured market

Panama marine fuel sales were hit in 2018 by the 'bad bunkers' problem that started in the US Gulf region leading to a 1.8% drop in sales. Bunker sales fell by to 4.55m metric tonnes (mt) compared to the record 4.63m mt the year before which registered growth of 15.61%. Sales on the Pacific side decreased by 5.59% to 3.38m mt while they increased by 11.22% to 1.16m mt on the Atlantic side, where bunkering had been on the rise for the past two years.

The first half of 2019 (January-June) registered an even stronger decent of 8.98% with total sales at 2.283m mt compared to 2.508m mt for the same period a year ago. Sales on the Pacific side fell by 6.27% to 1,744,666mt down from 1.861,404mt while the Atlantic

side registered an unprecedented fall of 16.72% to 538,206mt compared to an increase of 19.72% to 646,813mt during the first half of 2018.

'It would seem that there is some overall slowing of world trade, leading to falling volumes in the key bunkering ports. Among the causes are of course the ongoing US-China trade war, and the troubles in the Middle East which have affected the tanker sector in particular; and the bunker ports in the region dramatically,' said the director of a Panamanian leading bunker company. It is no longer the 'bad bunkers problem' as 'it seems we have successfully turned the page on the episodes of last year.'

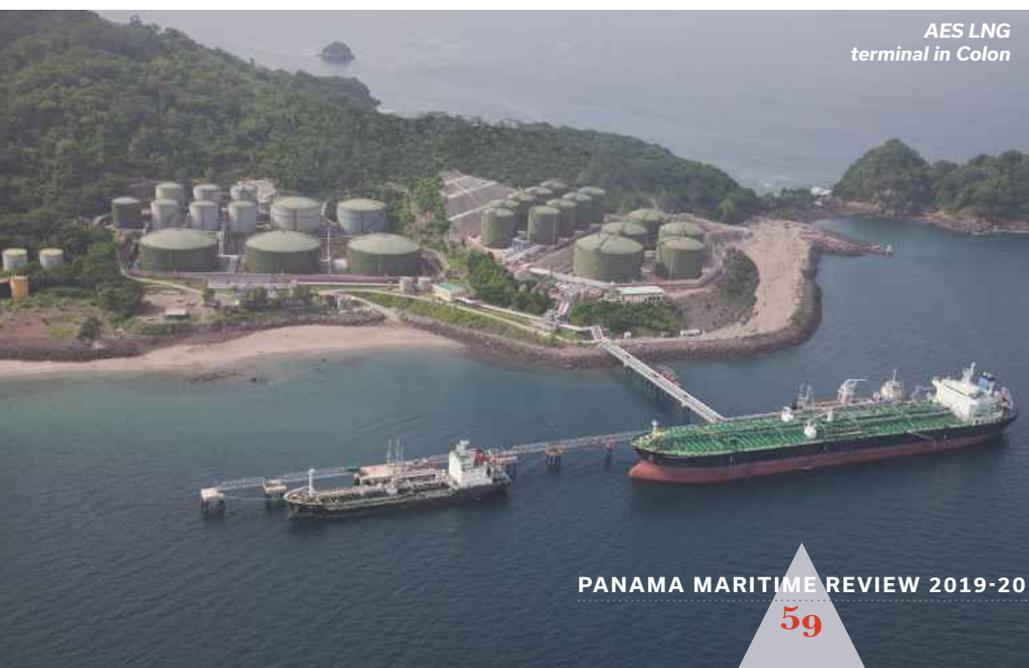
'If we look at Singapore as the world's principal bunkering port, we see that

until July 2019 the volume has declined by approximately 8% to 9% year-to-date, and it should be noted that this includes volumes that have moved from Fujairah to Singapore due to the issues in the region – suppliers in Fujairah are reporting anecdotally falls of up to 30% in the second quarter,' he added. 'We see a reduction amongst all sectors, but the recent strikes in the local container ports will certainly have an oversize effect in July and August due to the re-routing of vessels.'

'During Q1, 2019, cargo availability was very limited at the Atlantic side as a well-established cargo supplier left the Panama market resulting in a lack of supply for the first few months. Finally, we have also seen other ports, in South America especially, starting to compete with Panama price-wise on a sporadic basis,' said managing director Monjasa Americas, Rasmus Jacobsen.

Currently, the greatest constraint in Panama is the physical restriction around the anchorage area of the Atlantic side of Panama, the only area where vessels can bunker today. The Neopanamax vessels seldom take bunkers on the Atlantic side because they mostly go directly from the anchorage outside the breakwater to the locks to transit. There is no waiting time before transiting the waterway.

'We do not believe that the [sales] decrease is the consequence of more



AES LNG terminal in Colon

Balboa Oil Tanks Decal



Neopanamax transiting. However, we do believe the market could increase significantly at the Atlantic side if Neopanamax had time to bunker prior transit. The Atlantic side, Cristobal/Colon, only counts for around 25% of the total volume in Panama. This is not because it is much more expensive to arrange bunkers in Cristobal compared to Balboa, but rather a natural limitation on space at the anchorage where bunkers can be delivered within the breakwater. The Neopanamax are simply not allowed to drop anchor and receive bunkers prior transiting as there is not enough space available,' estimated Jacobsen.

And in spite of the 1.8% fall in sales in 2018 and the 'bad bunkers' problem' Monjasa 'experienced a 31% growth in total supply volume to 850,000mt across the Americas,' he said. 'We are seeing a continuing growing demand for our services this year and our decision to introduce the largest and most modern tanker, MT Accra (8,900dwt), to the market benefits both the quality and the flexibility we can offer'.

The global situation has already had some impact on local bunker companies. 'We are very much in holding pattern waiting to see what the demand will be in 2020, and how we may need to adapt to our client's needs. No changes for now until the market trends

look clearer,' said the director of a Panamanian leading bunker company.

The 2020 sulphur cap that enters into force on January 1, 2020 has already enticed suppliers to change their orientation and even configuration of the vessels providing fuels to vessels.

The production locations have also changed. The Atlantic side of Panama 'will be a strategic point to import materials from South America, Caribbean and North America to supply the new IMO 2020 specs. Panama Atlantic has a geographical advantage for these production locations to supply, compared to competing short markets such as the Middle East and Singapore, and possibly Europe. The opposite might become true for the Pacific side of Panama, which is currently located favourably to receive high sulphur materials from production areas located close by such as Mexico, Ecuador and Peru. Very Low Sulphur materials are not produced in excess on the Pacific side which could result in price pressure for the VLSFO market on the Pacific,' commented a bunker trader who declined to be named.

'The change in trade flows post-2020 is unavoidable but represents a great opportunity for the development of the Panamanian bunkering market and

surrounding industry services,' he added.

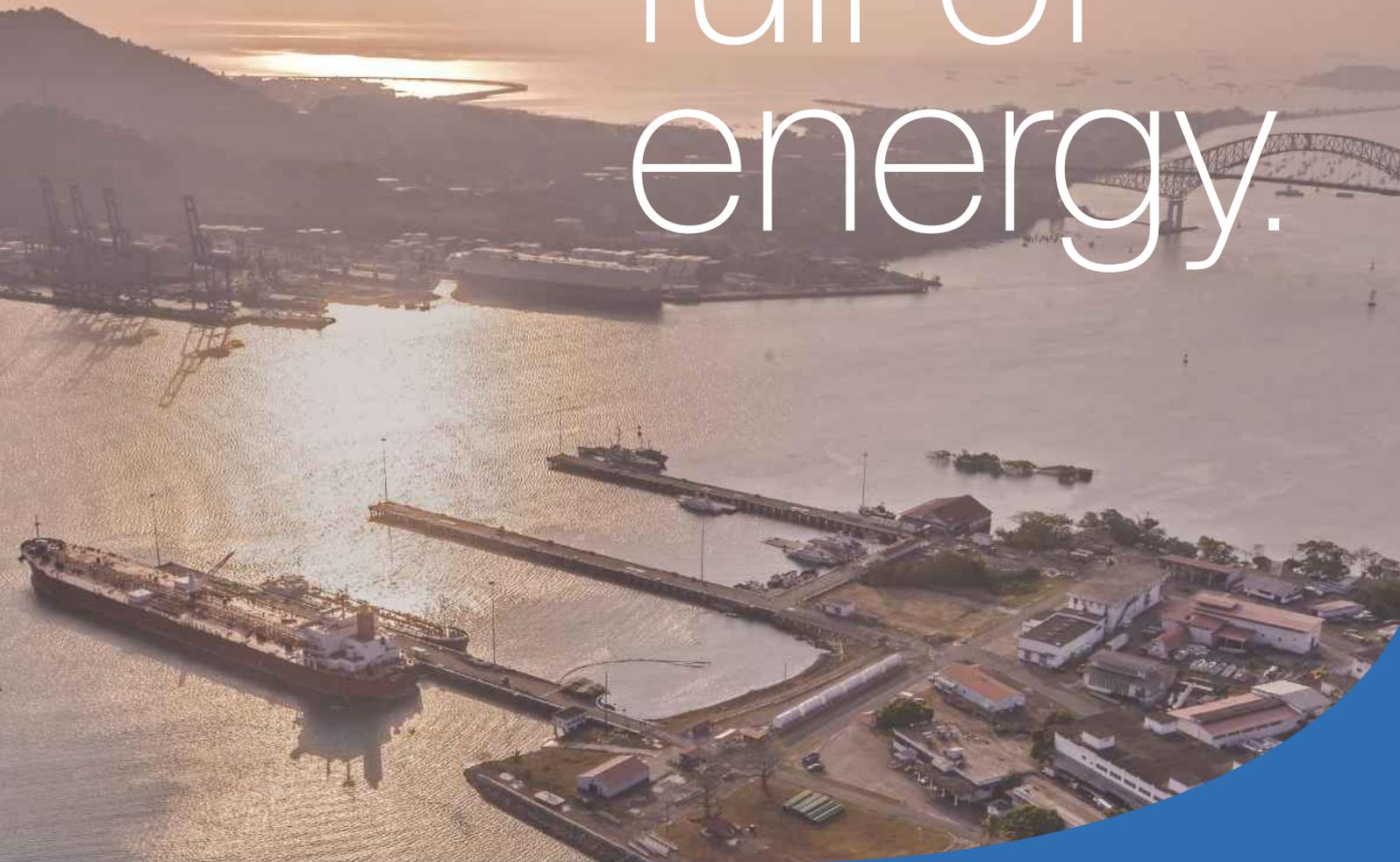
Panama is starting to prepare for 2020 by physical suppliers adjusting their fleets as well as cargo players positioning themselves to import VLSFO as well as increased imports of MGO. There is a limitation to terminal availability, especially in Balboa, so different players are making moves to secure storage of their products. Furthermore, local maritime authorities are working on how to ensure compliance with the new IMO regulations for all vessels transiting the canal, commented Rasmus Jacobsen.

'We are expecting a significant increase in MGO demand and a very limited demand for HSFO. We expect to see a significant pressure on the logistics in the market during Q4 where most operators will start cleaning their bunker barges and get ready to supply compliant products. Certainly, suppliers who are able to segregate several products onboard their barges will benefit from extended logistical flexibility come 2020,' Jacobsen estimated.

The leading bunker company director said his company has 'already begun to re-configure vessels for increased quantities of MGO, and also some to potentially carry three grades of fuel (HSFO/VLSFO/MGO). We understand that the other major barging



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companies are also doing the same, and the terminals some cleaning and preparations to handle more grades.'

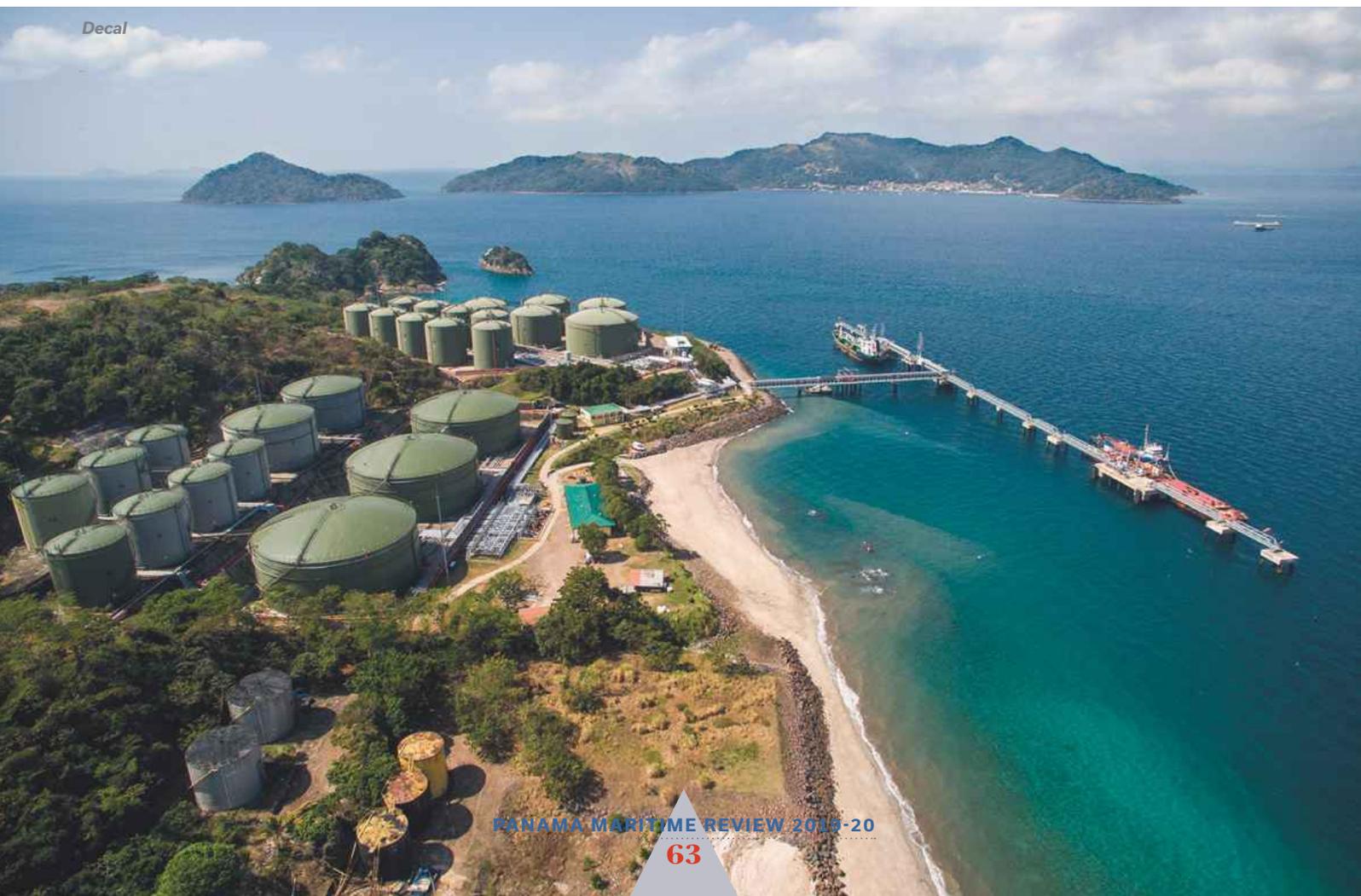
'The whole supply panorama for Panama will be turned on its head. Panama has traditionally always been 'long' fuel oil, with generally greater supply than demand at most times of the year particularly in Balboa, on the Pacific side, with cargoes coming from Ecuador, Mexico and Peru, in addition to finished grade RMG 380 from Houston. However, now the fuel oil cargoes from West Coast Latin America's refineries will have

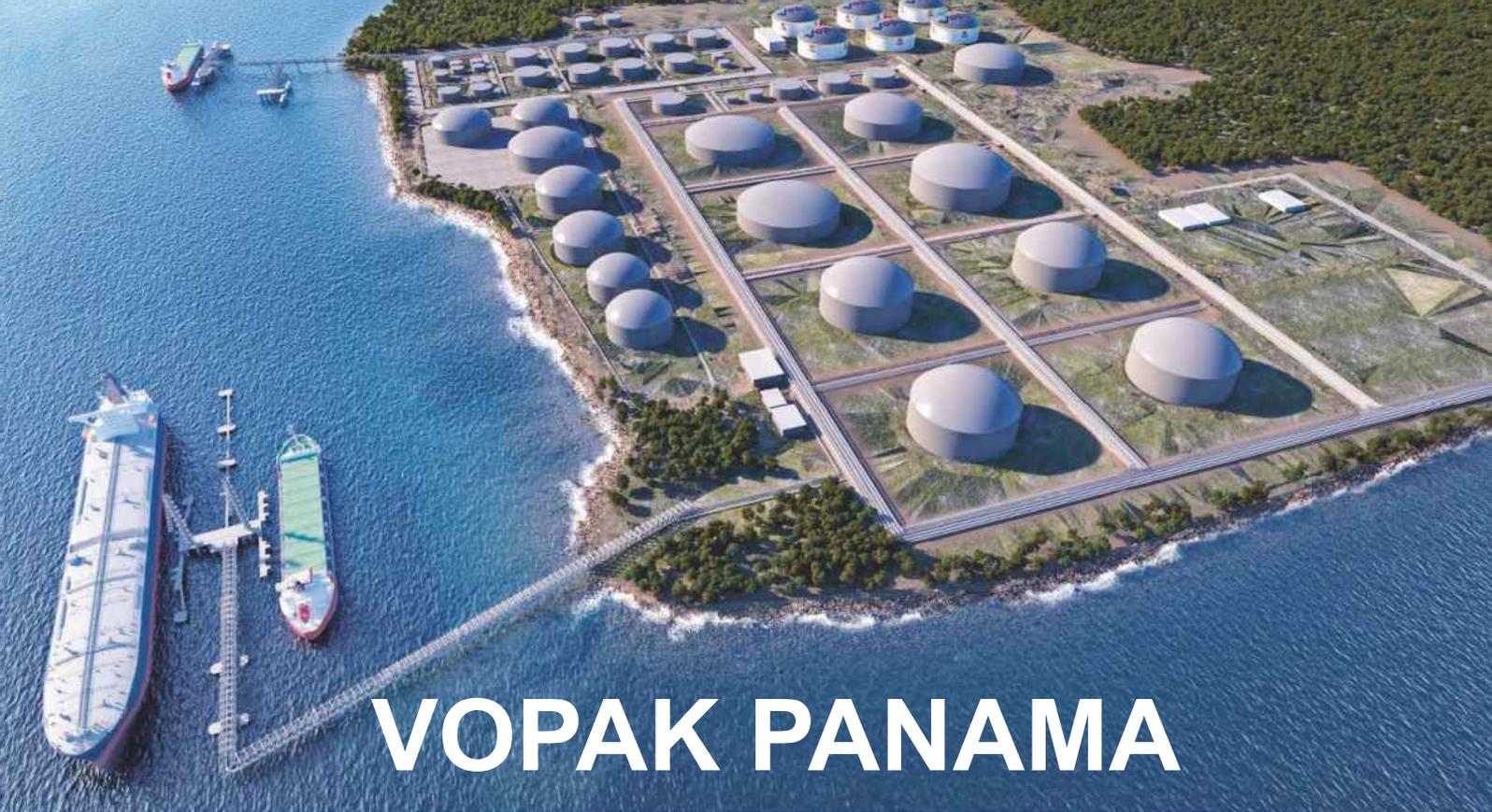
no utility in the bunker market, and it remains to be seen where this product will ultimately go. So, we may well see higher general level of availability of VLSFO and MGO in Cristobal due to imports from the US Gulf refineries, with some of these products also been transited to Balboa via the Canal, and maybe some new, more distant, supply sources for Balboa,' said Jacobsen.

According to Alphatanker, almost all refineries with a coastal facility or with good transport connections to the ports, announced their intention

to produce some type of VLSFO. However, there will be a big difference between the characteristics of each fuel, it said. Some will be direct refining products, while others will be refined and mixed from a variety of origins.

The result is that there will be significant differences between fuels in terms of viscosity, density and stability. And that is of concern to the shipowners who have suggested that these three characteristics are the most important aspects when choosing which fuel meets the requirements to operate

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after 2020. In fact, many shipowners have told Alphatanker that they prefer direct refining VLSFOs, due to its better stability against mixed products. This type of VLSFO is expected to be scarce in 2020, due to the lack of units to desulfurize fuel oil. At the moment, only Exxon Mobil has stated that it will sell exactly the same grade of VLSFO worldwide (although only in six locations), said Alphatanker.

The result of the improvement in VLSFO's prospects is that Alphatanker significantly increased its projections of demand for this product. Assuming that the global bunker demand is around 4.1 mb/d in 2020, it is expected that 1.2 mb/d (29%) of this figure will be covered by VLSFO. This revision is based on the fact that the VLSFO will be the preferred fuel for the largest and most thirsty tonnage.

If the VLSFO is sold at a very reduced price similar to the MGO (what is expected) it will become a fuel Attractive for units not equipped with scrubbers. Finally, looking beyond 2020, Alphatanker observes that the VLSFO is gradually gaining acceptance among shipowners, so that by 2022 it will represent 37% of total international bunker demand.

'I believe that the first year will be of transformation but the market will find its way. We are believers of the supply trade flows shift,' said the bunker trader.

LNG fuel has made its entrance to Panama by US-based AES, Costa

Norte LNG Terminal in Colon, located near the Caribbean entrance to the Panama Canal. The import jetty is designed to receive LNG vessels from 30,000 to 180,000cu mtr. However, the terminal production is focused on local consumption and exports, it may play also a role in the future if LNG powered-vessels begin to transit the canal. Until now, only LNG-tankers transit the waterway, which do not need to top off fuel in Panama due to the fact they consume boil off from the LNG cargoes during the voyage to the Far East. 'We believe it is still somewhat in the future until we see other types of vessels with the capability to receive

and use LNG bunker here,' said the director of the bunker company.

'So far, we have not been met with LNG inquiries. We have, however, seen an increase in inquiries from LNG carriers,' said Jacobsen. 'In fact, LNG carriers are probably the fastest growing customer segment as the vast majority require Sire Velled modern barges for bunkering and by operating the 2009 built, MT Accra, we are able to satisfy this demand.'

Some bunker traders believe that Panama should adopt some regulations similar to the CP60 (Code of practice for bunkering by bunker tankers). 'I believe that standard for inspection should be adopted from OCIMF and oil majors to guarantee the safety performance of the barge operations,' said the bunker trader.

But for Rasmus Jacobsen, 'Panama is among the top bunker hubs globally, so it must indeed follow the standards and practices anticipated of such hubs. Fortunately, bunkers and shipping in general are among the top industries in Panama enjoying a lot of focus and support from the government on improving and developing the trade. As an example, current considerations about introducing a maximum age of barges and tankers deployed in Panama would future proof the industry and sustain the near-future low-sulphur fuel transition in the Panama market.' ●



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New actions planned by newly elected president

Increasing competitiveness

Maritime and logistic development is one of the main assets that the new President Laurentino Cortizo's government intends to boost during his tenure to make Panama a logistics hub, to generate economic income that provides sustainable and extensible development to the country and all Panamanians. He did not wait to show it was not just a campaign political promise. Three weeks after the government took office, a first meeting of the Logistics Cabinet Council was called and presided by the Vice President of the Republic, and Minister of the Presidency, José Gabriel Carrizo.

The objective of this cabinet, held at the PSA-Panama Port International terminal, was to strengthen Panama's competitiveness and promote it as an international centre for global trade. The vice president referred to the need of an inter-institutional coordination in which the entities involved, including the Panama Maritime Authority (AMP), work together. During the cabinet meeting the Minister counsellor for the facilitation of private Investment, José

Alejandro Rojas, announced some of the projects that will be implemented, such as the creation of the Logistics Affairs Unit, under the Secretariat of Strategy for Development and Competitiveness of the Presidency of the Republic.

Through this unit, in this first stage, together with the private sector, priority will be given to those high-impact projects that can be executed in the short term, including the development of the unified payment of the Single Window (VUMPA) stands out, a project promoted by the AMP and the ACP, and that in its early stages of development, has already had a significant impact saving more than 70,000 hours to ships, as well as the processing of some 600,000 applications, which succeeded in reducing cost and red tape with automating procedures and increasing Panama's competitiveness.

The implementation of the 'National Logistics Strategy 2030' is part of the plan of action of this logistics cabinet, as a roadmap that identifies and prioritises economic activities and possible business diversifications that will improve the use of Panama's advantages and exploit the

potential that Panama possesses as a global exchange node; All this, through the improvement of technological processes and platforms that allow to be at the forefront of competitors.

The registry of Multinational Companies Headquarters (SEM) of Panama that covers 147 companies, faces the challenge of attracting new business organisations. Four SEMs have arrived so far in 2019: Steward Health Care System LLC., a hospital operator from the US; Uber International BV., from the Netherlands; General Electric Company in the US, and Hilti of Liechtenstein that develops manufacturing, markets products and services for the construction sector.

In 2018, six new SEMs had been registered, three from China: China Tiesiju Civil Engineering Group Co., Ltd. (construction); China Railway International Group Co., Ltd (construction); and Baoshan Iron & Steel Co., Ltd (iron product and steel). While from Japan came the automaker Isuzu Motors Limited; JCB (heavy equipment) from UK; and Puma Energy Group (oil) from Singapore.



Panama received \$5,548.5m in 2018 in Foreign Direct Investment (FDI), the highest amount since 2011, a 21.4% growth compared to the \$4,569m registered in 2017.

Through Proinvex, the Agency for the promotion of investments and exports which was part of the Ministry of Commerce and Industries (Mici) and which will be transferred to the Ministry of Foreign Affairs said President Cortizo, the country promoted the so-called 'Great Connection' locally and internationally to attract more SEM and FDI. Proinvex held in 2018 the 'Panama Invest' conference in New York (US), Lisbon (Portugal), Santiago (Chile), Hamburg (Germany), Lima (Peru), Sao Paulo (Brazil), Madrid (Spain), Dubai (UAE), Holland (The Netherlands), London (UK) and Tel Aviv (Israel).

The investment of 147 SEM in the country exceeds \$1bn according to the ministry of trade's figures and generates more than 6,000 jobs. SEM companies represent an important source of transfer of knowledge, mainly in terms of technology and innovation, which adds a competitive advantage to the country, as well as qualified workforce. It permeates different areas of the economy and in turn generates indirect jobs due to the contracting of many types of services at the banking, logistics, transportation and real estate level, as well as professional in law firms, architects, accounting, amongst others,

The legislation that regulates the SEM registry was updated in 2018, and is found in Law 66 of December 13, 2018 (Official Digital Gazette No. 28675-B of December 13, 2018); the execution

of Law 41 of August 24, 2007, the SEM regime has proven to be successful.

Through Law 57 of 2018, Law 41 of 2007 that creates the Special Regime for the establishment and operation of Headquarters of Multinational Companies and the Commission of Headquarters of Multinational Companies, and dictates other provisions, is amended.

With this new Law, financial assistance services that SEM companies can provide to companies of the same business group, including technical, financial and/or administrative assistance as well as other support services such as financial management services, risk analysis, due diligence, compliance, custody and filing of documentation, the centre for processing data and/or documents and corporate treasury services, are expanded as well as loans between related companies of the business group.

It is added that in the event that some of the aforementioned services are provided to entities that carry out the banking, insurance, reinsurance and/or securities business in Panama or abroad, the company must previously notify the corresponding regulatory entity of its intention to obtain a SEM Licence.

Law 57 of 2018, states emphatically that unless the expressly provided exceptions under the Law, SEM companies may only provide services to companies of their business group.

It is added as part of the characteristics of a SEM licence:

1. Maintain a minimum of full-time employees and annual operating

expenses of the multinational company in Panama, in both cases appropriate to the nature of the business.

2. They will automatically enjoy the Legal Stability of Investments regime
3. They will pay income tax at a rate of 5% on the net taxable income applicable to the services provided;
4. They may deduct the expenses incurred in labour remuneration even when the employee is exempt from Income Tax;
5. A regime is established for the application of tax credits where the SEM will pay a minimum of 2% of the net taxable income.
6. Permanent Residence for the foreigner who works in a SEM, under certain conditions.

The SEM license may be cancelled if it is verified that it carries out activities different from those authorised by its licence, with imposition of penalties.

A term is granted until June 30, 2021, so that companies that hold a Multinational Company Headquarters Licence have implemented the changes established in article 12 of Law 41 of 2007).

The Panama Canal expansion, inaugurated in July 2016, has benefitted also the logistics sector since the shipping lines have revised their services and/or created new services for the big Neopanamax vessels that bring the double of containers and generating more opportunities for US and foreign companies.

Demostenes Perez, a supply chain business developer and strategist who founded Logistics Services Panama, a company that provides warehousing, order fulfilment and value-added services in the Colon Free Zone, says that the

increase in Neopanamax transits using the all-water route from Asia to the East Coast has brought new options for his customers to use inventory in Panama's logistics facilities to ship product to the US east coast. While the free trade agreements that Panama has signed with several countries have helped to increase exports and diversify markets, the Canal expansion impact is seen in the number of small logistics companies that have been created recently.

The increase in the size of the ships is requiring third-party logistics (3PL) companies to adjust, John Knohr, managing director for DHL Global Forwarding, Panama and the Caribbean, recently told media. DHL has been in Panama Pacifico for some time. With bigger ships coming from Asia, so the number of containers is also bigger than before. So DHL, says Knohr, receives more outbound containers at one time into its Panama distribution centre than in the past in order to prevent customers from facing demurrage penalties and if the ship is delayed, the longer wait times can potentially cause bottlenecks.

Daniel Ábrego, founder and ceo of Intercontinental Logistics Corp. (ILC), explained that he decided to settle in Panama Pacifico site because of the proximity to the airport and ports, tax benefits, labour and the one-stop shop. Panama Pacifico promises growth and value. Here companies are grouped as communities, share their 'know-how' and fill any gap. Among them 3PLs, distribution companies, carriers, among others. Intercontinental Logistics Corp (ILC) is a Panamanian capital company located in Panama, Chile and Peru that offers storage, distribution services and provides innovative solutions.

The advantages of having a Master Plan prove that Panama Pacifico is seen globally as an area of economic and social development, inspired by complete and sustainable urbanism. The recognition likewise ratifies that it is a unique platform for creative opportunities, growth, and the well-being of people, companies and institutions that are there.

The project also has a team dedicated to creating and developing cultural, sporting and recreational activities for everyone, whose objective is to support people's well-being and quality of life.

For the second time, the Financial Times is recognising Panama Pacifico as the Best Free Zone in the Americas, and in the categories of Best Free Zone for Education, Academic Collaboration, Workforce Training & Development, and Career Development Support. To maintain this recognition, joint work with universities, schools [in Panama Pacifico] and academic institutions such as ADEN, INCAE, and INADEH have been fundamental. Thus residents, employees and inhabitants of Western Panama have the chance to take advantage of the different stages of formal education.

Since 2016 the project has had LEED-certified offices and warehouses. Among the principal characteristics of these sustainable buildings are the following: energy efficiency, low water consumption, responsible use of materials and waste, healthy internal spaces, and innovation. All of these characteristics are focused on creating employee well-being and satisfaction. Panama Pacifico develops products according to its clients' needs, including environmentally friendly initiatives such as the so-called 'Grand

Client', which seeks to reduce energy costs for all clients through agreements with providers of photovoltaic generation panels. In addition, in residential areas, innovative technologies such as smart homes have been incorporated.

fDi Intelligence also ranked Panama Pacifico as sixth in the Best Global Free Zone, and it also granted it the following accolades: 'Best Free Zone for Large Tenants in the Americas,' 'Best Free Zone for Expansions,' and 'Best Free Zone for Oneconnectivity.' Each of these awards extends to important allies in the private industrial sector that believe in this macro project: Grupo STT, ZPMC, Dell, Grainger, 3M, FedEx, BASF, Lacoste, VF Corp, EY, PepsiCo, Cummins, Agrekkko, Damco, Ingersoll Rand, Kuehne + Nagel, Man Diesel, Nipro, Quest, Avon, Wilhelmsen, PriceSmart, PPG Industries, and Rozo.

The government sector is also a participant in this achievement, through public-private partnerships, including the operation of 18 government entities in a Unique Window that facilitates user procedures.

This important community model will expand its impact with the development of mega infrastructure projects, such as the expansion to eight lanes of the Pan-American Highway, which will be approximately 10km long and with five interchanges; the fourth bridge over the Panama Canal, at a cost of more than \$1bn, and considered to be the largest project in the country after the expansion of the Panama Canal; and the third metro line that will be a monorail departing from Allbrook, will make its first stop at the Panama Pacifico station, benefiting more than 1.7m users. ●

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Cristobal, on the Atlantic side

Panama is already benefitting from close relations with China

Incentives for maritime

The maritime sector in Panama has grown substantially in recent years and the sector – that includes the Panama Canal, container terminals, logistics companies and shipping services – is now an important segment of the country's economy participating with around 25% of its Gross Domestic Product (GDP) and the biggest after financial services. The large infrastructure projects in the making and/or soon to tender, have given port operators hope of capturing project cargo in the coming months and increase their throughput.

Panama's maritime sector is already benefitting from the opening of diplomatic relations with China in 2017. The Panama Maritime Authority (AMP) has signed a bilateral treaty on maritime affairs, giving for the first time Panama the most favoured nation status and with it, special tariffs for Panama-flagged vessels entering Chinese ports as well as developing close relations with the Maritime Authority of China with regards to seafarers, regulations and safety at sea.

Panama passed a legislation for ship financing, Law 50 of 28 June 2017 the 'Naval Financing Law', which entered into force on 29 December 2017. The legislation creates an attractive investment environment and

contemplates ship financing from banks established in Panama while extending its reach to all foreign financial institutions providing they establish a branch office in Panama to enjoy the law's benefits. Panama's banking centre is one of the most important of the region with a total of 83 banks established in Panama.

One of the purposes of the law is to encourage those institutions to provide ship financing and attract all foreign financial institutions providing they set foot in Panama to do ship financing and enjoy the benefits of Law 50 of 2017. The law also creates a special legal regime for financing operations in the local and international maritime sector and grants fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime projects. But the new legislation needs to be publicised to be known internationally.

The Amador Panama Cruise Terminal, on the Pacific side, where the Chinese CHEC construction company, together with the Belgian Jan de Nul, carry out the construction of this project, is built with the concept of being a 'Home Port'. The construction is expected to conclude in 2020; the administration of the cruise terminal will be awarded by international tender. The cruise terminal will mark a before and after for cruise tourism.

The Panama Canal expansion has proved a resounding success, posting traffic results much better than expected, say Canal officials. The opening of the bigger locks has reconfigured most services, upsizing the vessels and though they did not bring additional transshipment to Panama's terminals they have opened the possibility of future businesses around the expanded canal.

In 2018, cargo volume handled by Panamanian ports showed an increase of 1.68% to 7.014m teu. However, in the first half of 2019 cargo volumes grew 0.6% to 3,340,507teu compared to 3,313,805teu the year before, reflecting the economic slowdown. Colon has remained in the 38th position in the 'One Hundred World's Top Ports' with 4,324,478teu in 2018, up 11.1% from 3,891,219teu in 2017.

The ports of Balboa and Cristobal show strong declines due mostly to the opening of PSA-Panama International on the Pacific other side of the Canal; although the other terminals posted positive results. PSA-Panama had inaugurated in March 2018 its expansion that doubled its capacity to 2m teu and a Chinese group is constructing a 2m teu box terminal on the Atlantic side, in Margarita, but the construction has slowed down in recent months, delaying its future inauguration.

The Panama Canal Authority (ACP)

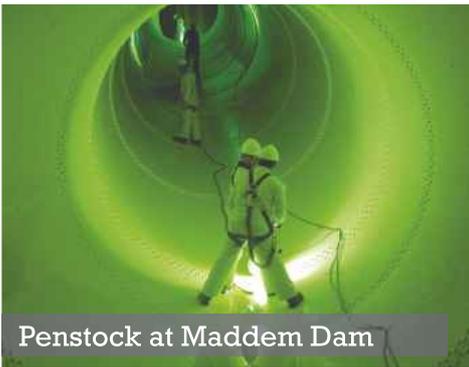
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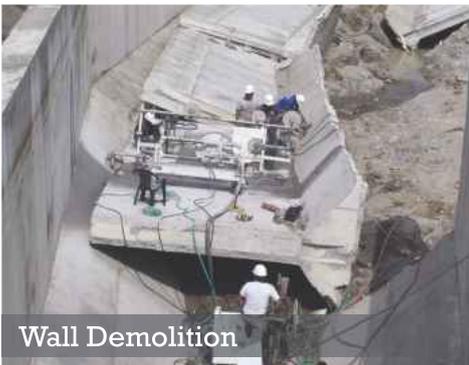


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is itself looking at ventures around the new Neopanamax locks, including the construction of a ro-ro terminal, an LNG storage area and the multiple uses of a 1,200-hectare area where to create distribution centres and other businesses that could boost the incipient logistics sector. Additional projects in tourism are being studied for the areas around Gatun Lake, but most of these projects will be revisited by the new administrator Ricaurte Vasquez who took office on 5 September.

The government is focused on developing the logistics sector. Favourable legislations had been enacted in previous years, giving tax incentives to multinationals establishing regional headquarters in Panama while a great number of firms have initiated operations in the economic free zone of Panama-Pacifico located in the former Howard Air Force base which is being developed by UK's London & Regional.

The former US military installations – that reverted to Panama at end-1999 with the implementation of the Panama Canal Treaty-have been transformed and developed into residential areas, transport and economic zones that have boosted the potential of the maritime sector since they were located in the surroundings of the Panama Canal. President Laurentino Cortizo who took office July 1, 2019, believes in expanding, modernising and promoting the logistics sector and has created a logistics cabinet that will be in charge of designing strategic policies to that effect and to show his presidential seriousness, Cortizo made his first logistics cabinet meeting at the PSA-International Terminal.

The AMP has also been working in association with Panama Chamber of Shipping on the construction of a pier, on the Pacific entrance of the waterway, near Amador, for maritime auxiliary services. The construction of the new pier, is very close to the Bridge of the Americas, has been awarded to a local company Consorcio Maritimo Inzelva. The auxiliary services pier will optimise competitiveness.

The **Panama Chamber of Shipping** (Camara Maritima de Panama, www.camaramaritima.org.pa)



The Chamber of Shipping new board of directors with its president Nicolas Vukelja

is the most important guild of the maritime scene. It was created in 1979 as a non-profit organisation and groups shipping lines and shipping agencies, marine supplies companies, ship repair, bunkering, ports administrators as well as the railroad and almost every sector related to the maritime business. Because of a great number of new companies, foreign and nationals have opened shop in Panama in recent years, its membership has grown to 250 companies, all related to the maritime-port activity and the chamber membership comprises the shipping agencies, ship chandlers, terminal operators and the largest shipping lines in the world and main users of the Panama Canal, such as Maersk Line, Cosco, Evergreen, ONE, APL, Seaboard, Crowley Liner Services, CMA CGM, MSC amongst others, having offices in Panama

and operating Neopanamax and Panamax vessels, tankers, reefers and bulk carriers.

Every year the Chamber of Shipping elects a new board of directors.

In June 2019, a new board of directors was elected for the period 2019-2020 which will be presided by Nicolas Vukelja, from Terramar Oil & Services. Vukelja succeeded Patricia Velasquez, Macosnar, who was the first woman to chair the Chamber of Shipping.

Nicolas Vukelja, an administrative engineer who was vice-president in the previous board of directors, is accompanied by Franz Ziemetz, Panama Agencies and Maricarmen Barrios, Wallenius Wilhelmsen Logistics Panama, as vice presidents; Enrique Clement, Manzanillo International



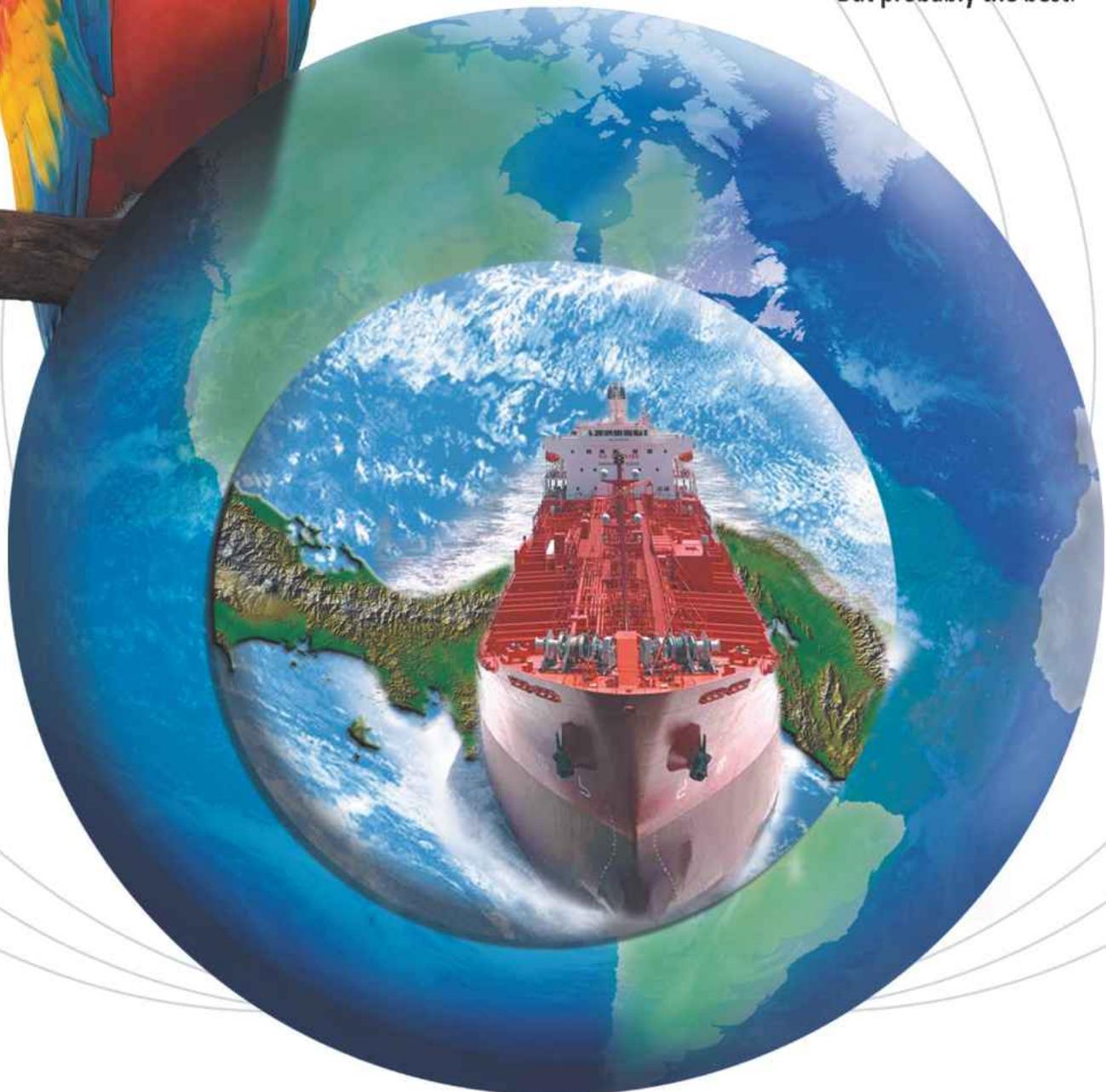
Despina Panayiotou, president of Wista International; Maria Noel Vaeza, regional director of UN Women's office for Latin America and the Caribbean; and Gabriela Araya, president of the Organising Committee



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Terminal, Secretary; Miguel Rodriguez, ONE, Treasurer; Marie Lourdes Galan, De Castro & Robles; Wendy Sagel, Marine Engineering Corp.; Rene Gomez, Commercial Diving and Andres Mata, Marine Transport, as directors.

Vukelja knows the Chamber of Shipping from the inside, having participated, for many years as a pro-active member, in developing strong relationship with Panamanian Authorities. In the sworn-in ceremony, the new president pledged to maintain the previous presidents and founding members actively engaged in the activities of the guild and to work, together with the government new authorities and the private sector on strategies and development of new projects that increase competitiveness of the sector.

'Panama has a strong maritime industry and many advantages that make the

country attractive for the establishment of new investments in the sector, but we must ensure to be more competitive and avoid the implementation of additional costs that scare away local and foreign investment in our country,' he said, adding that the past government administration [2014-2019] established a series of new costs that should be reviewed. The agenda includes working on the revision and updating of laws related to the maritime sector to create the necessary conditions for attracting new companies and consolidating the existing ones. In addition, the Chamber of Shipping of Panama wants the new government to develop more options for accessing the sea, both in the Pacific and in the Atlantic, and call to tender the new shipyard within the first six months of government. 'More than 300 companies work directly or indirectly with the shipyard, and it generates more than 2,000 jobs,' said Vukelja.

Likewise, Vukelja said he wants to promote new projects such as establishing Panama as a centre for yachting since the country is a 'hurricane-free country', amongst other attractions. 'We have been working with the Tourism Authority of Panama for the past three years, through our Yachts and Marinas committee, which is quite active' and Panama would benefit from this kind of tourism.

'We will continue with the education committee's projects that drives the technical preparation of the students, as there is an immediate need for vacancies in the maritime sector. We currently have an excessive demand for staff with higher education and for specialised and technical personnel,' he said. 'And we want to keep the Chamber of Shipping, unified and with a single voice.'

Patricia Velasquez observed that during her tenure an interinstitutional

WISTA

From August 22-25, Panama hosted the Second Regional Conference of Wista Americas, which brings together the most influential women in the maritime sector and trading field.

Wista Panama, host of this event, is member of Wista International, an association that serves as a connector for its network of more than 5,000 female professionals from all sectors of the maritime industry in more than 40 countries. Wista International is presided by Despina Panayiotou. Wista Panama was established in 2010, it was reactivated in 2018 by a group of young professional women.

The Panama's Organising Committee was formed by its president, Gabriela Araya, SETIMSA, Patricia Velasquez, Macosnar Corporation and Gianela Rivas, Moscoso & Partners.

The key topics of the conference were: Connectivity, innovation and equity and connecting the shipping industry of the Americas.

During this event Wista Panama and Wista International (pictured) signed with the United Nations' women expressing their support for advancing equality between women and men that includes: Bring the broadest pool of talent to our endeavours; further our companies' competitiveness; meet our corporate responsibility and sustainability commitments; model behaviour within our companies that reflects the society we would like for our employees, fellow citizens and families; encourage economic and social conditions that provide opportunities for women and men, girls and boys; and foster sustainable development in the countries in which we operate.'

Wista Panama and Wista International welcome the provisions

of the Women's Empowerment Principles, as they believe 'Equality Means Business.'

'We were happy to have surpassed expectations and have met professionals and wonderful women of the maritime sector. Thanks to all our Wistas for so much love and for sharing moments see you soon,' said Gabriela Araya, president of the Organising Committee. Nine national associations of Wista were part of this event: Peru, Argentina, Chile, Colombia, US, Cyprus, Greece, Venezuela and of course Panama. 'We are grateful for the teamwork of our association and for the support received from all of you of the shipping industry specially to Panama Maritime Authority's Minister of Maritime Affairs Noriel Arauz.'

Patricia Velasquez, former president of Panama Chamber of Shipping (2018-2019) and first woman to preside over the guild, had been nominated for the Wista International's Personality of the Year which will be chosen in November.



agreement was signed with the Authority of Migration in which the Migration service will handle the same procedure and unified fee, avoiding discrimination. Also 'our Education Commission, led by Maricarmen Barrios, marked a milestone with the programme 'hands on' with the participation of teachers and 479 students of maritime schools and several universities. These groups did their training in different maritime companies and port terminals. Although the scholarship programme was delayed, we gave scholarships to two students to finish their bachelor's degrees.'

'We delivered the "Vision 2019-2024" a study on Panama as a maritime country with the inputs provided by the membership and the Chamber of Shipping and presented it publicly in a press conference and to various universities and professional guilds. We created, as a value-added to our membership, an employment bureau [Bolsa de Trabajo] available on our website. People interested can leave their CVs, where they can be located, by category, professional interests. During the past year, we worked on a proposal of new statutes for the Chamber and an ethic code which are left for approval during this new board of directors' tenure,' explained Velasquez.

Every two years the Chamber of Shipping in co-ordination with the Panamanian Maritime Law Association (PMLA) organise a series of conferences and exhibition known as Panama Maritime that put the eyes of the international

maritime industry on Panama. Panama Maritime is organised alternatively by the Panama Maritime Chamber and the Panamanian Maritime Law Association. In 2019, Panama Maritime was organised by the Chamber of Shipping. The Panama Maritime XIV Organising Committee, from the Panama Chamber of Shipping, was presided by Captain Orlando Allard, RTI Latin America, who also chaired the Organising Committee of Panama Maritime XII.

The bi-annual Conference-exhibition Panama Maritime (March 17-20, 2019) took place at the Megapolis Convention Centre and was celebrating its 14th version and which has been held consolidated as one of the most prominent instances for the maritime, port and logistics industry in Latin America. The Panama Canal Authority (ACP) and the Panama Maritime Authority (AMP) participated as co-organisers.

The inauguration ceremony was enhanced with the presence of Kitack Lim, IMO secretary-general; Capt. Orlando Allard, of the organising committee of XIV Panama Maritime; Jorge Quijano, administrator of the Panama Canal Authority; Jorge Barakat, Minister of Maritime Affairs and administrator of the Maritime Authority of Panama and Patricia Velasquez, president of the Maritime Chamber of Panama.

On this occasion, the Award for Excellence 2019 went to Seadrill; the Green Shipping category was awarded

to "K"Line and the Recognition of Exceptional Person went to Carlos Urriola, president of SSA International and president of Manzanillo International Terminal, Panama (MIT).

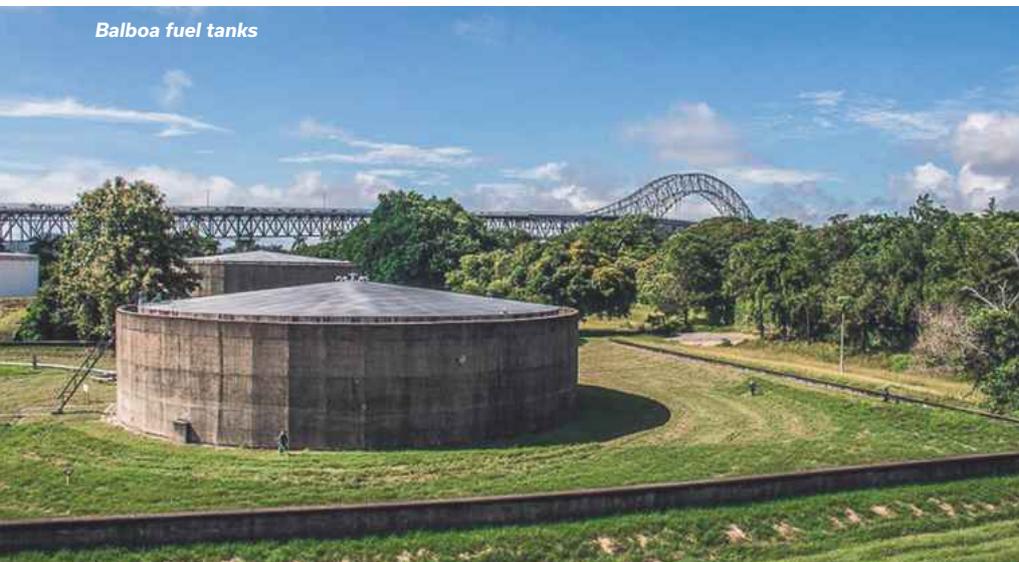
The first day began the cycle of conferences where the interventions in the Plenary Opening Session of Kitack Lim, Jorge Quijano and Patricia Velasquez. The main theme for this version was 'Take advantage of the evolutionary trends of the sector, for a more ecological, digital and autonomous maritime industry'. The main thematic axes of the conferences included: The future of ports: from the current tensions to the changes and innovations of the future; Strengthening of the Panamanian logistics hub; Automation of shipping logistics and the future of work; The changing legal patterns of the industry of maritime transport and logistics; Impact of artificial intelligence in a timeless industry: Maritime transport; Environmental impact of maritime transport as it faces 2020: Impact of the new regulatory regime of clean fuels and friendly to the environment; Impact of investment International in positioning Panama as a regional logistics hub; Empowering women in the shipping industry and logistics.

BUNKERING

Panama marine fuel sales were hit in 2018 by the 'bad bunkers' problem that started in the US Gulf region leading to a 1.8% drop in sales. Bunker sales fell by 1.8% to 4.55m metric tonnes (mt) compared to the record 4.63m mt the year before which registered growth of 15.61%. Sales on the Pacific side decreased by 5.59% to 3.38m mt while they increased by 11.22% to 1.16m mt on the Atlantic side, where bunkering had been on the rise for the past two years.

The first half of 2019 (January-June) registered an even stronger descend of 8.98% with total sales at 2.283m mt compared to 2.508m mt for the same period a year ago. Sales on the Pacific side fell by 6.27% to 1,744,666mt down from 1.861,404mt while the Atlantic side registered an unprecedented fall of 16.72% to 538,206mt compared to an increase of 19.72% to 646,813mt during the first half of 2018.

Balboa fuel tanks





Balboa fuel tanks

Panama bunker market attracts an increasing number of players every year making Panama one of the most competitive of the region. The proximity of suppliers on the South America Pacific coast and in the Caribbean offers great availability of products, in quantities and at competitive prices. The bunker market is estimated to represent around \$1.5bn-\$2bn.

Panama's port activity combined with an increasing number of Neopanamax vessels going through the expanded waterway and taking bunkers in Panama have provided more bunker business. The expectations of business because of more traffic in the expanded Canal have been a determined element in prompting the construction of high-tech terminals in Panama. Existing oil terminals have

also expanded their facilities to reach a total storage capacity of 30m bbls.

But Panama's market was affected in 2018 by the 'bad bunkers' problem that started with fuel supplied in the US Gulf region, particularly in the Houston area with the problems quickly extending in Panama and in a larger proportion to Singapore. Although the problem

PetroAmerica Terminal SA (PATSA)

PetroAmerica Terminal SA (PATSA) is a land-based energy storage terminal, strategically located on the Pacific entrance of the Panama Canal. A highly regarded regional terminal with an excellent operating track record, it plays a significant role in supplying regional, national and international markets. In early 2017, PATSA became part of the VTTI group, a global independent provider of energy storage. Comprising 16 terminals strategically located in 14 countries, VTTI is dedicated to providing the highest industry standards and quality in its operations. In the Americas, VTTI also has terminals in Zarate, Argentina, and Seaport Canaveral, Florida, US.

The 1.5m barrel footprint in Panama extends over two terminal locations: Rodman Tank Farm, with 400,000 bbls and Arraijan Tank Farm, with 1.1m bbls. The terminal is well-positioned to cater to the changing markets and handle a wide range of energy products. Additionally, both terminal locations are equipped with loading racks to supply aviation and transportation fuels to the local market.

With the new marine fuel quality regulations in sight, PATSA's flexible infrastructure of six oil pipelines and 59 tanks and its

segregation and blending opportunities enable our customers to meet IMO 2020 requirements.

At PATSA's privately held and operated marine facilities in the port of Balboa, customers have access to two jetties with four berthing positions for barges and vessels up to Panamax size, with draught of 59ft and 750ft LOA.

PATSA's highly experienced and dedicated team works with customers to facilitate their operations in the best possible way, offering a solution-oriented approach to ensure their requirements are met, in a proactive, flexible and reliable manner.

The terminal offers storage to a wide range of energy products and serves various market segments, including aviation, power generation, marine and transportation.

As with all VTTI terminals, safety at PATSA is non-negotiable. Nothing can take priority over the well-being of its people or the environment in which it works. To this end, PATSA adheres to the uniform set of high standards that apply to all VTTI terminal facilities worldwide.

was widespread, it was described in the industry as ‘the Houston problem’, Houston being the first location affected.

Currently, the greatest constraint in Panama is the physical restriction around the anchorage area of the Atlantic side of Panama, the only area where vessels can bunker today. The Neopanamax vessels seldom take bunkers on the Atlantic side because they go mostly directly from the anchorage outside the breakwater to the locks to transit. There is no waiting time before transiting the waterway.

Some important bunker suppliers have left Panama – Aegean, Ow Bunker and BP – but newcomers have entered the market. A few firms engage in spot deliveries. Panama’s major bunker suppliers are Chevron, Chemoil, CEPESA, Bomin, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel. Although Panama is not the only port offering LSFO, most terminals have special tanks for those products distributed now by the major suppliers. Many vessels coming from the Far East and the West Coast of South America are expected to take small quantities of LSF fuels to burn them when approaching and leaving US ports as SECA had entered into force since January 2015.

The 2020 sulphur cap that enter force January 1, 2020 will had suppliers changed their orientation and even configuration of the vessels providing fuels to vessels.



The production locations have also changed. The Atlantic side of Panama ‘will be a strategic point to import materials from South America, Caribbean and North America to supply the new IMO2020 specs. Panama Atlantic has a geographical advantage for these production locations to supply, compared to competing short markets such as the Middle East and Singapore, and possibly Europe. The opposite might become true for the Pacific side of Panama, which is currently located favourably to receive High Sulphur materials from production areas located close by such as Mexico, Ecuador and Peru. Very Low Sulphur materials are not produced in excess on the Pacific side which could result in price pressure for the VLSFO market on the Pacific,’ commented a bunker

trader who declined to be named.

‘The change in trade flows post-2020 is unavoidable but represents a great opportunity for the development of the Panamanian bunkering market and surrounding industry services,’ he added.

Panama is starting to prepare for 2020 by physical suppliers adjusting their fleets as well as cargo players positioning themselves to import VLSFO as well as increased imports of MGO. There is a limitation to terminal availability, especially in Balboa, so different players are making moves to secure storage of their products. Furthermore, local maritime authorities are working on how to ensure compliance with the new IMO regulations for all vessels transiting the canal.

On the Pacific side, the state-of-the-art Isla Melones Terminal, built on a 38,700sq mtr island 15km from the Panama Canal Pacific entrance, began operations in May 2013. The terminal, the first of its kind in the country, is a privately-owned company with a storage capacity of 2.1m bbls for heavy fuel oil and diesel and it operates within a Tax Free Zone [OFZ]. The terminal has the capability of handling Low Sulphur fuel oil [1%S] with a segregated system to coup with the demand of this new quality.

Decal, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr) is being increased by 181,500cu mtr, for a new total capacity of 2.23m



bbls (356,500cu mtr) in one tranche, The on-going expansion consists in the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions permitting a loading capacity up to four barges at a time with maximum 3,000t/hr.

On the Atlantic side, the oil terminal Telfer Tanks, located in the Atlantic port of Cristobal, has a 400mtr-pier and 1.2m barrels of tank capacity, with a 4-island-8 position, automated loading rack for truck delivery. It began operations mid-2015. Telfer Tanks is the newest of the four terminals on the Atlantic side and also the newest oil terminal in Panama.

The Atlantic side competes with Caribbean bunker facilities. In December 2010, Colon Oil and Services SA (COASSA), a terminal for marine fuels located on the Atlantic entrance of the Panama Canal was purchased by the Hamburg-based Oiltanking Group and began operating in January 2012. The terminal has currently 750,000 barrels of capacity, a jetty of 14mtr depth for Panamax vessel and three positions for barges, plus a truck loading rack. Oiltanking owns and operates 73 terminals in 22 countries and is one of the world's leading storage partners for oils, chemicals and gases. Oiltanking can expand its facilities in Panama to a total of 1.15m bbls if needed.

Royal VOPAK's project started the 1st of September 2016. Vopak has commissioned nine tanks of 250,000 barrels and marine infrastructure, including a state-of-the-art jetty to handle ships of up to 80,000dwt (LR1) and barges up to 10,000dwt.

The operation is fully automated. The equipment, systems, tanks with heating capability and marine loading arms at the jetty makes the operation unique in Panama, meeting the highest world standards. The facility was strategically developed in alignment with the market changes for the upcoming IMO2020. One million barrels of storage capacity is dedicated to VLSFO (<0.5%S) with two dedicated lines capable to load and unload barges simultaneously.

In order to expand the market for its customers, Vopak has worked with the local industry and authorities to develop anchorage areas suitable for

bunkering outside the breakwater for the whole industry.

On the Pacific side, PATSA includes a 1.1m bbls-36 tank farm in Western Panama has two piers at Rodman, a former navy base on the Pacific entrance of the Panama Canal. VTTI BV (VTTI), the global independent provider of energy storage announced in 2017 it had acquired 75% interest in PATSA S.A. VTTI's expertise and knowledge of the industry as well as its international network will further strengthen the central role PATSA plays in supplying domestic and international markets and enhance its multiple potential growth opportunities.

Triton Energy of Panama is one of the leading companies in the delivery of marine fuels to the ships transiting the Panama Canal. Its main products are MGO and IFO. Triton energy is one of the physical fuel suppliers with a logistics network and complete supply in the entire Panamanian territory. 'All our Logistics Network makes our service reliable at all time,' say Triton officials.

TEP also has storage on both sides of the Panama Canal with a sufficient capacity to serve all its customers in the waters of the Panama Canal. The company has also a network of barge fleets dedicated for its use. The Logistics and Infrastructure that Triton Energy has in Panama makes it one of the most reliable marine fuel physical suppliers in the territorial waters of the Panama Canal.

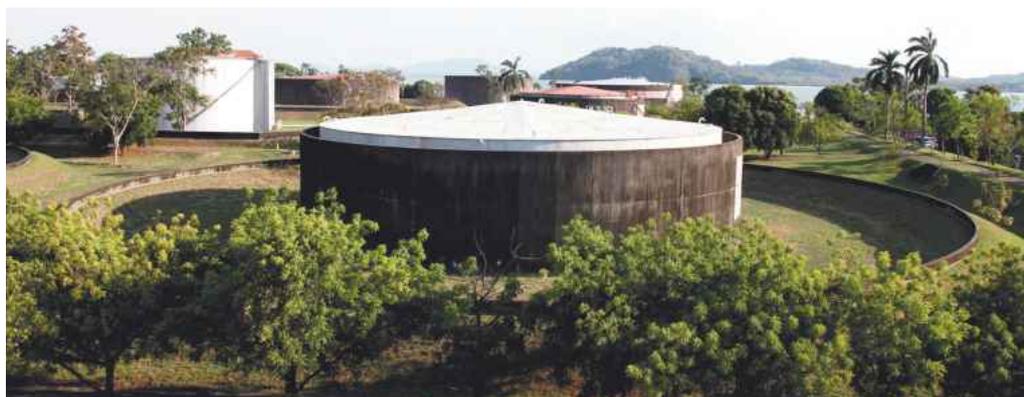
Triton Energy is also responsible for supplying fuel to the local market in Panama and with its own complete logistics network.

Panama Oil Terminal SA (POTSA) has a 20-year concession to administer

65 tanks and supply bunkers on both entrances of the Panama Canal, with total storage capacity of 2.7mbbls although most of the tanks date from decades ago.

Royal Dutch Shell, in March 2017, agreed to lease capacity at a large oil terminal in Panama that has been used by US refiner Tesoro Corp, gaining much-needed storage for its crude operations. The facility, designed for storage and transhipment of oil, is owned by Petroterminal de Panama and provides up to 14m bbls capacity, a pipeline network that connects the Atlantic and Pacific oceans, and docks for very large tankers. The news report was confirmed by a government source: 'We have signed a contract with Shell for a three-year period involving all the available space we have,' said an official from the Panamanian government. For Shell, having access to Panama would expand its current network in the Atlantic. After buying BG Group, it became the largest gas player in the Caribbean island of Trinidad and Tobago, where it also has blending and lubricant facilities.

Chevron-Texaco operates a tax-free fuel zone like the other seven free zones existing in the country. Exxon Mobile has kept a local presence through PetroAmerica (PATSA) that bought AMSTA in 2003. Singapore-listed Chemoil Energy Limited, and Canada-based Triton and CEPASA are also present on the market. Mexican government-owned Pemex International entered the Panamanian market in 2007 by forging an alliance with local storage. The Mexican company stores 1.32m bbls of fuel oil on both sides of the Panama Canal, from which it will provide marine fuel to major distributors in the region. Also two companies PetroBunker and Petroport have entered the market in



2008 and have built storage tanks.

VT Ships entered the market in October 2009 and operates one double-hull barge; in addition to three companies that supply bunkers: Trading Tankers, Interoceanic Supply Services (ISS) and Eagle Navigation & Trading, S.A which are trading bunkers in the region.

Eagle Navigation & Trading, S.A is a product tankers' company based in Panama. It was founded 'to meet the growing demand in quality bunker transporters that would meet the latest IMO regulations regarding protection of the environment and compliance with the codes,' says its general manager Raul de Saint Malo. All bunkering vessels are classed with members of IACS and also meet the requirements of the International Safety Management code (ISM), the Tanker Management and Self-Assessment code and the International Ship & Port Facility Security Code.

Compañía Marítima de Panama S.A. (Grupo Boluda) provides oil to its customers abroad the Caribbean, Central and South America. Terramar Oil & Services provides barge service, bunker and other services.

Interoceanic Supply Services Corp (ISS) entered Panama's market in December 2007. The company has five barges, situated on each side of the waterway. In 2013, ISS bought two new barges – Great Portobelo with 40,000 bbls and a very successful loading capacity was bought last year to renew the fleet; Great Darien supply boat with 5,000 bbls capacity. This supply boat only transports MGO (Marine Gas Oil). In addition, ISS owns Great Balboa; Great Gatun; and Great Panama as well as the supply boats or tugboats: Great Diablo- Great Coiba.

CHANDLERY

Chandlery is a shipping activity which, like shipping agencies, dates back to before the opening of the Panama Canal, when vessels arrived at the port of Colon, in the late 1880's looking for fresh goods before continuing their routes either northbound or southbound. At the time, food supplies to the vessels were mostly handled by the shipping agencies; it was not until the post-WWII that the first dedicated chandlers appeared on the market.



The market has become highly competitive as new companies are continuously entering Panama's chandlery market attracted by future opportunities with the Panama Canal expansion and growth of port activity. But it remains a pillar of auxiliary services. Chandlers have to permanently diversify their operations and extend their activities to ship repair supplies. There is nothing traditional anymore in the chandlery sector where food and vegetables become a secondary market while the supply of materials to make small ship repairs on board is leading the sector.

However, it is not clear, like other segments of the maritime sector, whether the increase of transits of Neopanamax vessels, which most of the time have no waiting time, bring additional business to ship chandlers. The cruise market remains 'very competitive and demanding' ship chandlers say, as most cruise vessels buy the large majority of their products in the US.

But the construction of a cruise terminal at the Pacific entrance of the Canal in Amador, expected to be in operations in 2020, could mark a difference for ship chandlers. Government officials will call an international tender to administer the terminal and some opportunities may surge as it will operate as a homeport. With some 200 cruise calls a year, cruise vessels have offered opportunities for ship chandlers to increase their business but not in the proportion expected by chandlers before the cruise industry began to call Panama on a regular basis. Most of the cruise vessels are docking at Colon 2000,

on the Atlantic side while the Amador cruise terminal, could offer opportunities for ship chandlers on the Pacific side.

Mercantile Shipstores S.A. (Mercansa)

www.mercansa.com has consolidated, over its 40 years of presence in the market, its position as a key vessel provider for the Panama Canal customers and other clients in Latin America and the Caribbean region. The group is currently present in Panama and in the Dominican Republic through its fully-owned subsidiary Mercansa Dominicana (Mercantile Shipstores Dominicana) and is a member of the International Ship Suppliers & Services Association (ISSA) Panama and the International Marine Purchasing Association (IMPA).

Mercansa holds over 4,500 references in a 10,000sq mtr warehouse in the Colon Free Zone (Atlantic side) and new warehouse in Albroom (Pacific side) that provides immediate delivery through its specialised division Mercansa Ship Supply at competitive prices, on the widest range of deck, engine, cabin, deck, safety materials, provision, bonded-goods and FRS (Fire, Rescue and Safety) related products, as Mercansa currently services a large number of the 14,000 vessels that transit the Panama Canal every year. A new business unit Mercansa Food Logistics, as wholesaler and distributor for ship chandlers and the local market, includes new cold storage of 1,000sq mtr, a new refrigerated truck fleet of 15 units, a warehouse in Albroom (Pacific side) and its own supply boats in both sides (Atlantic-Pacific).

As the company has increased sales

into the South America and Caribbean marketplaces, Mercansa brings the following services throughout two specialised divisions to provide top level services to its clients: Mercansa Wholesale, a fully dedicated export division that offers marine wholesale supplies, and acts as an exclusive for companies such as D. Koronakis S.A. PG Products Ltd, Strike First Corporation of America, Trewlany, National Foam or Tufropes, to name just a few.

A recognised specialist for mooring, towing and wire ropes and hawsers, Mercansa also sells specialty marine and heavy-duty coatings, marine fire-fighters suit and chemical proof clothing, fire-extinguishers, fire extinguisher cabinets, foam concentrate, foam proportioning systems, fixed and portable foam fire-fighting equipment, monitors, nozzles, specialised big flow pumping solutions and many other safety related products.

With Panamanian port and industrial sectors developing rapidly as well as in the region, Mercansa has included a list of industrial products (distributed through the Colon Free Zone and in the

Capital city) such as floor preparation, grinding and polishing products, corrosion and coatings removal, concrete and stone dressing, deck and tank de-scaling, vibration management solutions, local area tamping, compound mixing and dust control products amongst others.

The Group Safety division, Mercansa FRS (Fire, Rescue & Safety) not only provides consulting services on the best products available in the sector to comply with an ever increasingly complex legislation, but offers a high setting of life-raft and rescue boat service station, with inspections realised by qualified and experienced technicians for safety products, should they be marine-related or industrial.

Mercansa ceo Vikash Deepak, believes 'the Panama Canal expansion is definitely and positively affecting our business, as it has attracted larger vessels that had not passed through the canal before; gas carriers and Neopanamax ships.' However, the business is not necessarily to serve more ships, but that ships allocate a greater portion of their budget to purchasing goods and services in Panama, rather than in other ports, he says. 'The

expanded Canal will also represent a logistical challenge for suppliers, since it will allow ships to transit faster, limiting the time to supply them,' he added.

Mishal S.A. located in the Colon free Zone, provides provisions but also bond, cabin, deck, engine, electrical, safety and material lashing on a 24/7 basis to the vessels waiting for transit or in transshipment, and represents the brand names Conseal, Devcon products, Scaling Machines Kanjl, MacGregor, Seck and Peck & Hale.

Panama Ship Supply (www.shipsupplypanama.com) is located in Panama City and in the Colon Free Zone. The company was established by two logistics and customer service professionals with over 25 years of experience in the maritime industry, to provide first class service implementing the highest quality standards in the industry and support to the maritime sector.

PROTECSA Proveedora Tecnica S.A. (www.protecsa.com.pa) is one of the most experienced companies in the supply,

Centralam Panama

Centralam relies heavily on personal commitment from individuals both internally and externally in order to perform well in our activities of moving a product or service from supplier to customer.

'Our trading experience is based on providing customers with sales and products that fit their requirements, always keeping in mind our goal of meeting quality/price balance that impress client's utilising our network capability and professionalism in general,' says Centralam gm Thomas Rold.

We aim to provide our Customers with reliable, pro-active and cost-effective products and services including shipping solutions. With our experienced staff our aim is to keep customers constantly and promptly informed of arrangements or modifications, if needed.

Over the past years one of our main assets has been our lack of resilience to improve constantly in collaboration with the business partners, networks support; as well as our fast adaptation to the local and global supply chain variations.

In other aspects, we have been optimising our organisation's services to successfully be part of the supply chain, which includes liaising with compatible suppliers to eliminate bottlenecks; sourcing strategically to strike a balance between

lowest material cost and quality of products, transportation cost and supply security.

Centralam has been investing in business relations, infrastructure and competence through implementation of quality standards, forming alliances and acquisitions and we have been aligning and complementing employee's personal competences to fit the vision of the management and our business development strategy.

To excel in competition and create growth we don't focus on only pricing, there are many other marketing elements to be developed as distinguishing factors; as 'product-offer-design', quality of service; and added on services and values are likewise playing a defining role by promoting and generating demand of services and products.

As part of the next phase in the evolution of traditional ship supply service, Centralam is looking forward to build a centric-enterprise structure highly virtualised, that enable people to work anytime, anywhere and customers to purchase and consolidate their goods in a most efficient way, optimising on time and on overhead expenditures; all this always striving to minimise operational risk and costs related to supply; but by still complying with our commitment to customer satisfaction.

And this will most likely make it difficult to have long weekends.

installation and service of hydraulic systems, industrial hardware, marine electronics and marine systems, having established in Panama 30 years ago. The company specialises in installation while giving equally supporting equipment for marine electronics, being authorised agents for Sperry Marine, Anristu, Kodan, Leica, Magnavox, Newmar and a large number of other renowned international brand names. It can import and deliver locally spare parts and equipment duty free and can export to any part of the world.

CHARTS

Islamorada International S.A. (www.islamorada.com), the largest nautical bookstore in Latin America, is well known to the merchant marine community, yacht owners and sailors that find what they look for at the colonial-style building in Balboa near the Panama Canal. Islamorada International is now a landmark for nautical bookstores in Latin America. In spite of its emphasis on commercial ocean-going shipping and publications for the professional mariner, Islamorada with its location in the former Canal Zone, an area of historic interest in itself, is a store worth stopping off at to browse around in. The store is decorated with some interesting pieces of nautical history and particularly that of the Panama Canal since its inauguration in 1914.

The company, created some forty years ago by the present owner father, is a treasures' cove, selling nautical charts, nautical books and publications, maritime software, and instruments. It is also a must-do meeting place for visitors from round the world

looking for the indispensable maps that will make their journeys safe and free of unpleasant adventures.

But those are not the only bookstore's customers since the experienced company caters not only to those who call Panama but also to clients who regularly use the services well outside the region as the company is a part of a network of Admiralty chart agents around the world. To save time and costly courier expenses, Islamorada International 'is working closely with other appointed Admiralty chart agents to supply their customers in our region in a more expedited fashion,' explains Islamorada International manager Jason Critides.

The company had been appointed as an Oceangrafix Remote printing agent, and can supply Print-on-Demand charts for clients in Panama or elsewhere. 'That has been very successful, particularly the NOS charts, since it now is a last minute's option for vessel entering US waters, where there are stringent regulations on keeping your chart folios up to date. They have been selling well,' says Critides.

'For the last couple of years, we have also been printing Admiralty charts, so I'd just put it that we print Admiralty charts and their US equivalents. And these too are printed at the last minute with the latest Notices to Mariners applied,' he adds.

The bookstore offers a wide range of professional maritime reference books on the industry in general; with subjects ranging from tanker operations, port operations, maritime education, to salvage. 'Tramp bulk and tankers form the mainstay of its customers

in addition to clients from round the world and the merchant shipping that transits the Panama Canal and trades in Latin America,' explains the owner.

Islamorada International, classified as an International Chart Agent (UK Hydro Graphic Office) and appointed distributors of US (NIMA and NOS) and NZ hydro graphic products, has a staff of fully bilingual and skilled people to provide service to ships and companies not only in the Caribbean and Latin American region, but worldwide.

Chart Folio Management Services are provided for Admiralty, NZ, and US hydro graphic products, ranging from just the steady supply of Notice to Mariners to a customised chart-folio management service, with provision of automatic new editions delivery. 'We are authorised distributors for Admiralty digital products such as Admiralty Vector Chart Service (AVCS) and the Admiralty Raster Chart Service (ARCS), as well as Admiralty Digital Publications (ADP),' he explains. 'In recent years, the Admiralty launched the AVCS, allowing operators a very flexible and economical ENC service which licences cells for periods of three months up to 12 months.'

The ENC coverage being offered by the AVCS continues to grow, as is the interest in the service since the International Maritime Organisation (IMO) has mandated ECDIS (Electronic Display and Information Systems) as of 2012. The implementation will be phased in sections, the first of them will concern all new construction and then, year after year, different segments will require it on-board.

Jason Critides



'We work closely with the UK Hydro Graphic Office and original equipment manufacturers, to educate and assist owners in this process, with information on the systems, what ENC's are legal, what equipment is legal, training requirements, and more.' says Critides.

The bookstore sells also plotting, weather, optical, and navigation instruments in addition to a wide range of nautical books covering navigation, seamanship, towing and salvage, ship design and naval architecture, yachting and leisure, marine engineering, cargo work, log books, maritime business and even maritime law.

DREDGING

The **Panama Canal Authority (ACP) Dredging Division**: Upon the completion of the capital dredging works for the Canal expansion programme in 2016 – which included the widening and deepening of the navigation channel of the southern end of Gatun Lake, Cartagena and Cocoli Reaches and the removal of the dams or 'plugs' within the lake and close to the Neopanamax locks, as well as the widening of Gaillard Cut, removing a total estimated volume of 49.8m cu mtr – the ACP dredging programme has been focused on relevant channel improvement and maintenance dredging since 2017.

One of these improvements was northern of Bas Obispo and Gamboa Reaches' widening from 225 to 305mtr, on a 7.7km portion of Canal, which allows the meeting of two Neopanamax vessels transit parallel to each other since December 2017 and the expansion of Gamboa's mooring area to accommodate Panamax and Neopanamax vessels, which required the removal of approximately 11.2m cu mtr of earth and rocks. The \$137m project began on October 2013 and will conclude on September 2019. Works includes drilling and blasting, dry excavation, dredging, relocation of aids to navigation, alignment towers, and installation of mooring buoys. This project improves the Canal's capacity, accelerating traffic, reducing the time in Canal waters and providing a safe area to secure vessels.

As part of the plan to increase the Panama Canal offering to the maritime industry, two new anchorages (Peña Blanca and Monte Lirio) are being created at the northern part of Gatun Lake in order to provide a maximum equivalent capacity of 13 Neopanamax and one Panamax vessel. Works include the subaquatic clearing of stumps and dredging of 0.44m cu mtr to reach the design depth of 18.3mtr. As July 2019, the project has a progress of about 82%, with six Neopanamax and one Panamax anchorage positions completed. The project will conclude on September 2020.

These projects will be complemented with the newly Cocoli South Mooring Station, which will provide a safe and additional location to secure a Neopanamax vessel, improving the canal traffic and securing them when affected by harsh weather, traffic restrictions or damages. In general, the scope includes land-based and subaquatic drilling and blasting operations, dry excavation and dredging works to remove around 0.87m cu mtr of basaltic rock to reach the design depth of 16.76 metres, as well as the installation of six Neopanamax-designed mooring buoys, which will be available on September 2019. The budget for this project is \$25m.

Other minor dredging works, such as the excavation of a commercial vessels dock's basin and the deepening of ACP tug, fuel and launches landings, will be performed during fiscal year 2019. The materials being dredged are disposed on confined inland or in open water disposal sites, which are built or designed for this purpose.

The ACP dredge fleet, composed by the dipper dredge Rialto M. Christensen (already retired on January 2019), backhoe dredger Alberto Aleman Zubieta, cutter-suction dredger Quibian I and drilling and blasting barge Barú, have been kept extremely busy in all projects, including maintaining channels depth through maintenance projects in Gaillard Cut, facing the removal, not only of sediments,

but minor slides and boulders. Maintenance and capital projects area developed sharing equipment and in a complex and dynamic schedule.

A trailing suction hopper dredge was chartered in 2018 for 70 days to remove 1.01m cubic metres of siltation in Gaillard Cut and the Canal's Pacific side. Additionally, beyond the commitment of the expansion programme, both sea entrances to the Neopanamax locks were deepened to allow an increase in vessels draught from 14mtr to 15.2mtr, which was mainly executed under dredging contracts, removing 1.8m cu mtr for a total amount \$30.7m.

Dredging International (DEME Group-DI) from Belgium has been involved in the Panama Canal expansion since the beginning of the project. DI was awarded by the ACP the dredging of the Pacific entrance for the Canal expansion project, in April 2008. DI offered \$177.6m to widen the Canal's approximate 14km navigation channel to a minimum of 225mtr and deepen it to a maximum level of -15.5mtr Mean Low Water Spring (MLWS). It was the first project in Panama for Dredging International, and one of the largest projects in the Americas. DI's split the project into eight sections that was dredged over two phases, removal of the relatively soft overburden, and then, removal of the rock. In January 2012, the ACP requested a modification of the contract that brought additional work and expanded the deadline to June 2013.

DI had deployed in Panama, 9 units in total, brought new vessels with the latest technology, including the drillship Yuan Dong 007, a mix of very new and proven dredges specifically selected for the job. Those included DI's cutter flagship, 28,200kW self-propelled heavy-duty vessel D'Artagnan that has 6,000kW cutter power, plus the 9,000cu mtr trailer Breydel and the backhoe Samson, a clamshell and a couple of self-propelled 2,000cu mtr hopper barges. Drilling and blasting were initiated with the Yuan Dong 007 chartered by DI, a pioneering vessel designed and built specifically for





the Panama Canal expansion project and built at a cost of \$25m by Chinese blast company Yuan Dong, at Ningbo shipyard.

In June 2010, the ACP awarded DI their second Panama Canal contract to dredge Gatun Lake since the Belgium Company offered the lowest price of \$ 39.98m for widening and deepening the existing navigational channel by dredging approximately 4.6m cu mtr in the northern most reaches

of the Lake. This contract was one component within the ACP Fresh Water Dredging and Excavation Project for the Canal expansion, which included the dredging and/or excavation of about 30m cu mtr in the 425sq km Gatun Lake and Gaillard Cut.

In addition to the ACP expansion, Dredging International-Panama dredged the approach of the PSA-Panama International Terminal as subcontractor

to Alvarado & Durling and Vergel & Castellanos, which built the facilities. There was some land-based dredging in addition to the of 1m cu mtr to increase depth to 14.5mtr at MWLS.

Belgium-based **Jan De Nul Group** in Panama. People and global expertise: these are the corner stones of Jan De Nul Group's success. Thanks to its skilled employees and the world's most modern fleet, Jan De Nul Group is a

Boskalis Panama

Royal Boskalis Westminster NV, a leading global maritime services company operating in the dredging, maritime infrastructure and maritime services sectors, has become a regular feature in the various infrastructure works in the isthmus with dredging projects since 1989.

The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal



Punta Pacifica Islands created by Boskalis

and delta regions of the world with the construction and maintenance of ports and waterways, land reclamation, coastal defence and riverbank protection. In addition, they offer a wide variety of marine services and contracting for the offshore energy sector including transport, logistics and installation and towage, salvage and wreck removal (through SMIT).

Through their in-house engineering company Hydronamic, they have ample experience in managing and executing projects that included design, engineering and construction scopes.

In the 50 years that they are active in Panama, Boskalis Panama S.A. has executed over 54 projects for both private and public clients, with a total dredge volume exceeding 40m cu mtr. Their continuous presence allows them to build on a long-standing experience and knowledge of the local coastline Panamanian working conditions, permit requirements and specific local (market) circumstances.

Boskalis' strategy is aimed at benefitting from key macro-economic factors which drive worldwide demand in their markets: Expansion of the global economy, increasing energy consumption, global population growth and the challenges presented by climate change.

SHIPPING SERVICES

leading expert in dredging and marine construction activities, as well as in specialised services for the offshore industry of oil, gas and renewable energy. These core marine activities are further enhanced by Jan De Nul Group's in-house civil and environmental capabilities offering clients a complete package solution. Our professional and innovative solutions are trusted across the industry, together with our customers we build for further economic development. In Panama, the largest project Jan De Nul Group has been involved in is without a doubt the construction of the new third set of locks complex for the Panama Canal, one of the most prestigious infra-structure works in the world.

Jan De Nul Group was part of the consortium Grupo Unidos Por el Canal (GUPC) which was awarded the \$3.2bn contract for the construction. In August 2009 the construction of six new locks was commenced, comparable to the Berendrecht lock that was realised by the company 30 years ago in the port of Antwerp. It is especially its size that made the work in Panama complicated. The six locks along the Atlantic Ocean and the Pacific Ocean together required 5m cu mtr of concrete, 40m cu mtr of dry excavation, 50,000 tonnes of steel doors and sluice gates, and no less than 6,000 to 7,000 workers. Hence, the challenge has not been only in the technical difficulties, but especially in the use of the large numbers of means and employees. The assignment was won thanks to a number of creative and innovative solutions.

The consortium Cruceros del Pacifico, formed by Belgium's Jan de Nul and Beijing-based China Harbour Engineering Co. (CHEC), was awarded



a \$165.7m contract by Panama Maritime Authority (AMP) to design, develop and build the Amador Cruise Terminal at the Panama Canal Pacific entrance. CHEC, a subsidiary of China Communications Construction Co. Ltd., has been present in the isthmus for some years, having been awarded the construction of Evergreen's Colon Container Terminal (CCT) expansion, amongst other projects. The works were to be carried out within 24 months and the inauguration of the Amador Cruise Terminal is now planned in 2020, since it has faced some delays.

The terminal will have capacity to accommodate two ships of 360mtr in length, with a capacity of 5,000 passengers per vessel, in an area whose draught must reach 10.5mtr and be able to receive cruise ships at any time of day, regardless of the condition of the tide.

The terminal will have an area with parking for 300 vehicles, 60 spaces for buses and 25 for trucks. An environmentally friendly administrative building of approximately 10,800sq mtr will be built to serve the 10,000

passengers when the port is in full operation. This building will have a green building certification, with more than two hectares as a green area and paths, which should be integrated with the other spaces included in the project.

Rotterdam-based, **Van Oord** (www.vanoord.com) took the strategic decision to locate a permanent office in the region when Van Oord opened its office in Panama to take care of clients in Central America, because of the many opportunities offered by the Central America region which shows good figures when it comes to economic growth, especially in countries such as Panama, Mexico and Colombia.

Since the opening of Van Oord's office, several important projects in the region have successfully been completed in amongst others, in Costa Rica, Mexico and Colombia, where both capital and maintenance dredging works were executed with the employment of dredgers from Van Oord's fleet that consists of more than hundred vessels. Van Oord's strategy has included a €1bn

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investment programme resulting in a very modern and versatile fleet that includes vessels for all types of projects, including self-propelled cutter suction dredgers and backhoe dredgers, as well as specialised equipment for pipeline installation and the installation of offshore wind farms.

In addition, there are also a number of opportunities outside Panama, just to mention: In Mexico the National Infrastructure Plan has allocated around \$315bn for projects over the next six years. Amongst others this plan includes port upgrades with the aim to improve exports logistics. Van Oord has got a branch office in Mexico and is intensively participating in emerging tenders.

MARITIME SERVICES

Most of the Canal customers shipping lines have established regional operations in the country to handle directly their operations with the waterway; many of them having based their regional offices in Panama and participating in the growth of the maritime sector. In addition, a number of companies have opened offices in Panama to be present when the expanded Canal began operations end of June 2016. Those companies are oriented towards auxiliary services, from inspection, class and survey companies for the Ship Registry, to port construction, security, distribution firms of port and shipping equipment and consulting firms. They have consequently contributed to the strengthening of the sector with new capital and products.

The most important shipping lines are now working directly their vessels from their offices opened in the past ten years. This move has largely contributed to the mergers of shipping agencies.

APM-Maersk group of companies in Panama with more than 200 people, has its commercial headquarters in Costa del Este, covering the local Maersk Panama activities, Maersk Line Caribbean Sea Cluster (overlooking 10 countries) and the new Maersk Line Regional Team (recently relocating from Sao Paulo), APM Terminals and Damco Latin America regional teams, as well as the Latin America liner operations centre located in Balboa. Maersk Panama, S.A. Operations officially started January 1992 with ten staff members, one office

with the opening of two services, the Andean Service covering the east coast of US, Panama and west coast of South America serviced by three vessels. The present structure has seen many changes with the consolidation of a large number of sectors following the APMoeller Group re-organisation.

APL, through its predecessor the Pacific Mail Steam Ship Company, had been present in Panama long before the Panama Canal was inaugurated in 1914. PMSSC introduced in 1848 a pioneering coastal steamship service between Panama and California for passengers and freight. In the modern age, in 1995, APL began the first, dedicated all-water east coast service from Asia to the US east coast, with calls at Manzanillo International Terminal (MIT). Since beginning 2005, APL has initiated operations from the port of Balboa for transshipment and connections to its own network of vessels. Panama is the regional office for Latin America but also calls other Panamanian terminals. APL is likely to maintain the same regional office even though after the recent purchase of its parent company NOL by CMA CGM.

The Cosco (Central America) provides services from the Far East, the US and Panama with vessels fully owned or operated by Cosco Group. The company's Far East-North America service, formerly from China Shipping, operates 13 vessels out of the company's 98 container vessels and a total of 120,000 teu, also co-operates with CMA CGM, ZIM, and other lines on services from US east coast to Asia and vice versa. Cosco has absorbed China Shipping group in 2016.

China Ocean Shipping Company (COSCO), and the holding company Cosco China Shipping (COSCOCS), Group Chairman Xu Lirong has launched new lines of business for the company: Cosco Shipping Lines (Central America) Inc. and Cosco Shipping lines (Panama) Inc., in Panama in 2016. The launch took place one day after the opening of the expanded canal with the transit of the Cosco Shipping Panama. The merger of the two largest Chinese shipping lines has made COSCOCS the fourth largest in the world with a market share of 7.7% according to figures from Alphaliner.

COSCO opened offices in Panama in

the late 1990s and is among Panama Canal's top ten customers. COSCO-Panama that was transferred in 2003 to COSCON formerly COSCO Americas, handles six branch agencies in Central America covering Venezuela, Colombia, Mexico, Dominican Republic, Costa Rica and Panama and operates as a general agent for COSCO vessels and for other vessels as well. All branches account to COSCO-Panama which acts as an internal financial centre for the group operations in the region. The Panama regional office had been augmented with the merger with China Shipping.

The French carrier CMA CGM is amongst the top ten first customers of the Panama Canal and is a leader in the international container shipping industry, which plays a predominant role in the global economy by carrying more than 90% of all goods bought and sold around the world. The CMA CGM Group operates globally through a network of 650 agencies in more than 150 countries. With its five main hubs located in Malta, Tangier, Khor Fakkan, Kingston in Jamaica and Port Kelang, the Group serves both major shipping lines and secondary axes.

CMA CGM started operation in Panama on January 1, 2006 under the new joint venture named CMA CGM Panama, Inc. Before that date, the French company, the world's third largest container shipping company, was represented in Panama by French Shipping Agency until December 2005. CMA CGM calls Panama ports on both Atlantic and Pacific sides. Two offices are located in Panama: one in Panama City and one at Manzanillo International Terminal (MIT) in Colon.

CMA CGM team in Colon takes care of Colon Free Zone exporters, in close relation with Panama City office. With an organisation dedicated to reefers and a network of experts in over 85 countries, CMA CGM moves most of agricultural Panamanian exports, in particular fruits such as watermelons and pineapples. CMA CGM owns one of the largest and youngest – fleets of reefer containers: 170,000 reefer teu in fleet within 90,000 low energy teu.

Chile's Compania Sud Americana de Vapores (CSAV) and Crowley have also opened offices in Panama while

SHIPPING SERVICES

Taiwan-based Evergreen operates its liner services and agencies for the region from its subsidiary in Panama located in its own 'green' building. Even after the merger of CSAV container unit and Hamburg Sud, CSAV maintains its office in Panama as the company continues to operate in Latin America.

ONE – from the merger of the Japanese MOL (Mitsui O.S.K. Lines), NYK and "K"Line. Ocean Network Express (ONE) was announced and formed as a new joint venture in 2016, in between Nippon Yusen Kaisha (NYK), Mitsui O.S.K. Lines (MOL), "K"Line (KLI). The company started trading under the name 'Ocean Network Express' from 1 April 2018, with a holding company office in Tokyo, global headquarters in Singapore and regional headquarters in UK (London), US (Richmond, VA), Hong Kong, and Brazil (Sao Paulo). ONE has a fleet size of 1.4m teu and is the sixth largest player in the global shipping market.

ONE is an integral member of The Alliance, providing 34 services, directly calling at 81 different ports on a regular and continuous basis, of which



19 in Asia Far East (seven in China, five in Japan), three in the Indian subcontinent, seven in Middle East and Red Sea, 24 in Europe (seven in North Continent, 14 in the Mediterranean Sea), 21 in US and Canada, seven in Central America and Caribbean.

Ocean Network Express Panama Inc. started operation on 1st April 2018 with

the main office in Panama City and a second office locate in Colon, on the Atlantic side. ONE Panama staff is a mix of professionals in the maritime industry led by Julio De la Lastra, president and ceo with more than 40 years of experience in the shipping industry.

Ocean Network Express Panama Inc. start operation 1st April 2018 with

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the main office in Panama City and a second office located in Colon, on the Atlantic side. ONE Panama staff is a mix of professionals in the maritime industry led by Julio De la Lastra, president and ceo with more than 40 years of experience in the shipping industry. Since ONE began operation in Panama, more than 378 vessels have transited the Panama Canal. ONE had a canal ranking of 570 when started transiting the canal back in April 2018. 'In August 2019, our ranking increased to the 5th position,' said De La Lastra.

Alpha Laval, with local presence in Panama with technical and commercial branches working together and a field engineers network ready to support the complete service portfolio, Alfa Laval offers a wide range of solutions, troubleshooting and maintenance for the treatment of ballast water (PureBallast), fuel, lube oil treatment separators, plate heat exchangers, boilers (Aalborg Alfa Laval), oily water treatment (PureBilge) and is also in the capacity to train, audit and develop technical skills for the crew and customers technical teams,

solutions that minimise the financial impact of any unexpected break down.

Alpha Subsea Diving Services has opened for business on the Panama maritime scene. An all-round diving company, it specialises in ship maintenance and repairs as well as construction diving, bringing together a team with a wealth of experience in all areas of commercial diving.

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International Association of Recognised Organisations (IARO)

The International Association of Recognised Organisations (IARO) groups the Recognised Organisations of Panamanian capital and was created in 1996.

Its current members are: Inter maritime Certification Services ICS; International Register of Shipping IRS; Isthmus Bureau of Shipping IBS; MACOSNAR Corporation; Overseas Marine Certification Services OMCS; Panama Maritime Documentation Services PMDS; Panama Shipping Registrar PSR and Qualitas Register of Shipping QRS.

Every two years, IARO elects its board of directors and July 31, 2019, Alex Orillac became president of AIRO for the next two years. The new board of directors for the period 2019–2021 is composed of: president Alex Orillac from Isthmus Bureau of Shipping (IBS); vice president Adbiel Diaz from Panama Shipping Registrar (PSR); secretary Reynaldo Garibaldi from Panama Maritime Documentation Services (PMDS); treasurer Rogelio Barsallo from Qualitas Register of Shipping (QRS); director Luis Velasquez from Macosnar Corporation (MCO); and director Santiago Torrijos from Inter maritime Certification Services (ICS).

In his address to IARO members, Alex Orillac extended the Association's co-operation to the AMP 'so that together we can position Panama as a maritime country of excellence and we reiterate our offer to work jointly and by consensus with the new government of President Laurentino Cortizo for the growth of the Panamanian maritime sector.'

'Let's look for ways of co-operation and make the association and its members be a recognised by other registries of relevance. We all know that the Panama Registry needs to capture new construction records and for this it is important to understand what are the short, medium and long term's projections of the world fleet. Our Association must consolidate a strategic role, where we re-focus our priorities and efforts and worry about being co-responsible in the solutions to the great challenges that our merchant marine faces.'

'It is also necessary to know the planning of the companies



on the new constructions and understand which banks are financing these new constructions, the owners of these new construction as orders are mainly coming from Japan, China, Greece, South Korea and Norway. Therefore, it is very important that the Maritime Authority of Panama have the capacity to manoeuvre in these markets, reducing bureaucracy and excessive red tape,' said Orillac.

The IARO can show some great achievements and thanks to its members, it has '1,565 vessels classified for a total of 8,070,758gt. We have 1,627 ships certified under the Panamanian Registry, 16% of the total number of vessels registered in Panama and our presence in 67 countries makes us one of the main exporters of services in Panama,' he added.

The Association was formed to seek the assembly of all Panamanian and foreign companies which duly authorised by their respective governments, are engaged in the inspection and issuance of governmental technical certificates. In addition, the IARO aims at studying and improving Panamanian legislation in everything concerning the safety of human life at sea of all maritime safety conventions signed by the Republic of Panama or the country of one of its members and periodic modifications of the regulations and technical regulations used by all members of the Association, always seeking the development, knowledge and improvement of the services promoted by all members.

near the Panama Canal, is comprised of a small group of professional marine engineers and ships officers.

Its sister company, Overseas Marine Certification Services (OMCS), is both a Recognised Organisation (RO) and Recognised Security Organisation (RSO)

authorised by the Panama Maritime Authority to survey and issue all necessary statutory certificates on its behalf required by the Panamanian government and the International Maritime Organisation (IMO) for Panama-flagged vessels. With headquarters at Panama and regional offices located at Shanghai, China & Dubai,

UAE, IME offers a worldwide coverage.

The Inter maritime Group, founded by Eng. Santiago Torrijos, is formed by six companies dedicated exclusively to the maritime business for the most important Flag states. Inter maritime Certification Services (ICS Class)

Pole Star

Pole Star is a leading provider of ship-centric tracking, monitoring, compliance, and risk management services to the government, maritime, financial markets & compliance sectors. PurpleTRAC screens vessels, flag, ownership & management, current & past regulatory exposures against a comprehensive database of global economic sanctions and watchlists. PurpleTRAC monitors ship movements in near real-time using data from multiple sources, detecting significant events throughout its voyage and continuing to screen it daily.

In early 2019, a UN PoE report was released stating that “the manipulation of vessel AIS (Automatic Identification System) transmissions remains an overarching feature of illegal transfers”, which is not being taken into account by most global and regional commodity trading companies, banks and insurers, whose due diligence efforts fall extremely short.

“Many of the vessels involved in such transfers routinely engage in [illegal] activities”. (*UN PoE Report S/2019/171*)

AIS is a VHF-based tracking system used by ships and vessel traffic services to identify and locate other nearby ships for the primary purpose of collision avoidance. SOLAS regulation requires AIS to provide information (including the ship's identity, type, position, course, and speed) to appropriately equipped shore stations and other ships, receive information from other AIS-enabled ships, monitor and track ships and exchange data with shore-based facilities.

AIS is recognised by the IMO for the purpose of collision avoidance and not as a global ship tracking system. SOLAS LRIT regulation does not specifically mention technologies like AIS, but its requirements preclude AIS use. Regulations that require ship-tracking capabilities and include AIS as an accepted technology tend to be local or regional, limited to areas known to have good coverage.

As the main role of AIS moves away from its original purpose, several inherent features now pose weaknesses.

- Data collisions: This occurs when two or more units try to use the same transmission time slot causing messages to become garbled and lost.
- AIS communications are not meant to be secure and can therefore be falsified: This can allow attackers to tamper with valid AIS data
- AIS equipment is not required to be continuously switched on: AIS messages are received by anyone with an AIS receiver

- The need for proximity of receivers imposes coverage limitations
- AIS messages do not include timestamps: Time stamps are added by whoever captures the data, leaving them susceptible to errors or falsification.
- AIS units do not have an inherent method of unit identification: In a worst case scenario, all of the identifying information can be falsified. AIS units that aren't properly re-configured after a change of flag are one of the main sources of bad AIS data.

AIS is available in two forms; Terrestrial AIS (T-AIS) and Satellite AIS (S-AIS).

In trying to solve the issues affecting T-AIS, S-AIS was created, however it too suffers from drawbacks, particularly increased latency and that coverage is not static, meaning that continuous coverage can only be achieved at a high cost.

The role of AIS in the world of deceptive shipping practices

Deceptive practices are intended to circumvent existing regulations in shipping related transactions. The risk of engaging in prohibited activity or processing prohibited transactions can be mitigated by monitoring for AIS manipulation.

There are three methods to attempt to interfere with AIS-based ship-tracking:

- Stopping AIS transmissions
- Transmitting invalid or false ship identifiers
- Tampering with the AIS messages

Ship registries, insurers, charterers, vessel owners, and port state control entities should consider investigating vessels that appear to attempt interfering with their AIS near sanctioned zones. Any other signs of AIS transponder manipulation should be considered red flags for potential illicit activity and should be investigated fully prior to continuing to provide services to, processing transactions involving, or engaging in other activities with such vessels.

As the sanctions landscape grows ever more complex, the need to remain knowledgeable about potential risk and have proper risk-mitigation processes & technologies in place has become essential. The importance of technology solutions incorporating multiple data sources and AIS providers, such as Pole Star's PurpleTRAC, have become crucial in augmenting and validating AIS and demonstrating best efforts of compliance.



buscomejorflote.com) is a platform designed to facilitate competitive freight for Panama exporters and importers. The site is completely free for importers and exporters. They are not required to subscribe, providing quick access to a large number of maritime, air and land cargo transport service providers. Freight providers become members of the platform at a very low monthly membership fee. The freight providers will make best offers, as they know they are competing with other members of the platform. The platform's actual members are shipping lines, cargo agencies, logistics operators and any company selling freights. There are advertising spaces for other providers of cargo services.

BestFreightSearch.com has integrated a friendlier Home page in which it is very easy to select the country where the shipper wishes to post his cargo to request the freight rate. Users can also easily download the platform link on the screen of their tablet or mobile phone for quick access and post their freight request.

To date, the platform registers an average of more than 20 visits per day or some 600 per month and has an average of five effective postings of freight quotations per day that have included from annual tenders of 1,000 containers up to the total annual movement loose cargo of one single importer.

Braemar – incorporating The Salvage Association – Braemar SA, a world leading multi-disciplinary Marine Surveying and Technical Consultancy, has set up a new office in Panama. Braemar SA offers a broad range of technical and in-depth expert services to the maritime industry. In addition to traditional Hull & Machinery damage surveys it has also successfully further developed our scope of services to include a broad range of expert marine consultancy services and also expansion of the project cargo warranty capacity. The company has offices in New York, Miami, New Orleans, Houston, Seattle, Montreal, Rio and a planned office in Toronto.

ClassIBS – Isthmus Bureau of Shipping (www.ibs.com.pa) was founded in May

1995 in Panama and will celebrate its 25th anniversary next year. Class IBS was established as Classification Society in order to promote the regulation and development of the shipping and shipbuilding industries.

Although ClassIBS has its head office in Panama, it has a network of representative offices and more than 75 surveyors around the world, which work under direction and coordination from its head office. In addition to its classification activities, ClassIBS conducts surveys on behalf of third parties including State Administrations like Panama through the Panama Maritime Authority, Belize through IMMARBE (International Merchant Marine of Belize), and Jamaica through the Maritime Authority of Jamaica, among others. The society also verifies the safety management systems of ship-management companies and ships, in accordance with the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code and Maritime Labour Convention 2006 (MLC 2006).

Hubel Marine B.V. is a Rotterdam-based maritime consultancy firm Hubel Marine B.V. were laid in the 1980 by Mr. J.W. de Koning performing flag state inspections for Panama. The range of services grew and since 1997 the company is run by Erik de Koning, his son and sole owner. De Koning was joined, a couple of years later, by Wouter Sluis who is now general manager, and a support team of professionals. The four pillars of the company are the following services: registration of vessels, flag state seafarer endorsements, flag related Classification surveys and a service

department that assist with S&P of vessels between clients. Hubel Marine has recently flagged in Panama the world's biggest dual-fuel semi-submersible crane vessel Heerema's SLEIPNIR.

Intercoastal Marine Inc. (www.imi.com.pa) is the leading marine construction company in Central America. Since its foundation in 1995, IMI has played a major role on the development of the marine sector in Panama completing most of the existing container terminals in the country. It continues to participate in all the tenders and large projects of the expansion of the existing terminals on both sides of the Panama Canal.

In 2011, IMI was acquired by two important construction companies in Latin America: Conconcreto from Colombia and Salfacorp from Chile through a Colombian outfit called Consalfa. IMI, backed by its partners, offers solid management and depth technical expertise on each and every one of its workers and professionals. IMI is an equipment intensive company and offers a large series of heavy cranes that range from 12 tonnes to 300 tonnes and it has bought its sixth 2,100hp-25 tonnes bollard pull-tug boat. IMI has been able to maintain its sustainable growth in Panama and simultaneous start its internationalisation in other Latin American markets such as Guatemala and Dominican Republic.

International Marine Experts (IME) (www.ime.com.pa) provides for inspections of ships and yachts that have been damaged or require inspections or surveys for either insurance purposes or for pre-purchase condition and appraisal evaluations. The company, located

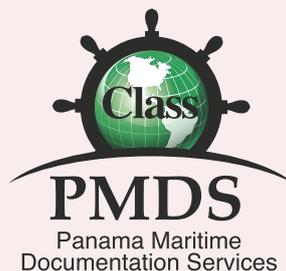
PANAMA MARITIME GROUP



*"We celebrate
30 years*

*providing integrated
services to the
International Maritime
Community"*

To be in the business for 30 years requires having incredible people around the world. We are honored to work with Maritime Administrations, our clients, surveyors, branches and would like to thank them all for believing in us and our abilities to achieve the goals and vision of success. We are also grateful to work with a group of talented, passionate and caring technical, operative, supporting staff that contribute to Panama Maritime Group in remaining as one of the most dynamic and efficient groups in the sector.



MAN Energy Solutions Panama (MAN ES Panama)

At MAN ES Panama we transfer three MAN PrimeServ key-messages in everything we do: Customer Proximity, Solution Orientation and Technical Competence. We spread these three key messages within our full array of services providing our customers with expert technical assistance, OEM spare parts, and efficient workshop services. Thanks to our geographic location the company has become a rapid and efficient place for the development of customers' demands.

MAN ES Panama started operations in 2007 as MAN Diesel Panama, with a small office and one superintendent. Nevertheless, this pushed us to grow with one main objective in mind, supporting each customer with their very specific needs. Ten years later, we now count with a full working team of superintendents and a workshop with state-of-the-art machinery in order to be one sole solutions provider to each of our customers. Our workshop was built on this base in order to include services such as: engine maintenance (four-stroke and two-stroke), lathe machine & milling machine, fuel injection valves overhaul, fuel pumps maintenance, turbochargers maintenance, rotor balancing, welding works, honing of cylinder liners, top covers and components reconditioning. We are also certified to support with the maintenance of MET Turbochargers.

In the third quarter of 2019, we managed to safely complete over 100 service jobs on board vessels and power plants. One highlight of our remarkable work took place during the month of August when we performed an emergency attendance on one vessel equipped with a two-Stroke main propulsion engine 10K90 MC. While the vessel was transiting the Panama Canal



locks, our client reported a miss of the main engine starting in both motions (ahead and astern direction). In order to have the vessel back in complete running conditions, one Superintendent engineer, one service engineer and eight mechanics worked continuously in two working shifts during the course of four days. They completed the attendance with excellent results. The satisfaction from our customer to have the vessel in complete running conditions is what we always strive for, serving with a solution-oriented mindset. Our commitment is 24/7, 365 days a year working continuously for our customers.

In MAN ES Panama, we proudly say that we provide each service with passion, making sure every need is covered and that all our customers feel we have not only a completed service but have intently worked together towards a common goal.

giving class and statutory services to ships flying Panama, Belize, Honduras and Kiribati flags as Class Society, Recognised Organisation (RO) and Recognised Security Organisation (RSO) for the issuance of Class & Statutory Certificates. ICS Class is a classification society with headquarters located in Panama, Republic of Panama. ICS Class is an independent and non-commercial organisation carries out its classification activities in an impartial and objective way in compliance with the ICS Class Rules and Regulations. ICS Class Rules and Regulations set appropriate standards for the Classification and Construction of Ships providing all the information needed for classification purposes.

Intermaritime Group has a training centre Panama Maritime Training Services (PMTS) with more than 15 years of experience, certified by the Panama Maritime Authority and IMMARBE (International Merchant Marine Registry

of Belize), as well as the Panamanian Ministry of Education, to conduct out STCW78/95 course and assessment. To respond to clients' demands, the Group has built a strong business structure that includes a law firm, Panama Maritime Lawyers & Co. The Group represents, as Deputy Registrars and Maritime Registrars, the following Maritime Authorities: Panama, Belize, Bolivia, Honduras, Vanuatu and Sierra Leone.

Three years ago, Intermaritime Group launched its strategic partnership with Marine and Cargo Reinsurance Broker Aquamercantile, the first reinsurance broker to be authorised by the Superintendency of Insurance and Reinsurance of Panama (Registration Number ROC 002) specialising in Cargo 'Stock Throughput', Marine Cargo, Marine Hull & Machinery including War Risks, Protection & Indemnity as well as other marine liabilities, Oil Terminals and Port Facilities, Claims and Salvage Assistance 24/7.

Lalizas Panama S.A. – The franchise for Panama and Central America was recently inaugurated, the well-known brand of maritime security articles: Lalizas. The franchise seeks to expand the presence of products manufactured in Europe within the competitive Latin American market. The Lalizas brand is present in a large part of the commercial and recreational merchant fleet around the world. In addition, the company also bets on its sister brands: Lofrans (Windlasses); Max Power (Thrusters); Ocean (defenses for yachts and small boats) and Nuova Rade (Manufacture of plastic articles for yachts). Lalizas is a company that manufactures maritime equipment and has a presence in 127 countries. The company maintains a leading position within the European Maritime market with more than 36 years of experience and being experts in equipment for the rescue of life at sea.

Macosnar Corporation www.macosnar.com – is a Panamanian RO, RSO,

and classification society founded in 1995 by Capt Velasquez, to offer services of professional quality to the maritime community in an efficient and appropriate way. Such services are carried out with a highly experienced staff of engineers and naval architects which guarantee the performance of surveys and certifications according to the norms and regulations of the IMO.

Macosnar will soon celebrate its 25th anniversary, which enhances its day to day commitment in maintaining and developing a global coverage including the achievement of flag administrations recognition to satisfy its customer needs always having present the safety of life at sea, and the prevention of the pollution of marine environment. The organisation is under a quality system ISO 9001:2008 that also consolidates its constant improvement in the services delivered.

With head offices in Panama, Macosnar has established offices in Asia, Middle East and South America and has a surveyor network of more than 35 representatives worldwide to attend their



Patricia Velasquez, gm of Macosnar and former president of the Chamber of Shipping

customer needs. Furthermore, STCW training, Vessel and Yacht Registration comprise the group of service companies among others. The company is now administrated by his daughter, Patricia Velasquez, an active member of WISTA International who became in 2018 the first woman to preside the Panama's Chamber of Shipping. She was nominated for the WISTA Woman of the year Award, which will be chosen in November 2019.

Marine Metal Coatings Inc. is an innovative company with two main

trades: corrosion control and concrete demolition with diamond tools. The company specialises in the surface preparation (grit blasting and 40,000 psi ultra-high-pressure water blast) and painting of ship hulls, cargo, ballast, fuels and water tanks. Marine equipment, miter gates, caissons, piping, penstocks for hydroelectric dams, bridges and piers have been serviced and protected from corrosion by their company.

Maritime Advisors & Developers Inc. (MAD Inc.) specialises in maritime

Panama Transshipment Group (PTG)

Panama Transshipment Group (PTG) www.ptg.com.pa a Narval company, has years of experience in the maritime, logistics and port industry of Panama. PTG has provided clients with a multidisciplinary team who offers optimal services, through operation management in multiple cargo terminals.

'The socioeconomic model developed by PTG has transformed the connectivity between ports, yielding productivity and efficiencies for our clients, whilst positively impacting Panama's trucking community. The results have been evident to our customers, improving their supply chain and positioning PTG as the 'Number One' company in the sector,' says PTG president, Mario Perez Balladares.

Customers are the driving force behind PTG to work towards constant innovation and better techniques and equipment. 'PTG's most challenging project is not only to remain the best in the business, but to grow and consolidate the credibility and trust deposited on us by our clients,' he adds. 'It has been our mission and value proposition to our customers which, for years, have guaranteed the success and prestige of PTG within the logistics, maritime and port sector.'

Through its subsidiaries, PTG offers stevedoring services for containers in a specialised level, contributing to the strengthening of the major ports' areas of the country. The company has developed a work pattern focused on its

employees' commitment with its strategic partners, making available a wide range of logistics specialties oriented to satisfy any intermodal requirement.

PTG also offers its customers a series of services including maintenance, repair, monitoring and handling of refrigerated cargo: Starting from the connection and disconnection on board vessels, to specialised protocol container handling, to and from the ship to the port terminal and vice versa.

PTG has a complete integrated intermodal platform with a range of services for transit connections per channel: Monitoring performance KPIs, tracking, paperwork, networking and connections. The technical staff has extensive operational knowledge, allowing them to control the timing, contingencies and efficiently directing the activities of the transshipment of containers and achieve excellence in cargo handling. PTG is also an authorised economic operator certified BASC.

PTG has all the necessary special equipment (chassis, gen set, low boy) to complement its comprehensive range of services with off dock operations, by ensuring that dry, refrigerated, oversized containers and dangerous goods are provided with the necessary equipment to optimally reach its logistics destination. In addition to the technical team, PTG has a structured human talent capable of responding to the needs of its customers 24 hours a day, seven days a week.

and consulting services. Eng. Nicolas Vukelja Duque with a 17 year-experience in the sector is the managing director, accompanied by his brothers. MAD Inc. is a member of Panama's Chamber of Shipping. Vukelja has been elected in June president of the Panama's Chamber of Shipping for the period 2019-2020.

The **Meyer's Group** was founded in 2006. It emerged due to the market needs of having a company that generates trust, service and quality, led by its founders' visionary ideas, whose goal is that of satisfying the customers' needs in Latin America and the Caribbean. With over 10 years of experience in the maritime sector, Meyer's Group is projected as one of the fastest growing companies and expansion in the Panamanian market, bringing together renowned companies with business lines in the area of land and sea transport, construction and agro-industrial sector. It includes various companies

of tugboats, marine transport and supply boats as well as a construction company and other ventures.

National Shipping Adjusters (NASHA) (www.nashapanama.com) was founded in 1985, as one of the first Recognised Organisation (RO) and Classification Society. It is duly authorised by the Panamanian Government to conduct statutory surveys, class and certification and offers a reliable, flexible and cost-effective service. The company operates under ISO 9001-2008, in compliance with IMO standards, national and international regulations, these are a guarantee to offer a quality service.

Oceanco Safety & Supply was founded in 1983 as a supplier of safety equipment, marine paint and deck spares to the Central & South American region. The company also established a fully equipped internationally approved Life Raft Service Station at the same time to

meet the needs of its customers. Since 1983 Oceanco Safety & Supply has grown tremendously and now offers delivery services and has warehouses strategically positioned close to the main Pacific and Atlantic ports of Panama to serve its customers.

Panama Maritime Group (PMG) headquartered in Panama, has over more than 200 representative offices around the world. PMG, a pioneer in the promotion of Panama's maritime sector, was created by Dr Hugo Torrijos Richa who left an important mark on the maritime industry leading Panama to become the world's largest Ship Registry and presiding over Latin America's most successful port privatisation and transshipment programme in the 1990s. Dr Hugo Torrijos, one of the architects of Panama's maritime boom, passed away in December 2010 and his widow, Magali de Torrijos has been successfully managing PMG to maintain his legacy.

HullWiper opens first Americas operations base for the Panama Canal



Dubai-headquartered HullWiper Ltd announced it has opened its first operations base in the Americas, in partnership with the leading provider of subsea services in Panama, Talleres Industriales S.A., to offer innovative and eco-friendly hull cleaning solution to the vessels transiting the Panama Canal.

The agreement is part of HullWiper's global leasing programme introduced in 2017, which works with partners around the world to offer ship owners and operators an affordable, brush-and-diver-free alternative to traditional hull cleaning methods that protects both vessel hull coatings and the delicate marine ecosystem. The launch of HullWiper's hull cleaning service [in the Panama Canal] is in response to growing demand for safe hull cleaning solutions.

HullWiper's patented Remotely Operated Vehicle (ROV) system uses adjustable seawater jets under variable pressure to remove

fouling, instead of brushes or abrasives, minimising the risk of damage to expensive anti-fouling coatings.

No divers are used, so there is no risk to human life and cleaning can be conducted day or night, in most weather conditions, and whilst cargo operations are underway. Removed residues are collected by an onboard filter and deposited into dedicated drums onshore for locally-approved environmental disposal. The filter also reduces the risk of cross-pollination of waters with alien species.

'Our ROV is a good fit to support the initiatives of the Panama Canal Authorities to provide a green solution for vessels in transit,' said Simon Doran, HullWiper md. 'Our system boosts vessel efficiency and fuel savings to reduce CO₂ emissions.'

'We are excited to introduce HullWiper in the Panama Canal area,' said Talleres Industriales managing director, Lino Arosemena. 'Our company has been serving the area for half a century, and now more than 1,200 vessels we attend to every year will have the opportunity to use this new service. HullWiper's green credentials make it a good fit with other environmentally friendly technologies in which Talleres has invested in recent years, including sulphur cap solutions, ballast water system installation and pollution control division,' he added.

HullWiper now operates from ports in Sweden, Norway, Denmark, Singapore, Spain, The Netherlands, Egypt, Australia, UK, UAE and – on an ad hoc basis – at key locations across the Middle East. New operations in Mauritius are coming in 2019 and is available for lease where HullWiper does not have its own base.



PMG, one of the first groups in Panama to offer a comprehensive one-roof solution to the maritime community, includes the companies Panama Maritime Documentation Services Inc. (PMDS) a Recognised Organisation authorised by the Registers of Panama and Belize to perform surveys and statutory certification to all type of vessels, Torrijos & Asociados (T&A), a Law Firm specialised in ship registrations company incorporation, crew licenses and legal consultancy, among others and Marine Training and Certification Centre (MTCC) a centre of seafarers formation and training, following the requirements established by the STCW Convention. The Group incorporated PMDS Class in 2012, for which specialised staff was hired.

Panama Lifeboat Services S.A. (www.panamalifeboat.com) was established in Panama in August 2010, and represents lifeboats and davits manufactures to respond to customers' needs in that area who require a reliable and professional staff to perform the annual and five yearly inspections on their equipment's according IMO and SOLAS rules and regulations, including Gangways & ALP Inspections, fibre-glass repairs and Load testing's.

Pole Star Space Applications Limited (www.polestarglobal.com) is proud to support the world's largest ship registry, AMP in what is widely considered to be the world's largest vessel monitoring centre, managing over 8,000 SOLAS class vessels. In addition to the provision of fully outsourced Long-Range-Identification and Tracking (LRIT) services, Pole Star provides non-SOLAS vessel monitoring, Vessel Vetting, Sanctions Compliance Screening, Port

Risk Mitigation and Ship Security Alert Service (SSAS) Management of the fleet.

The new vessel monitoring centre is based in Panama City and manned by trained staff on a 24x7x365 basis. Panama is the first flag state to implement such a broad range of Maritime Domain Awareness (MDA) capabilities under a single platform. This new standard of excellence clearly sets a precedent for other flag states who will wish to keep up-to-date with increasing safety and compliance requirements for their fleet. The AMP is fully LRIT compliant yet it continues to enhance its capabilities. The next phase sees the AMP increase their maritime safety proposition by extending the safety and security scope of their current system. This will incorporate similar MDA tools for the non-SOLAS vessels operating within the Panamanian territorial waters, including small fishing, leisure vessels, service vessels, commercial and industrial fishing vessels, fuel transfer vessels, and vessels operating within maritime concessions.

The Panama flag is the first flag state to implement a comprehensive Sanctions and Compliance system for all the vessels flying the Panama flag. The new Vessel Vetting system will also allow the flag's Port State officials to deploy a Port Risk Mitigation plan for all the country's ports. The system will alert the AMP of any vessel subject to existing sanctions and embargoes, and if the vessel carries any risks relating to terrorism, war zones, or infectious disease.

From a vessel security and piracy counter-measures perspective, the AMP will be deploying a real-time Ship Security and Alert (SSAS) platform

where they can manage SSAS alerts, flag tests, and verify compliance with the ISPS Code. In addition, the time-consuming task of managing the SSAS test schedules will be automated, allowing the AMP to significantly improve the efficiency of this process.

All the company's products are supported by a 24/7, 'follow the sun' support infrastructure fluent in over 20 languages and located throughout its global office footprint. Pole Star is a local company in every market they serve. All staff adheres to strict quality assurance practices, which have allowed the company to obtain ISO9001:2008 certification.

Pole Star is a privately-owned company headquartered in London with offices in Panama, Singapore, Hong Kong and Sydney. They have been providing ship-centric monitoring, regulatory compliance & risk management services to the shipping industry since 1998. Their suite of services includes remote fleet monitoring, risk management, sanctions and compliance screening, ship security, Long Range Identification and Tracking (LRIT), fisheries monitoring services and much more. They are widely acknowledged as one of the leading providers in their field. Pole Star support over 100 governments (including LRIT data centres for 46 maritime administrations and ship registries) and more than 1,100 commercial shipping operations directly or through their global distribution network. In total, the company tracks more than 40,000 ships, almost half the world's fleet.

Panama Transshipment Group (PTG) has years of experience in the maritime, logistics and port industry of Panama. PTG has provided clients with a multidisciplinary team who offers optimal services, through operation management in multiple cargo terminals.

Panama Transshipment Group, through its subsidiaries, offers stevedoring services for containers in a specialised level, contributing to the strengthening of the major ports' areas of the country. The company has developed a work pattern focused on its employees' commitment with its strategic partners, making available a wide range of logistics specialties oriented to satisfy any

Marine Metal Coatings, Inc. (MMC)

It's been over 50 years since Robert Novey Diez first brought the diamond bit drill technology to Panama. Initially, to remove large masses of concrete as part of the locks reconditioning programme for the then Panama Canal Commission. This opened the way for his companies to expand on importing innovative demolition technologies for selective concrete with diamond tools, corrosion control of steel structures, and abatement of hazardous substances, such as lead paint, asbestos, and hydrocarbons.

Since 1985, Marine Metal Coatings, Inc. (MMC) has participated in numerous pilot projects with the Panama Canal. Some outstanding such as the accesses on the locks central wall, for the installation of elevators that would transport personnel to a depth of 60 feet and back. It was done by demolishing enormous masses of concrete, using diamond wire saws for the first time in Panama.

In the corrosion control area, MMC is pioneer in the use of ultrahigh pressure water blasting (UHPWB) and recyclable steel grit as an alternative to the traditional grit. This technology allows for zero dust emissions using recyclable grit, avoiding sand waste generated from the traditional sandblasting operations, with consequent ecological and health benefits.

Another contribution to the environment was working diverse techniques of specialised painting, MMC introduced the use of industrial dust collectors which capture emissions in all activities performed, and of dehumidifiers to control humidity and temperature. Thus, guaranteeing that the environmental conditions are optimal when applying the surface coatings.

Today, Marine Metal Coatings, Inc. is formed by an experienced multidisciplinary team to include electromechanical, civil, safety, and industrial engineers, a complete safety team formed by industrial hygienist and safety officers, SSPC certified quality control inspectors, and field personnel specialised in concrete demolition, industrial



painting, grit blasting, water blasting, hot coal tar application, confined spaces, asbestos and lead paint abatement.

During the construction of the third set of locks, MMC technology was hired to strengthen the concrete sill between the lower and middle chambers. It was necessary to drill through the thick rebar on the surface of these structures, to enable the concrete drilling machines to reach the depths required for the repairs and reinforcement of the concrete.

Most recently, MMC has removed lead-based paint and mould from the ceiling concrete slab in an office building; again, applying upscale techniques to ensure adequate removal of the contaminants. Just the same in applying safety controls during the cleaning of fuel storage tanks at VOPAK Terminal.

MMC focuses on quality and safety in completing all projects. Our team of engineers, foremen and specialised technical workers is continuously trained in the latest technology within their respective fields, following the legacy of MMC's founder.

MMC is an active member of international recognised organisations, such as NACE (National Association of Corrosion Engineers), SSPC (The Society for Protective Coating) and CSDA (Coring, Sawing and Drilling Association).

intermodal requirement. PTG also offers its customers a series of services including maintenance, repair, monitoring and handling of refrigerated cargo: Starting from the connection and disconnection on board vessels, to specialised protocol container handling, to and from the ship to the port terminal and vice versa.

Raytheon Anschütz, the German navigation system manufacturer Raytheon Anschütz has established its new subsidiary Raytheon Anschuetz Panama S. de R.L., in Panama City. The new company acts as the regional customer support and service coordination centre, including service training capabilities and a large spare parts depot for Panama, Middle and

South America and the Caribbean.

The facility of Raytheon Anschuetz Panama is located close to the Panama Canal and in decent proximity to the airport, enabling fast access to perform maintenance or repair tasks for ships passing the Panama Canal as well as in the whole region. It has acquired the activities of High Sea Support (HSS) Panama. Since its establishment in 2000 as a subsidiary of the Danish company Hans Buch A/S, HSS has been providing sales and service in Panama not only for Raytheon Anschütz equipment, but also for other navigation and communication companies. The facility of Raytheon Anschuetz Panama contains a workshop and a warehouse with spare

parts for the brands being served.

RTI Latin America (www.rtiforensics.com) is a subsidiary of RTI Group, a global company headquartered in Annapolis, Maryland and regional offices in London, California, Bahrain and Panama. RTI offers a wide range of forensic engineering services, particularly the design and implementation of risk-based safety management systems. RTI is a pioneering accident and failure investigation and safety management consultancy – serving high risk industries, including utilities, multimodal transportation, oil and gas, construction, hydroelectric and mining, maritime administrations and the legal and insurance markets.



Capt. Orlando Allard is the president of RTI Latin America, which was established in Panama City since 2008.

With origins dating back to 1975, RTI expert witness and high-risk industries accident investigation services also include material testing laboratories, root cause analysis, risk assessment, development of risk matrix and mitigation controls and multimedia accident animation and reconstruction. Magic Motion Studios, another integral part of RTI Group, provides graphics animation and accident reconstruction services and Anamet Inc., and the laboratories in California, provide material analysis and testing. The RTI office in London deals primarily with risk, safety management and maritime issues and the Bahrain branch provides security and safety services in the Gulf and Middle East region.

SETIMSA Group is a Panamanian company with 20 years of experience in the development of projects in the port sector at national and international level. It has professionals with over 30 years of experience in the sector. The company began operations in 1997, when the President and Founder, Eng. Gabriel Araya Ahumada, with great vision, found a niche at a time when private operation of container terminals was just starting in Panama.

TESA is a Panamanian company founded in 1963 which began as a transportation company but due to the necessity of the business, the company started with the distribution of parts and equipment related to the business. With over 55 years of experience, it is involved in different segments of the economy such as the Marine Commercial and Pleasure, Automobile,

Heavy Equipment, Agricultural Machinery and Energetic industry.

It represents in the Marine business, brands such as Yanmar Marine (Commercial, Light Duty Commercial and Pleasure engines), Hamilton Jet, ZF Marine Transmission and VETUS marine accessories, and is the distributor of Yamaha outboards, motorcycles and ATVs from Japan.

PILOTAGE

Caribbean Pilots was created at end-2007 to provide pilotage services to the ports established in the bay of Manzanillo, Colon and ship owners and liners calling Colon Container Terminal (CCT), Manzanillo International Terminal (MIT) and Colon Port Terminal (CPT). The company has 11 pilots, some of them working as pilots at the Panama Canal Authority (ACP).

Panama Pilots Services Co. (PPSC) (www.panamapilot.com) is the oldest company providing this type of service. Founded 20 years ago, Panama Pilots Services includes Quality Action Club, Pilsemar S.A. and Practicos Unidos de Panama, each company having its own history. Quality Action Club was created by a group of pilots working for Panama Refinery and the port of Coco Solo, while Practicos Unidos de Panama was formed by a group of small vessels' pilots and Pilsemar, was created in 1995 by a team of pilots working at the Panama Canal. When the Manzanillo International Terminal (MIT) began operations in 1995, the three companies decided to join efforts to offer the first ever-privately-owned container port in Panama, pilotage service to MIT's new larger and bigger vessels. PPSC provides service on a 24/7 basis which requires to have pilots available all the time.

POLLUTION CONTROL

Ocean Pollution Control S.A (OPC) (www.oceanpollution.net) is a Panamanian response company which is operating in Panama as mandated by a 20-year contract with the Panama Maritime Authority. The company has operating bases in Panama (Pacific side) and Colon (Caribbean side). OPC has all required marine equipment and shore installations to respond to oil spills, recover contaminants and provide final disposition to contaminants and material employed in its recovery. It has opened new offices in Honduras and Guatemala in 2008 and before the end of 2008, OPC added Costa Rica to its offshore business with a basic response centre in Puerto Limon.

Previously in 2005, OPC formed a partnership in Nicaragua where it began operations providing environmental services to oil companies, including soil remediation and land farming just outside Managua, the capital of Nicaragua. OPC keeps investing in newer equipment and developing other services which include oily water and slop removal from vessels calling Panama as required by the MARPOL agreement. OPC concession is coming to an end and an international tender will be called before the end of 2018.

The **Talleres Industriales Pollution Control Division** was created to fill a need and provides a response to Panama maritime industry's spill market. Talleres Industriales obtained a spill-control licence from the Panama Maritime Authority early 2018 and had immediately invested in equipment, gears and training programmes.

'Bringing a new offer to the stakeholders in our area by using all the existing resources of a 50-year institution, made sense to our management and directors,' says Lino Arosemena, ceo of Talleres Industriales. 'Now we are able to confirm that we are full equipped at both sides of the canal,' said Arosemena.

Talleres will provide comprehensive emergency response services to all the ports in Panama as well as bunker operations and vessels transiting the Panama Canal. Talleres owns and operates a vast amount of specialised-

oil-spill response equipment and vessels pre-positioned throughout the Panama Canal to attend any incidents on a 24/7 basis.

PORT SERVICES

The **Panama Maritime Group Port & Cargo Co.**, began operations in 2004. The company is considered the first labour outsourcing company in Panama. It started offering stevedoring and port workers to Evergreen's Colon Container Terminal (CCT) on the Atlantic coast, marked the introduction of outsourcing in the maritime industry in Panama.

Tecniport New Mindi Port Development Corp, was formed in 2008 and represents Capacity Trucks of Texas (COT), Cummins Engines, Allison Transmission and Terex Port Equipment in Panama. It provides services to all Capacity Trucks located in Panama and provides servicing, warrant support, full technical solutions and sales of OEM parts. It is the only authorised dealer for Capacity Trucks; Terex Port Equipment and Allison Transmission in Panama and also serves as non-exclusive dealer for Cummins Engines. It has 67 technicians.

SHIPPING AGENCIES

The sector of Shipping Agencies has been transformed and seen their activity reduced, many have joined in alliances or mergers and redirected their activities offering a variety of other services.

Associated Steamship Agents (www.shipagents.com) is considered the 'dean' of shipping agencies, having operated in the country for nearly 120 years. The original owner Capt. William Andrews opened an office in the Atlantic city of Colon in 1889, the same year the French Compagnie Universelle du Canal Interoceanique ceased operations in Panama. Since then, and through purchases, mergers and name changing, the company has developed into the present organisation which maintains offices at Balboa and Cristobal, where operations departments work 24/7, responding to the needs of the agency principals from around the world who use the Panama Canal and Panamanian ports.

Associated Steamship Agents are also agents for Lloyd's of London and undertake hull and machinery surveys on behalf of underwriters from Europe, the US and the Far East. Associated Steamship Services, together with Wilford & McKay, Fernie and Gateway Transit, has formed a strategic alliance. The business remains largely dominated by domestic agencies that offer experience and know how. It represents shipping lines and cruise lines.

C.B. Fenton & Co. (www.cbfenton.com) is one of the oldest shipping agencies established in Panama. It represents more than 100 ship owning companies throughout the world, with agents in

Europe, the US and the major shipping capitals of the Far East and four offices located in the country, two at each terminal of the canal with the capability to provide full agency services at all ports within the Republic of Panama. CB Fenton has a large clientele of cruise lines. Since October 2010, C.B.Fenton & Co has moved its headquarters in Panama-Pacifico, at the International Business Park, Las Brujas Ave. Building A, Suite 210, the former Howard Air Force base transformed into an economic development area. It was purchased by the Chilean Company Ultramar which has retained its brand name.

GAC-Panama – GAC Group has announced in October 2018 the opening of an owned-office in Panama as part of its growth strategy across the Americas region; the office will provide a wide range of shipping services to vessels calling at Panamanian ports or transiting the Panama Canal. Panama's strategic location and having the US as its most important trading partner make it a natural extension of GAC in the Americas region and the Panama office will offer a suite of services including traditional ship agency, specialised husbandry, ship spares delivery, crew matters and repairs.

Heading up the GAC Panama operations is Alexei Oduber, a 27-year industry veteran well versed in all aspects

Norton Lilly Panama

Norton Lilly International, founded in 1841 and headquartered in Mobile, Alabama, is the largest agency in North America, operating a unified network of ports offices in the region including Panama, Mexico, the United States, Canada, the Caribbean, Venezuela and the Pacific Islands (Hawaii, Guam, and Saipan).

Norton Lilly Panama, a subsidiary of Norton Lilly International, has been proudly serving the international shipping community at the Panama Canal and surrounding ports for over 94 years since opening their first office on the Isthmus in 1925.

With more than 100 employees and offices in Panama City and Colon, Norton Lilly Panama attends approximately 18% of overall canal traffic including 27% of all Neopanamax vessels. The company provides agency services to all vessel types including passenger ships, LPG, LNG, container, car carrier, dry and liquid bulk, reefer cargos, project cargo & heavy lift, and military ships.

At the Panama Canal, their core services include co-ordination of canal transits, transit booking applications, local port calls and cargo operations including cargo transshipment, bunkering activities, and all aspects of vessel husbandry needs including crew changes, delivery of spare parts and provisions, vessel surveys and repairs. Their operations are staffed 24 hours, including a dedicated ship management services team responsible for the co-ordination of crew changes and preparation of crew visas.

'We recognise the importance of delivering first class operational performance on the ground and in the ports which we are able to deliver through a team of knowledgeable and caring professionals. We consistently strive for excellence by providing our services with expertise, innovation, and understanding in order to meet and exceed our customers' needs. Always aiming to improve our performance while remaining consistent with our five core values: Learning, Integrity, Fun, Excellence, and Safety,' says Norton Lilly Panama president Joe Walden.



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of the shipping industry as well as freight forwarding in the Panama Canal. Previously, GAC used a GAC network agent for vessels in Panama.

Inchcape Shipping Services-Panama (www.iss-shipping.com) is a leading provider of agency services in Panama and in Central America where it represents several shipping lines and navies and provides one of the best examples of the integration of a local company into a group of worldwide reach. Inchcape Shipping Services-Panama roots go back to the Pacific Steam Navigation Company (PSNC), which began operations in the Gulf of Panama in 1845. After the construction of the Panama Canal, PSNC opened its offices in the Atlantic Terminal, Colon and was represented by the Ford Company in Balboa in 1961, when the two companies merged creating Pacific-Ford.

In 1984, the company joined with Inchcape Shipping Services and completed its union with the company in 1995, becoming Inchcape Shipping Services, S.A. ISS-Panama City provides full husbandry services to vessels transiting the Panama Canal or calling at Panamanian ports and anchorages. Its experienced bilingual operations team have an excellent working knowledge of local marine regulations, and utilise this expertise to save vessel time and

Panama Shipping Agency & Services (PSAS) was created in 2010 but its principals have been involved in the shipping industry for more than a decade. The company is authorised to operate as 'port agent' in any port of Panama and is recognised as a shipping agency by the ACP for vessel transit purposes. PSAS also provides services of chandlery. The agency acts as a ship manager providing cash

to master to enable the responsible person to settle directly with local suppliers and advances of wages to the crew. In addition, it can co-ordinate classification surveys, statutory surveys, ISM and ISPS audits with the main Class Societies (IACS members) and other recognised organisations authorised by most flag states.

Rozo & Cia (Panama) S.A. (www.therozogroup.com) is part of the Rozo Group which is composed of Jaime Rozo Gomez & Cia Ltd, ship chandlers founded in 1961, Rozo & Cia Ltd, maritime agents (1989), Rozo y Cia (Panama) S.A., ship agents (1997) and, Overseas Ship Suppliers Corp., general ship chandler at the Panama Canal, in Panama since 2001 which offers services of shipping agency and supply services in Cristobal and Balboa, Manzanillo International Terminal, Chiriqui Grande, Almirante and Bahia Las Minas.

The Rozo Group offers quality service to meet the goals and objectives of its clients since it will always go the extra mile to ensure that the specific needs of its clients are fulfilled to the best of their interest. Expertise, availability of resources, and supervision of personnel, allows Rozo & Cia (Panama) S.A. to perform an excellent service and easier handling of port operations from vessel's arrival to departure. Since being established in 1961 with its first company Jaime Rozo Gomez & Cia in Cartagena, Colombia, it has developed into one of the leading shipping companies of the north coast of Colombia and since 2001 has expanded its services to the ports of Panama. By aiming to provide the best possible services, the Rozo Group has gained a well-known reputation as reliable agents and ship chandlers for ships of all kinds, offering service on a 24/7 basis.

Other shipping agencies established in Panama include Agencias Continental, Barwill Agencies, C. Fernie & Co., Cross Road Agencies, Norton Lilly International Panama, Pacific Agent Ship Panama, Panama Agency Co., PanCanal Shipping Agency, Sopisco, Wilford & Mc Kay, Unigreen Marine and Setimsa and many more.

SHIP REPAIR

The ship repair sector is seen as one of the most promising amongst auxiliary businesses of the maritime sector. However, the problem is a lack of space to expand activities. Many international ship repair companies are looking at Panama to install shop and companies already in place are hunting for land to build new facilities. Panamanian authorities are keen to develop the sector trying to list areas where new facilities could be established. Most ship repairs (besides the shipyards already operating) are done afloat and in ship repair installations, on land.

Beyond the existing players, others have been attracted by the Canal expansion and its opportunities, such as Wärtsilä that opened shop in Panama in 2007. The company, which is installed in Panama-Pacífico, the former Howard US air force base, is servicing its main customers, which include the Panama Canal tugboats and other private companies.

Panama-Pacífico has seen several companies offering this type of services coming to the economic-free zone located in the former US Howard Air Force base, which provides warehouses for repairs and spare parts.

The Panama Canal Authority (ACP) Fleets and Equipment Maintenance Division executes all repairs to the Panama Canal's tugboats, barges,

Panama Maritime Documentation Services (PMDS)

Thirty years have elapsed since the inauguration of Panama Maritime Documentation Services (PMDS) www.panamamaritime.com making it the leading company in the provision of ship inspection and certification services to the international maritime community.

Currently, under the leadership of ceo Magali de Torrijos and a qualified operational and technical team, PMDS has developed several projects in tune with the globalisation of the international maritime market, which includes obtaining recognition from Maritime Administrations such as Panama, Belize, MSA China, Mongolia, Dominica, Honduras and Ecuador, to offer alternatives to its clients in the different geographical areas where its more than 100 exclusive inspectors are located.

PMDS maintains exclusive offices in Fuzhou, China, and Vietnam to meet the needs of the Asian market, the main client of the Panamanian Merchant Marine.

PMDS is part of the Panama Maritime Group. The companies that make up the group provide a variety of associated services, such as the registration of ships through the Law Firm Torrijos & Asociados (www.torrijos-asociados.com), who with 25 years of experience and a specialised legal team, is a prominent legal firm in flagging under Panama and representing other Maritime Administrations in their capacity as Deputy Registrar (Office No. 85) of Belize. During these years, T&A has promoted the incorporation of companies through Panamanian, Belize, Liberia, BVI and Marshall Island legislations, thus providing a complete offer to ship owners, who opt for this comprehensive service under the highest standards in compliance with national and international regulations.



Panama Maritime Group also provides maritime training service to seafarers through the Marine Training and Certification Centre (MTCC) (www.mtccpanama.com). For more than 14 years, MTCC has made significant investments in the modernisation of its maritime training centre with the acquisition of deck simulators, machines and GMDSS TRANSAS, which allows to expand training services at the Headquarters, led by a team of authorised teachers for an academic offer that has reached more than 55 training programmes to date. MTCC also has branches of great recognition located in India, Ukraine and recently in Greece, increasing the presence in cities of important demands for training services.

These 50 years of challenges, goals and achievements would not have been possible without the confidence placed by the Maritime Administrations, our clients, inspectors, management, technical and operational personnel at the Headquarters and its branches and all those that in some way, contribute to make of Panama Maritime Group, one of the most dynamic and efficient groups in the sector.

launches, dredges, floating cranes, spillway and locks gates and mechanical flow control devices, land based heavy equipment, and machinery and the vehicle's fleet at its shipyard and other industrial and marine repair facilities throughout the Canal's operating areas.

It's also responsible for fleet management and the capital programme of the Panama Canal, for the systematic process of developing, acquiring, maintaining, upgrading, and disposing cost-effectively of all the assets in the Panama Canal fleets.

The historical shipyard dry dock, located at Mount Hope on the Atlantic side, was built by the French Compagnie Interocéanique du Canal de Panama in 1886, as testifies an engraving on the walls. It was expanded in the 1930s by

the US Panama Canal Company which used it extensively. The shipyard has two docks: dock 14, 221.15mtr-long; and dock 15, 270mtr-long. Both docks can handle vessels with a draught up to 10.5mtr. In addition, the division has a synchro-lift with a capacity of 1,720 metric tonnes that lifts and transfers vessels and locks gates from the water into its eight repair areas for servicing. Additionally, dock and synchro-lift space are rented to maximise the facilities utilisation and support the local commercial emerging ship repairs industry.

Astillero Bayano www.astilleroBayano.com at the Port of Coquira, on the Bayano River, just 23 nautical miles east of the Panama Canal's Balboa entrance, is able to service the local growing industry, at international quality standards. Astillero Bayano has built,

redesigned, and repaired tug boats, supply boats, barges and many other types of floating equipment used in Panama's maritime industry. The yard is able to do repairs both on land or afloat.

The facilities include: a marine railway, with a maximum capacity of 8 vessels at a time and beds able to hold up to 600-tonne vessels; an engine shop for repairing, overhauling of engines such as Caterpillar, Detroit Diesel, and Cummins; a machine shop and equipment used for aligning, forging and manufacturing metal pieces with lathes, drills, presses; a carpentry shop with all the wood and equipment necessary for doing any type of woodworking, from hull construction and repair, to detailed cabin finishes; a sand blasting & painting shop with sand blasting equipment and all types of marine

and epoxy paints; fuel tanks for supply of diesel fuel and lubricants; marine chandlery containing a wide variety of replacements for basic vessel equipment and a 200ft-dock suitable for loading and unloading, as well as afloat repairs.

The **PMS Group** (www.msupply.com.pa) comprises Professional Manpower Supply, Professional Diving Services and Professional Ship Suppliers.

Professional Manpower Supply S.A. (PMS) has a team of technicians, engineers and staff with more than 20 years of experience in the ship repair business. The company's main works involve repairs and maintenance of ships including afloat repairs, on dock, dry-docking, marine structures and industrial repairs as well as underwater repairs. PMS's fully equipped and well-maintained facilities located in the Panama Canal area, allow marine repairs

on all kinds of vessels. The company provides services for a wide range of clients from Panama and overseas and is certified by ABS, BV, and DNV GL. The new division of Underwater Repairs attends hull cleanings, CCTV inspections, propeller polishing, anodes renewals and special diving works. The operations are done with correct procedures, experienced personnel and safety and knowledge with guarantee their success.

Professional Manpower Supply offers a series of services that include steel repairs; pre-docking; commercial diving; mechanical repairs; sandblasting, water-blasting and painting; tank cleaning; electric repairs; a/c repairs; steel pre-fabrication; crane services; launch services; voyage repairs; thermographic analysis and non-destructive testing, amongst others. The team also specialises in a-float repairs with complete logistics as pier movements, mobile crane

displacements, launches co-ordination, loading and unloading materials, tools and personnel in both locations of the Atlantic and Pacific anchorages as it is always an opportunity for the vessels awaiting transit at the Panama Canal to use waiting time for afloat repairs.

The Balboa Shipyard marked its 100th anniversary in 2016 since the Panamanian facility began operations a year after the inauguration of the Panama Canal as an extension of the Panama Canal Company. The shipyard is located on the waterway Pacific side entrance, next to the port of Balboa and was built last century by the US Panama Canal Company.

Balboa's facilities include Dry Dock 3 with a length of 70mtr, Dry Dock 2 with a length of 130mtr, and Dry Dock 1 with a length of 318mtr and a capacity to hold a Panamax-vessel, without mentioning the two docks for quayside repairs.

Talleres Industriales S.A. (TISA): Celebrating Half-Century in the Shipping Industry



Talleres Industriales S.A. (TISA) is a Panamanian company, founded in 1969, with 50 years of experience in the ship repair industry in Panama and Latin America. Talleres Industriales services more than 1,200 boats a year through steel, electrical and mechanical repairs, painting and commercial diving.

We are also committed to salvage and spill control operations. We are prepared with different types of floating equipment (supply boats, barges, launches, floating cranes) and workshops at both ends of the Panama Canal.

Talleres Industriales grew from a human-centric vision, with a desire to offer opportunities to its collaborators throughout five decades. The experience mixed with continuous learning developed into the specialisation of inspections and repairs on board and underwater, on both sides of the Canal. Assisting

around 1,200 vessels a year, round-the-clock, all 365 days.

With each passing year, the Company's responsibility grows. Fifty years is a very significant number for any company, much more so for us, since we compete internationally with European and Asian companies, in a country of less than 4m inhabitants. This is a source of pride for each one of our collaborators, managers and directors.

Currently, with more than 200 employees, Talleres Industriales is more than a company; it is a family where we can find up to three working generations of welders, mechanics, divers, and electricians, among others. All collaborators are a crucial part in the operation of this 'ship hospital ER (emergency room)', where they have to be prepared to engage in any scenario, 24/7, year-round.

Equipment includes three Potain tower cranes, as well as two refurbished 45 tonne cranes that are original hardware from the shipyard and one mobile crane with a capacity to pick up 66 tonnes. Also included in the original hardware from the shipyard are the main pumps that are used to fill up the dry docks. Other hardware has been purchased for the operation such as; cherry-pickers, forklifts, bobcats, ultra-high-pressure washers, vents, etc. Today, the shipyard enjoys a particular good location for the vessels transiting the Panama Canal which need repairs. The Panama Maritime Authority will soon call an international tender for the administration of the shipyard.

Talleres Industriales (TI) was founded 50 years ago and is now led by the second generation of the Arosemena family. In 1969, Engineer Rafael Arosemena founded the company along with Ricardo Husband, Ricardo Williamson (deceased), Gustavo Castro (deceased), and Eloy Williamson. Lino Arosemena, the youngest son of Rafael Arosemena, is now the md. With a BA in management and economy and graduate studies at Harvard Business School, Lino Arosemena began working at TI in 1993 and since then, has promoted its growth and expansion by implementing new strategies.

Talleres Industriales is amongst the largest and most prestigious ship repair companies in Latin America. It has a highly skilled and dedicated work force of over 400 employees, led by experienced and dedicated engineers and managers. The company performs repair works in

over 18 countries in the Americas and Caribbean and is owner and operators of 13 floating equipment – supply boats, deck barges, crane barges, diving boats, crew boat in Panama and Colombia. TI is located on both sides of the Panama Canal with two workshops and a Branch office at Cartagena, Colombia. All the equipment, including underwater, welding and lifeboats are certified.

TOWAGE

SAAM SMIT Towage Panama has operated in Panama since 1986, and operates now in all terminals on both sides of the canal, including Manzanillo International Terminal (MIT), Colon Container Terminal (CCT), Cristobal and Balboa and PSA-Panama in Rodman. In addition, SAAM SMIT Towage entered into a long-term exclusive contract with Petroterminal de Panama in Puerto Armuelles, providing two powerful tugs for tankers calling their terminal and is the towage provider of Punta Rincon International Terminal, the dedicated port of Cobre-Panama, the copper mine that began operations early 2019. There, on June of 2019, SST Panama assisted the first exportation of copper concentrate in Panama.

The company was initially a Joint venture between SMIT and SAAM, in February 2019, Royal Boskalis Westminster N.V. (Boskalis), the main shareholder of SMIT signed an agreement with SAAM relating to the sale and purchase of the equity stake held by Boskalis in SAAM SMIT Towage.

'The partnership between Boskalis and SAAM has been very productive: In just over four years, we have consolidated our leadership position in Panama by utilizing equipment coming available from our region, and thereby providing a quick and fitting solution to our customers. Today we see towage is the core business of SAAM, which is focussed on remaining a true market leader and this allows us to continue providing excellence service in the Americas with a modern fleet and quality services. We see we are able to add value to our customers from this dedicated group,' said Walter Van der Dussen, md of SAAM SMIT Towage Panama Inc.

SAAM SMIT Towage Panama is the market leader in harbour and terminal towage in Panama, its position on both sides of the Panama Canal and its versatile fleet of modern tugs enables the company to be present in all the segments of the towage market in Panama: Mining, Oil, LNG, container and projects. 'The approach with our customers is to focus on offering innovative and value-added solutions, always taking advantage of our regional coverage and our local knowledge, providing the client with a fit for purpose solution,' said Matia De Luiggi, commercial manager of SAAM SMIT Towage Panama Inc.

Compañía Marítima de Panama www.cmpgb.com

through its subsidiary Tug Services Panama (TSP) is the operator of a fleet of tugboats placed on both sides of the Panama Canal. TSP operates throughout the Pacific coast, the Atlantic coast, in the Caribbean region and up and down the Atlantic and Pacific coasts of South and Central America and the West Indies. During its years of operation, Tug Services Panama has performed salvage work, escort service, towage, docking/undocking and practically any service where a tug is needed.

The Canal expansion has put Panama in the spotlight of the world maritime sector and Chile in particular. Proof of the interest of Chilean companies to generate synergy with local companies and take advantage of the opportunities is the decision of the Chilean company **CPT Empresas Marítimas, SA** to establish a regional Hub in Panama



to provide tugboat service in Central America and the Caribbean. Harald Rosenqvist, president of CPT Empresas Maritimas, SA, said that the company, with more than 100 years of existence, is in process of regional expansion. CPT Empresas maritimas has a presence in Argentina, Peru, Ecuador, Costa Rica, Nicaragua and Panama.

In Panama, the company has a joint investment with Meyer's Group through which it provides tug services in Colon Container Terminal (CCT), Bahía Las Minas and the Melones area. However, at the moment a

regional tugboat operations centre is being developed to provide services in Central America and the Caribbean.

SVITZER (www.svitzer.com) a wholly owned subsidiary of the A.P. Moller-Maersk Group, has been on the forefront of specialised marine services for more than 175 years. A fleet of more than 500 vessels worldwide makes SVITZER a global market leader within towage, salvage and emergency response.

SVITZER's regional office in the Americas, located in Miami, Florida, is responsible for serving ports and

terminals in Bahamas, Canada, Chile, Dominican Republic, Mexico, Panama, Peru, Puerto Rico, Trinidad & Tobago and Venezuela.

In the Americas SVITZER operates more than 55 tugs. The tugs operated by Svitzer, basically are large tugs of 65 tonnes bollard pull and 85 tonnes bollard pull. But tugs of smaller or bigger size can also be provided based on needs of SVITZER clients in the Americas region. In Panama, SVITZER Panama with a contract with Petroterminal de Panama, operates one tug on their Atlantic terminal. ●

SAAM Towage Division

SAAM is a towage services leader in the Americas and the fourth-largest global stakeholder. It provides traditional docking and undocking, assistance, salvage and towage services, oil and natural gas platform positioning and anchorage, as well specialised vessel services at offshore terminals. With a 75% Azimuth stern drive tug fleet that provides superior manoeuvrability, operating safety and speed, SAAM operates in nine countries at over 70 ports throughout the Americas and is the leader in most of the markets where it provides services.

'On February we signed a deal with Royal Boskalis Westminster NV. (Boskalis) to acquire its interest in the two joint operations we formed in 2014 for tugboat operations in Brazil, Mexico, Panama and Canada. The transaction is valued at \$201m and is waiting for the approval of the regulatory authorities,' said SAAM ceo Macario Valdes.

'This is an industry that is highly fragmented. Therefore, in an increasingly global world and with more concentrated customers, we believe that the consolidation trend will continue,' he added.

'Our goal is to consolidate our leadership in the Americas, capitalise expansion opportunities and provide, wherever we



operate, safe and reliable services to our clients. SAAM Towage Division reported stable results in the first quarter of 2019 when compared to the ones of last year. The industry is facing increasing challenges and we expect to successfully overcome this cycle with an efficient and lean operation,' he said.

SAAM's first tug with ecological emissions certification, Tsmishian Warrior, began operations May 28, at the Ridley Island Propane Export Terminal (RIPET) in Canada, owned by the Canadian company Altagas – leader in energy infrastructure in North America – and the Dutch firm Vopak.

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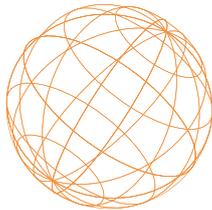
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Panamanian lawyers have, for more than a century, specialised in maritime affairs but with a series of legislations that promoted the services economy, they have become well renowned for their corporate and fiscal savvy taking their know-how beyond the borders of Panama by opening offices in the main capitals of Asia, Europe and the US.

Two important legislations gave birth to the sector which is a significant segment of the economy. Prior to the inauguration of the Panama Canal in 1914, Law 63 of December 15, 1917 and Law 8 of 12th January, 1925, creating the Ship Registry and Law 32 of 1927 were enacted, establishing the organisation and management of corporations. The combination of these legal acts propelled the Isthmus to a position where, today, Panama's Ship Registry leads the world's largest fleet.

The creation of the Colon Free Zone, the banking centre, the reverted areas following the transfer of the Panama Canal in 1999 and of legislations especially oriented to giving tax incentives, have attracted large foreign

corporations. In particular, law 41 of August 24, 2007 gives a series of legal and tax incentives to multinational firms and corporation relocating their headquarters in Panama and thus creating growing demand for legal services.

Ports, cargo and transport companies as well as ancillary activities have increased the maritime sector and Panamanian law firms have, therefore, become specialists in corporate and maritime businesses.

The legal sector is represented by several trade guilds but there is a particular association that caters to the maritime sector, the Panamanian Maritime Law Association (PMLA or APADEMAR by its Spanish acronym, Asociación Panameña de Derecho Marítimo – www.apademar.com). The PMLA was created at the end of the 1970s by a group of lawyers specialising in maritime law.

The PMLA's board of directors is elected every year. The board of directors for the period 2019-2020 is composed of: Jazmina Rovi (Morgan & Morgan); president Pilar Castillo (Arias, Fábrega y Fábrega) – vice president Ramon Franco M (Franco & Franco); secretary

Joaquin De Obarrio (Patton, Moreno & Asvat); deputy secretary Alexis Herrera (Icaza, Gonzalez Ruiz y Aleman); treasurer María Lourdes Galan (De Castro & Robles); deputy treasurer and Francisco Linares (Morgan & Morgan), former president and consultant.

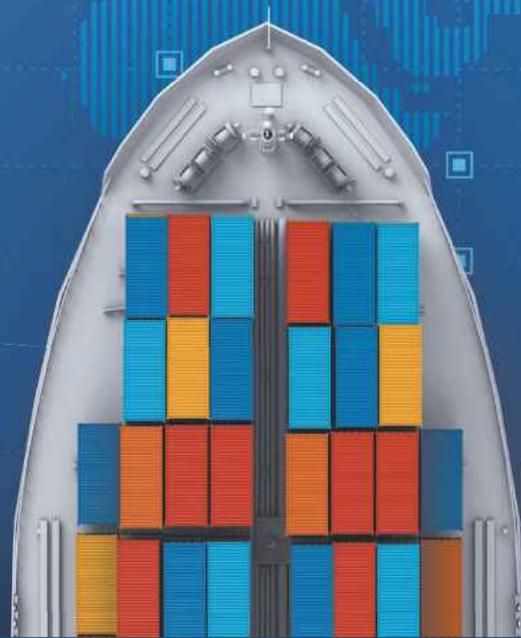
Every two years the PMLA alternating in co-ordination with the Chamber of Shipping organise a series of conferences and exhibition known as Panama Maritime that put the eyes of the international maritime industry on Panama.

Panama Maritime XIV World Conference & Exhibition was held from 17 to 20 March 2019 at the Megapolis Convention Centre in Panama City. The main theme of the conference was 'Taking advantage of evolving industry trends: A greener, digital & autonomous maritime industry.' The Organising Committee was presided by Capt. Orlando Allard from the Chamber of Shipping. The PMLA will be in charge of organising the next Conference and Exhibition in 2021.

Panama Maritime Authority and the Ship Registry in association with the

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Panama Canal Authority are now participating together in international conferences-exhibitions, like Sea Asia in Singapore, or Posidonia and Nor Shipping, where many of the PMLA members have brought their expertise and representation to form a united front enhancing the quality of the Ship Registry since the 102-year-old Panama Ship Registry is facing strong competition in the sector where not only the top tier registries operate but also a plethora of small registries. It is not so much a war of prices, but the lax implementation of regulations, the flexible quality and security of those newcomer flags that jeopardise the entire sector.

PMLA new president Jazmina Rovi, in her acceptance's speech, promised to 'promote the updating of the business model on which our Merchant Marine is based to ensure its competitiveness and sustainability as the first registry of ships, making use of the results of the strategy workshop conducted by the Maritime Authority of Panama throughout the year 2018,' and work with the new Administration starting July 1st to design together effective marketing strategies.

'In the area of administration of justice in the maritime jurisdiction, we have set two goals,' said Rovi. 'That all rulings of the Maritime Court of Appeals and Maritime Courts be published on the Judicial Branch's website, in order to contribute to the formation and dissemination of a jurisprudence that strengthens legal

security in the maritime industry; and promote the consolidation of Panama as an effective jurisdiction for the settlement of maritime disputes, through (i) a revision of the Code of Maritime Procedure in the light of the experience accumulated in the almost 10 years since the last amendment and propose the corresponding reforms; and (ii) support for the Centre for Conciliation, Mediation and Maritime Arbitration of Panama (CECOMAP), including actions under the mutual cooperation agreement signed with the China Maritime Arbitration Commission (CMAC) in December 2018.'

'And to strengthen our gild, our goals are: To determine together with the Chamber of Shipping the outline to follow for the next versions of the Panama Maritime based on the experiences and results of the XIV version carried out in March 2019. And create and maintain spaces for the active participation of the members of the Association, through working teams for: Website Development and Social Networks; integration of the Organising Committee 'Panama Maritime XV-2021'; the Committee on Fisheries Affairs; the Commission of Arbitration and Maritime Litigation; and the Merchant Marine Affairs Committee.'

'We will celebrate a commemorative event for the 40th anniversary of the Association, to take place on September 9, with special recognition to the former presidents, those who are and those who are no longer present amongst us,' said Rovi.

After many years in the pipeline, Panama has passed legislation for ship financing, the first of its kind for the country. The Law 50 of 28 June 2017 entered into force on 29 December 2017 and is known as the Naval Financing Law.

This new law was thought out to take advantage of Panama's geographical, logistic and economic strengths, while creating and new pole of business development in the country. The legislation also creates an attractive investment environment for ship financing from banks established in Panama while extending its reach to all foreign financial institutions providing they establish a branch office in Panama to enjoy the law's benefits.

Panama's banking centre is one of the most important of the region with a total of 86 banks. None of those banks, though, has looked yet at this novel market and one of the purposes of the law is to encourage those institutions along with entities as leasing and financial credit companies, to provide ship financing and attract all foreign financial institutions providing they set foot in Panama to do ship financing in Panama and enjoy the benefits of Law 50/2017.

The law creates a special legal regime for financing operations in the local and international maritime sector and grants fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime project fundable, from the Republic of Panama. Labour and immigration incentives are amongst the main attractions of the law.

The regulations required by Law 50 to become operational were approved by the Panama Maritime Authority (AMP)'s board of directors and only pending of its formalisation by an Executive Decree issued by the President (by the time we go to press, the Executive Decree might have been issued).

When it enters in effect, the law will complement the present framework of the Panamanian mortgage which is one of the best advantages of Panama's Registry, very appreciated from the financial institutions.

On the international level, Panama

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Jazmina Rovi, new PMLA president and PMLA's board of directors

has ratified the Convention of Mutual Administrative Assistance that allows for the automatic exchange of tax information with over 100 jurisdictions and passed a number of regulations concerning offshore companies. Shareholding information about Panamanian corporations (whether they operate

in shore or offshore) is confidential.

There is now the obligation that bearers' shares be 'immobilised', which means the bearers' shares must be given in custody to an authorised agent, who would hold them on behalf of the owners of the shares. The authorised custodian must

keep the shares (and information about its owners) in strict confidentiality but must have the information available to the competent authorities if they request it. According to the new legislation, Panamanian corporations doing business outside Panama must keep accounting records for up to five years. ●

Tax evasion

Panama has enacted Law 70 of 2019, which classifies tax evasion as a crime., hoping that the development will keep Panama off future OECD and EU blacklists.

Under Panama's Law 70 of 2019, sanctioned on January 31, 2019, any individual intentionally evading taxes of \$500,000 or higher in a calendar year will be punished with a prison sentence of between two and five years, as well as a financial penalty of between two and ten times the amount evaded.

Further, if an individual is found to have laundered proceeds from tax fraud, they will be liable for a prison sentence of between two and four years. Other money laundering crimes in Panama are punishable with higher prison sentences, of up to 12 years. However, some political opponents of the law have argued that it will make little overall impact as the penalties start only at \$500,000: they argue it may be used as a political weapon instead.

On March 2, 2019, Law 70 of January 31, 2019 that adds articles to the Criminal Code by means of which tax evasion is described or typified as a crime in Panama, enters into force or effect.

Chapter XII is added to Title VII of the Second Book of the Penal Code to describe for the first time in our legal system tax evasion as a crime. In this Chapter XII, articles 288-G, 288-H, 288-I and 288-J are added to essentially establish that:

a) Anyone who fraudulently obtains an enjoyment or benefit of undue tax benefits will be punished with imprisonment of two

to four years and a fine of one to three times the amount of the tax defrauded.

b) The previous prison sentence shall only be applicable when the amount defrauded in a fiscal period is equal to or greater than \$500,000.00 not including fines, surcharges or interests.

c) When a legal entity is used or benefits from tax evasion it will be sanctioned with a fine not less than the amount defrauded nor more than double such amount.

d) The previous penalty of a legal entity will only be applicable when the amount defrauded in a fiscal period is equal to or greater than \$500,000.00 not including fines, surcharges or interest.

e) In the cases of this Chapter XII, the person who pays the amount of the tax liability defrauded unconditionally and totally, before the judgment of first instance, will be exempted from punishment.

f) In the event that the payment of the amount of the defrauded tax obligation is made during the investigation phase, no criminal action will be taken arising from any crime of tax evasion.

Finally, Article 254-A is added to the Criminal Code so that the new crime of tax evasion constitutes a prior or precedent crime of money laundering and a penalty of two to four years in prison is imposed on anyone who commits the crime of money laundering with funds arising from tax evasion.

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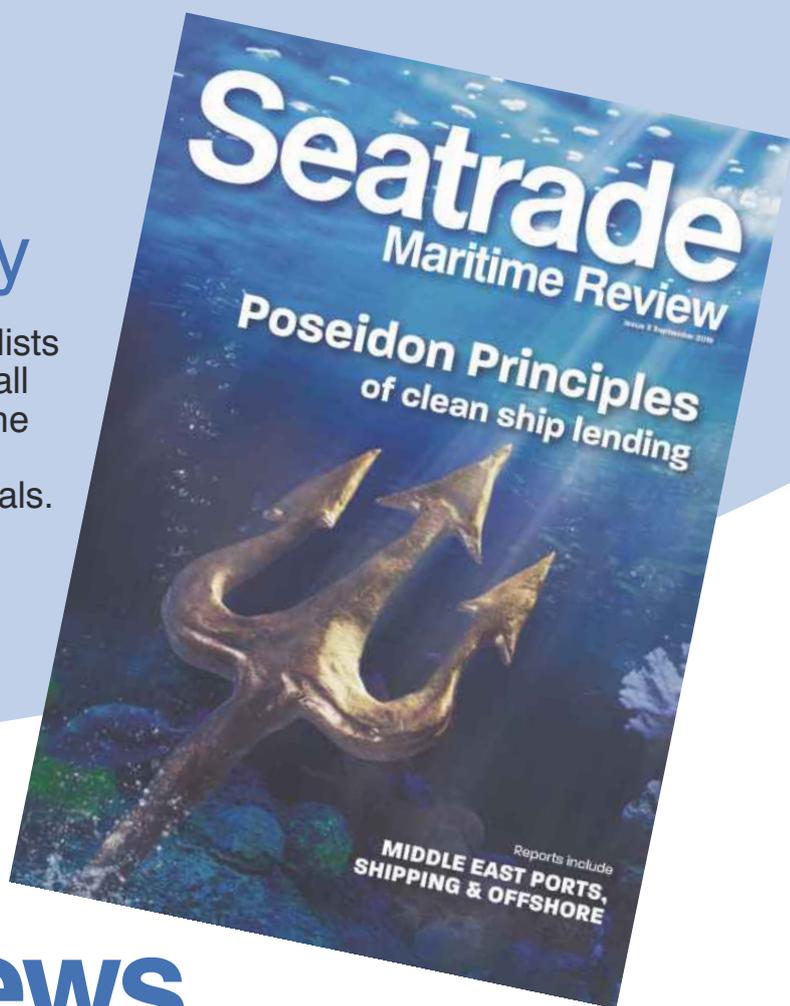
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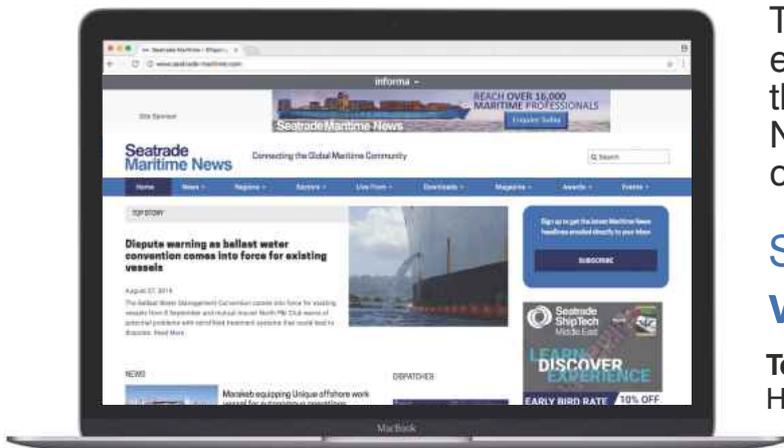
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Public finance in good hands

Looking to the future

On July 1, Laurentino Cortizo, 66, became President of Panama and his inauguration opened a new chapter in Panamanian politics. Cortizo, a graduate from Austin's University of Texas with an MBA and PhD, is a former deputy and president of Panama National Assembly and minister of agriculture during president Martin Torrijos (2009-2014) tenure. He brings back to power the centre-left-Revolutionary Democratic Party (*Partido Revolucionario Democrático, PRD*), in opposition during the last ten years.

The business sector gave Cortizo its support, expecting the new president will fulfil his pledge of reviving the economy. The designation of Hector Alexander at the helm of the ministry of economy and finance was applauded and provided a guarantee that public finances will be in good hands.

Alexander, a graduate from the Universities of Panama, Chile and Chicago, was a member of the economic team during the negotiations of the Panama Canal Treaties (1976-1977). He has held, on several occasions, the position of deputy minister and minister of economy and finance from 1982 to 2009. Since then he has dedicated his time to academic work.

Panama's economy during Juan Carlos Varela's presidency remained healthy although it began to show signs of downturn in 2018 due to the regional crisis affecting the Colon Free Zone and services. Panama's \$60bn economy grew 3.7% in 2018, its lowest level in a



Hector Alexander

decade, though still twice the Latin American average, after a 5.1% expansion in 2014, 5.6% in 2015, 5% the year after and up to 5.4% in 2017.

Panama's new president, Laurentino Cortizo, vowed to crack the whip on the country's endemic corruption, boost FDI and invest more in health care and education to help reduce the 20% of the population who are in poverty. His first trip abroad will be to the US to meet with bankers and tell them Panama will have a strategy to eliminate its inclusion in the notorious lists of the EU, FATFT/GAFI and the OECD. Panama has claimed it has made strides for tax transparency and anti-money laundering and terror financing efforts, including passing a law to punish tax evasion, recommended by the OECD. Despite those achievements, Panama returned June 21 on the Gray List of tax havens created by FATF/GAFI after being taken off the list in 2016.

At the time, Panamanian business chamber slammed the Financial Action Task Force (FATF) for putting the country back on its so-called grey list. The list identifies jurisdictions deemed to lack sufficient anti-money laundering and counter-terrorist financing (AML/CTF) rules. Panama will now be subject to FATF monitoring.

It was taken off the list in 2016 after making 'significant progress' in improving its AML/CTF regime.

Inclusion on the list can generate negative fallout for an economy, particularly its financial services sector, via the likes of cancelled correspondent banking arrangements.

'The chamber of commerce, industry and agriculture of Panama (CCIAP) rejects the unfortunate decision to include the country on the list of nations that need to be supervised in the process of implementing measures to prevent the laundering of capital and the financing of terrorism issued by FATF,' CCIAP said in a statement.

'The private and government sectors have been working hard to strengthen the legal, regulatory and institutional framework via the adoption of rules that are in line with international standards, and inclusion on this list does not acknowledge all the effort made and results achieved in a relatively short period of time.'

Panama, amongst others, is also on the European Commission's list of jurisdictions with weak AML/CFT regimes.

In a statement outlining its Panama decision, FATF said: 'FATF has identified Panama as a jurisdiction with strategic AML/CFT deficiencies. The country has developed an action plan with the FATF to address the most serious deficiencies. The FATF welcomed the high-level political commitment of Panama to this action plan.'

Cortizo's position toward China might not be as prominent as his predecessor, former president Juan Carlos Varela who cut ties with Taiwan in 2017 to open



diplomatic relations with the Asian giant. Cortizo made a clear statement when he met with a Chinese delegation on June 30, a day before taking office. He told Chinese agriculture minister Wei Qiang that Panama appreciates the relationship and would welcome Chinese companies as long as they comply with local laws. The Chinese minister reciprocated by affirming his country's support and interest in strengthening connectivity in the region.

However, in July Panama made its second export of beef to China. The Panamanian beef, weighing 23 tonnes, is part of the bilateral trade agreements between the two countries.

In April 2019, the IMF posted its forecast for 2019 at 5.5% although most foreign economists estimate economic growth would be lower at 4.9%. The IMF warned in January that Panama's "stellar" growth will be harder to sustain as it gets closer to being a high-income country. Fitch Ratings expects GDP growth to hit 5.8% in 2019 and 5.5% in 2020, Moody's has forecast over 5% through 2022.

The Economist Intelligence Unit considers that 'broad policy continuity will facilitate strong foreign direct investment inflows, the ramping up of copper exports and commencement of public works projects that will support firmer GDP growth in 2019 after a weak 2018. A slowdown in global growth, notably in the US and China, will weigh on growth in 2020.'

But the new minister of Economy and Finance Hector Alexander says the economy will grow a little less than 4% in 2019. Alexander's is lower than that of the three main ratings agencies, the International Monetary Fund and all analysts whose median forecast is for an expansion of 4.9%. 'We're falling short of where we could be in growth and development, and this is our big challenge,' Alexander told Bloomberg in July this year. 'We think we can turn it around.'

Keeping the fiscal deficit below 2% of GDP, which is the upper limit allowed by the fiscal responsibility law is one challenge faced by Alexander. 'We are anticipating an imbalance, and we'll have to see how we balance it out,' he said.

'The Ministry of Economy and Finance (MEF) already anticipated that the administration that begins on July 1 will receive in this concept outstanding accounts for \$840m. For 2019 a budget of \$23,669m has been prepared, which contemplates a 'conservative' economic growth of 5.5%, an inflation of 1.4%, a deficit of 2% of the gross domestic product (\$1.402bn) and a GDP of \$70,847m,' said the IMF in its 2019 February report after visiting Panama.

'A total of \$8,995m will go to public investments this year. Tax revenues were estimated at \$6,597m and a contribution from the Panama Canal to the National Treasury for \$1.74bn, 2.17% higher than the record figure of 2018, when it was \$1,703m.

The new government has said it will provide preferential rates for home loans for as much as \$180,000 in a bid to revive the flagging construction sector, which has been one of the economy's main growth engines in recent years.

Panama's first copper mine, operated by Canada's First Quantum, will support the economy in the second half of the year as it ramps up production. The mine began exporting copper in June. The mine will generate an annual \$2bn in export revenue once it is fully operational, and paying off arrears to suppliers will also provide the economy with a lift.

The new cabinet authorised the ministry of Economy and Finance to issue as much as \$2.5bn in debt. Alexander said he'll seek to issue part of the nation's debt in the US and Europe and \$1bn will be used to pay a bond maturing in January 2020.

One of the pillars of the Panamanian

economy is its Canal, which for this fiscal year FY2019, started last October, foresees total revenues of \$3,239.5m, from which the Panama Canal Authority (ACP) budgeted direct contributions to the Treasury for \$1,736.6m,' recalled a communiqué from the institution. But contribution to Panama's coffers do not come close for 2019 to that originally projected in the expansion proposal of \$2bn that were estimated for 2017. The distortion was caused mainly by the late delivery of the project, from October 2015 to June of 2016, by the consortium, Grupo Unidos por el Canal (GUPC) led by the Spanish company Sacyr and formed by Jan de Nul (Belgium), Impregilo (Italy) and Constructora Urbana (Panama). Tourism, logistics, construction, and mining exploitation are projected as the booster of the Panamanian economy by 2019.

During the first quarter of 2019, Panama's economy grew by 3.4%, according to the Monthly Index of Economic Activity (IMAE) from the office of the Comptroller-General. Transport, storage, and communications, electricity and water, public administration and financial intermediation were the segments of the economy that recorded a favourable performance from January to March; electricity and water supply, showed a positive result due to the greater generation of thermal energy and the contribution of the new generation of energy from natural gas. Activities that showed growth at a slower pace were construction, mining and quarrying, agriculture and livestock, and leisure services.

The new government will inherit important infrastructure works. In August, the Panama Canal Authority will inaugurate the third bridge over the Canal, on the Atlantic side at a cost of around \$400m, built by France's Vinci Construction Grands Projects, that holds the world record as a cable-stayed concrete bridge with four lanes and the longest span of 550mtr between main columns.

Others have been tendered and awarded, like expansion of Metro Line 1 and Metro Line 2 to Tocumen airport, the expansion also of the Coastal highway and the construction of the fourth bridge over the Canal (more than \$1bn) which will feature the Metro Line 3, are

set to receive financing from the new government. Building the US\$2.6bn line No.3 for the metro system is also on the agenda. Cortizo has pledged to honour all infrastructure contracts already awarded.

With an extension of 3,950mtr, the fourth bridge over the Panama Canal will facilitate the traffic of about 130,000 vehicles that make this route daily, through six lanes (three in each direction), in addition to having a double track for line three of the Metro. After a controversial tender, the Panama Fourth Bridge Consortium, made up of China Communications Construction Company LTD (CCCC) and China Harbor Engineering Company LTD (CHEC) won this project, a contract obtained thanks to the withdrawal of the Spanish Dragados SA, which ranked first.

The president said he will submit two bills to the National Assembly, one to amend the public contracting law

while another is a proposal to create a public-private partnership (PPP) law for infrastructure development. Panama lacks a regulatory framework for PPPs as most of the projects developed over the last few years have been financed with public funds. A PPP law would certainly open opportunities for more significant investment from the private sector.

Water and waste services provided by the national water utility IDAAN will need a review and modernisation without privatising the entity. Cortizo said his government will invest in new potable water treatment plants, wells, and pumping stations and sanitation projects. On the agenda is addressing the issue of recycling for municipal and industrial waste with new projects to be implemented across the country, particularly in Panama City and the main cities.

Panama is currently the US' 54th largest goods trading partner with \$7.3bn in

total (two way) goods trade during 2018. Goods exports totalled \$6.9bn, up 9.3% from 2017; goods imports totalled \$462m, up 4.4% compared to 2017. The US goods trade surplus with Panama was \$6.4bn in 2018.

Panama was the UK's 35th largest goods export market in 2018 and the 95th largest supplier of goods imports in 2018.

US foreign direct investment (FDI) in Panama (stock) was \$4.7bn in 2017, latest data available according to US Trade website, a 9.4% increase from 2016. US direct investment in Panama is led by nonbank holding companies, wholesale trade, finance and insurance.

At end of March 2019, the banking centre registered total assets of \$121,488m, up 3.18% compared to the same period a year ago, with local deposits up 2.5% to \$52,525m and local loans up 5.08% to \$54,857m. ●

Minera Panama begins operations

The 'Missy Enterprise' transited the Panama Canal on June 21, carrying the first 51,200 tonnes of copper concentrate exported from the country. It was the first of a total of twelve projected transits this year, marking the introduction of Panama as a copper ore exporting country. The mine, located in Donoso, Colon, represents a \$6.5bn investment by Minera Panama, subsidiary of Canadian, First Quantum Minerals (FQM).

The project has a 500MW power plant connected to the national electricity grid and in an international port of two terminals in Punta Rincon. Between 125,000 and 250,000 tonnes per day are processed in the mill.

Among the contributions that the company has made to Panama is the generation of more than 10,000 jobs for Panamanians in its construction phase and a contribution of \$118m to the Social Security Fund, in 2018, and more than \$58m to the sustainable development of the communities of Donoso and La Pintada; it has also allocated more than \$54m to the country's environmental conservation.

FQM's US\$6.5bn Cobre Panamá project – the biggest investment in Panama's history – has projected an output peaking at 425,000 tonnes in 2023, according to the company. Panama estimates that the mine's contribution to the nation's GDP will be 5% per year in stable production.

But FQM is now facing problems – which began a month before President Cortizo was sworn in – over the legality of a contract between the government and concessions owner Minera Petaquilla, now FQM subsidiary Minera Panama.

The supreme court last year declared unconstitutional Panama's law 9 of 1997, which approved this contract. FQM and Panama's ministry of trade and industry have said the ruling does not undermine the validity of the Cobre Panamá concessions, but the legal dispute is ongoing. The contract has also been met with political opposition. Members of the National Assembly's economy and finance committee rejected in June, a bill aimed at resolving legal doubts over the contract in May, saying its terms are damaging to the country. The contract sets royalty payments at 2%, compared to 6% established in previous national laws.

President Cortizo said that his government would review 'clause by clause' the mining contract awarded to Cobre Panama. FQM responded to President Cortizo by issuing a media release stating that the extension of the contract to operate Cobre Panama mine fulfils current laws and regulations and that its team should be allowed to work without legal uncertainties.

With respect to the request to extend its contract, which was signed in 2016, the miner said that it is willing to share all the relevant documentation with both the government and the general public. 'We do this with the belief that the Cobre Panama project will be able to proceed without any legal uncertainty,' the company's statement reads.

FQM's contract extension involves a \$527m-expansion of Cobre Panama mining and processing complex. The plan is for the operation to grow from 85mt per year to 100mt annually beginning in 2023.



New Amador Cruise Terminal to open on Pacific side

Milestone year for cruising

2020 will mark a milestone for the cruise sector in Panama for the vessels docking and visiting the Isthmus since the inauguration of the first cruise terminal on the Pacific side of the Panama Canal is scheduled this year.

The opening of the Amador Cruise terminal by the new administration of president Cortizo and his maritime team headed by naval engineer Noriel Arauz, will draw a number of cruise lines which could not previously dock on the Pacific side and could only disembark passengers using smaller tender boats.

A consortium comprising China Harbour Engineering Company (CHEC) and the Belgium's Jan de Nul was awarded the dredging of the navigation canal and terminal area, as well as developing the

surrounding land for the terminal.

ShibataFenderTeam Inc., the group's US office, handled the project and supplied 18 Ocean Guard Fenders (3,300 x 6,500mm) with fixing hardware. Ocean Guard Fenders are foam fenders which are an excellent solution for Cruise Terminals. The urethane skin of the fenders is preferred by cruise vessel operators as they do not leave any marking to the bright white hull of cruise vessels. Foam fenders allow for a low hull pressure with proportional increase of energy and reaction. They are extremely robust and unsinkable even if damaged. The customised solution for the Cruise Terminal in Amador was designed to accommodate the fenders to a broad range of tides.

Amador's \$167m new terminal

consists of a pier with two berths and a total length of 366mtr.

It can accommodate two mega cruise ships simultaneously and handle all their passengers, which can easily be up to 10,000 at a time.

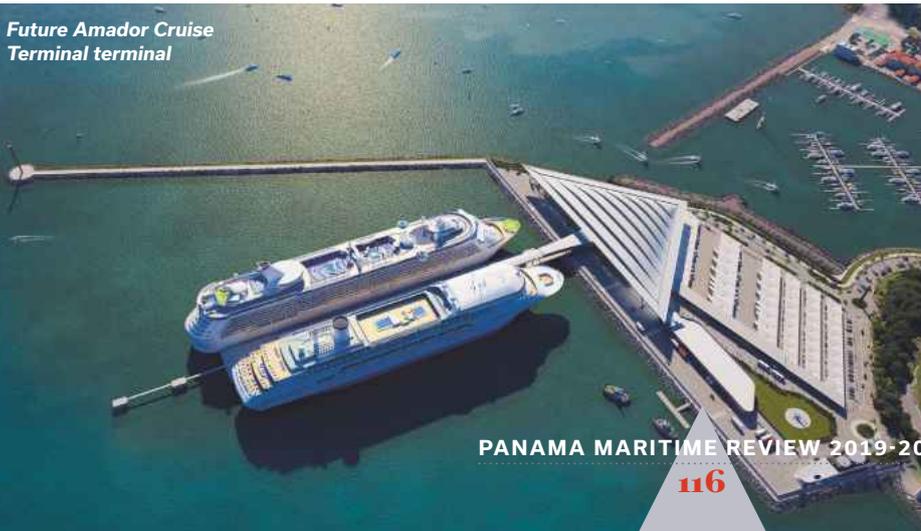
With the two new berths at Amador Cruise Terminal, Panama City increased its cruise vessel handling capacity to a total of five of the largest passenger ships and making Panama an easy access destination and a 'Home Port' on the Pacific side, providing a major contribution to the economy.

An international tender has been launched to find a suitable port operator with knowledge of cruise operations and the result is expected at the end of the third quarter of the year in order to be ready for the inauguration.

Norwegian Cruise Line's Norwegian Star, has already booked a reservation to homeport in October 2020 in the new facility.

The dimensions of Norwegian Star are: 294.13mtr in length, beam of 32.2mtr and 91,740gt. It has a capacity for 2,348 passengers and its crew is composed of 1,031 members. It has 15 dining options,

Future Amador Cruise Terminal terminal





10 bars and lounges, spa area, casino and everything usual in this type of cruise.

‘The projections regarding the movement of passengers for 2020, with the start of operations of this Cruise Terminal are very positive, and we are expecting new records to be reached, in turn the arrival of new cruise passengers to our country will generate an economic impact that will benefit, enhance and diversify the Panamanian tourism sector, generating direct and indirect employment opportunities and contribute to sustainable development,’ said the then-administrator of the Panama Maritime Authority (AMP) and minister of maritime affairs Jorge Barakat, during Seatrade Cruise Global in Miami in April 2019.

‘This terminal, which is a government investment, will be a decisive point to achieve our diversification in the port market, and attract new business forms,’ he said.

According to CLIA, an impressive 11.3m cruise passengers travelled to the Caribbean Islands last year – an annual increase of 6%. With this ongoing growth, there are now countless cruise itineraries on offer to this part of the world every year, making it almost impossible for clients to choose which Caribbean cruise is the best. The famous millennials tend to prefer smaller cruise ships to the large Neopanamax and their favourite destinations are more ‘exotic’ and specialised

adventure trips, say cruise experts.

One of the region’s major attractions – and a wish-list destination for most cruise passengers – is the Panama Canal, one of the seven wonders of the modern world.

‘The highlight of our Central America sailings is undoubtedly the Panama Canal transits, between the Atlantic and Pacific oceans, passing through numerous locks and beneath spectacular bridges, with Panama’s beautiful inland scenery providing a memorable vista from the decks of the ships,’ Star Clippers’ UK gm Fay McCormack told Cruise Trade News website.

‘Central America is a diverse and exciting destination with so much to see and do; choosing a cruise holiday allows guests to experience the full spectrum of people, landscapes, and cultures in one holiday,’ explained Celebrity Cruises’ head of sales for UK and Ireland, Nicola McNeish.

‘I would recommend a Panama Canal cruise to truly experience both the east and west coasts of Central America, taking in stops in Colombia, Panama, Costa Rica, Guatemala, and Mexico – the Panama Canal is definitely best experienced from the water.’

With the transit of Panamax cruise ship Pacific Princess, with a capacity of 670 passengers, which took place May 22, 2019, the Panama Canal reported the closing of the 2018 cruise season (October 2018-May 2019). This ship,

operated by Princess Cruises line, sailed from Los Angeles, California, in a 15-day voyage that included the expedited passage through the inter-oceanic route. Its final destination was the port of Fort Lauderdale, in the US.

Albano Aguilar, leading specialist in International Trade of the Division of Market Analysis and Customer Relations of the Vice Presidency of Traffic Business of the Panama Canal Authority (ACP), indicated that during the ACP Fiscal Year that includes from October 1, 2018 to September 30, 2019, the Panama Canal will register 242 transits of passenger ships with more than 260,000 passengers.

In relation to transits of Neopanamax dimensions, during the cruise season (October 2018-May 2019) seven ships were received with a total of 12 transits of the Norwegian, Princess, Carnival and Disney lines (Norwegian Bliss, Caribbean Princess, Emerald Princess, Carnival Valor, Carnival Freedom, Carnival Triumph and Disney Wonder).

With the closing of the season, renowned cruise lines such as Princess Cruises, Holland America Line, Royal Caribbean Cruises and Norwegian Cruise Line, among others, maintain their proposal to offer itineraries to complete transits and partial transits that include Panama and in particular, the interoceanic waterway.

On the other hand, smaller vessels such as the National Geographic Quest and UnCruise Adventurers’ Safari

Incentives to cruise lines

Cruise lines that establish their home port in the ports of the Republic of Panama, will receive an incentive for tourism promotion.

Panamanian president Varela signed the Executive Decree No. 35 giving incentives to cruise lines making their home port in Panama on June 12, 2019.

The Executive Decree states the government will assume the payment of the toll cost corresponding to a transit through

the Panama Canal route established in the official rate of the Panama Canal Authority (ACP).

According to the Decree, the incentive will be payable as reimbursement to the cruise line, according to the amount invoiced by the ACP.

The Tourism Authority of Panama (ATP) must establish the necessary procedures to make the reimbursement to the cruise lines, once they present the original invoice.



Voyager also contributed to segment traffic. These vessels, with itineraries between eight and 12 days, respectively, visited ports located on the west coast of the Central American isthmus.

Additionally, passenger ships whose transits were not anticipated such as Sun Princess, Vidanta Elegant, RCGS Resolute, American Song and Celebrity Flora transited through the Canal.

On May 14, 2018, Norwegian Bliss was the first Neopanamax to transit the waterway after the Canal expansion was inaugurated in 2016 and the highest capacity passenger ship marking a milestone at the date.

Some 27m people were expected to take a cruise ship in 2018 and the number of mega-ships [those carrying between 2,500 and 6,000] has been increasing, niche markets catering to smaller numbers were growing as well. In Panama, mega cruise vessels share the market with much smaller cruise ships that cater to the Caribbean market.

On Panama's Atlantic coast, the cruise terminal Colon 2000 attracts visits from major cruise operators with more than 200 cruise ships docking in its facilities. Colón 2000 dismissed 2018 with the title of being the most important destination

for cruise ships arriving in Panama. The numbers of this activity demonstrate the importance of the Caribbean Sea in the tourism segment of this type.

In December 2018, the port located in the Panamanian Atlantic coast, received 28 cruises. At early 2019, they awaited the arrival of another 24 cruises. During the season that began in September 2018 for Colon 2000, a total of 171 cruises had landed, at the time we go to press.

The sample of these cruises are divided into lines with Princess Cruises, which has an operation through the Panama Canal, which includes Lake Gatun as the first stop, to disembark passengers in the Yacht Club, and then back down through the locks of Gatun, and arriving at Colón 2000 terminal with 90% of these cruises are of American origin. Other large ships arriving from Fort Lauderdale, Florida, US, include Holland America Line's Zuiderdam.

Pullmantur Cruises' Monarch, leaves Port of Colón 2000 every Friday from Terminal 2, and embarked about 49,000 cruise passengers in 2018.

In a previous interview, with the local newspaper La Estrella de Panama, Alejandro Páez, director of corporate sales at Pullmantur Cruises,

indicated that it is estimated that a flow of more than 130,000 people are moving in Panama, with Colon 2000 as the starting point for Caribbean vacations since Pullmantur has made Colon 2000 its home port.

The majority of the passengers that embark in Colon come from Argentina, Brazil, Ecuador and Costa Rica, in addition to a slight representation of the US and Europe. However, the economic environments of the Southern Cone have impacted the commercial movement of the shipping company,' he said.

Páez estimated that the economic impact of the company's activity is around \$21m, but could be around 10% more for the 2018-2019 season that started in October 2018. and goes well beyond May. This growth is related to an increase in capacity in the Caribbean for the next season, since they will sail without exception, 'every week of the year'.

The company invested more than \$24m in South America in advertising and marketing campaigns for people to show interest in embarking from the port of Panama.

Panama's cruise industry represents more than \$100m a year and 350,000 passengers annually according to the Tourism Authority.

It is important to differentiate the impact of cruises in the country reminded the head of the Authority: 'There are cruise ships that transit through the Panama Canal, bringing passengers that disembark and undertake tours and then there are those passengers who arrive in Panama via airplane who join ships like Pullmantur



Cruises that are turning around in the country and who often add stay in hotels pre and post the cruise.'

Colon 2000 attracts visits from many major cruise operators including Carnival Cruise Line, Royal Caribbean, Celebrity, Princess, Norwegian Cruise Line, Holland America, Viking, Seabourn, Azamara Club Cruises, Regent Seven Seas, Crystal, Marella, TUI, AIDA, MSC Cruises and Carnival UK.

Edie Rodriguez, Americas brand chairman for Ponant, will host 'An Exploration in Nature in Costa Rica & the Panama Canal,' a 10-night cruise embarking January 6, 2020 reported Seatrade Cruise News. The voyage – part of Ponant's Quintessential Collection – will be aboard the new Explorers series ship Le Dumont-d'Urville. 'I am particularly excited about sharing this experience with our guests,' Rodriguez said, adding that of the more than 100 countries she's visited, Panama and transiting the Panama Canal (which she's done three times) stand out as unforgettable.

The cruise will have featured speaker Paul Donahue, who has worked with birds and mammals in nature reserves throughout Central America since 1972. From 1991-94 Donahue and his wife Teresa Wood have co-directed the Amazon Centre for Environmental Education and Research in north

eastern Peru where both have done research and ecotourism and constructed rain forest canopy walkways.

Passengers will embark at Puerto Caldera in Puntarenas, Costa Rica, then visit Curú Wildlife Refuge where more than 10,000 species of plants, 300 species of birds and 200 species of butterflies are present and where the less dense undergrowth makes spotting wildlife easier than in the deeper forest. Howler monkeys, spider monkeys, vultures, brown pelicans and scarlet macaws are all native to the area. The itinerary continues with visits to Manuel Antonio National Park then Corcovado National Park, the largest park in Costa Rica with 13 ecosystems; Cebaco Island in Panama and Punta Alegre to discover the Darien National Park, a UNESCO World Heritage site, to meet the Emberá people.

Le Dumont-d'Urville will then transit the Panama Canal and visit the San Blas Islands to learn about the culture and craftsmanship of the indigenous Guna people. A visit to Holandes Cayes follows before disembarkation at Colon 2000.

Cruise travellers looking for a Panama Canal cruise will have 32 Holland America Line sailings to choose from between September 2019 and May 2020.

Seven ships will offer 16 unique itineraries, including full transits ranging

from 14 to 23 days, as well as 10- and 11-day partial transits that also include southern Caribbean cruising. While the Panama Canal transit is the centerpiece of the voyage, guests also have the opportunity to explore noteworthy ports throughout the Mexican Riviera, Central America and the beautiful Caribbean.

UnCruise Adventures has added additional Latin American destinations in 2020 with Belize, Guatemala and Colombia chosen for new adventure cruise routes, the company said. The line's 2020 schedule of small ship cruises is open for booking with nine ships sailing in Alaska, Columbia and Snake Rivers, Coastal Washington, Mexico, Hawaii, Galápagos, Costa Rica, Panamá, Colombia, Belize and Guatemala, according to a press release.

The 66-guest Safari Voyager will offer three departures on a new weeklong Colombia & Panamá Canal itinerary between and Cartagena, Colombia and Panama City, Panama (or reverse) in October. The 66-guest Safari Voyager will sail eleven departures on a 10-night Costa Rica & Panamá – Canal, Culture, Adventure itinerary between San José, Costa Rica and Panamá City (or reverse).

From April through September, six ships are scheduled to offer 17 departures on cruises lasting one to two weeks from homeports of Seattle, Washington; Ketchikan, Juneau, and Sitka, Alaska. ●





One of the fastest growing sectors of the economy

New goals for tourism

Panama's tour operators and hotel managers have been concerned by what they call 'lack of promotional campaign and government efforts' to support the sector and have asked the new government and president Laurentino Cortizo, who took office July 1, 2019, to dedicate special attention to tourism, which represents around 10% of the country's gross domestic product. The new head of the Tourism Authority and minister of tourism is Ivan Eskildsen, a young hotel operator who is knowledgeable of the sector and already met with the main players of the sector and promised to give special emphasis on conferences and congresses and revive international promotion. Before the end of 2019, the new Congress Hall should be operational with an international congress on water in September that will bring some 900 delegates.

A special cabinet on tourism will be created, Eskildsen said and will consist of a dozen ministries and public institutions and will be responsible for identifying and coordinating infrastructure projects and 'actions needed to boost the tourism industry, which 'is one of the fastest-growing sectors of the economy,' he added. Since he took office, Cortizo has convened already several 'Tourism Cabinets'.

Panama, a country of just 4m inhabitants, received more than 2.4m tourists last year, which represents a decrease of 1.2% compared to 2017, but its spending increased by 3.3% and reached \$4.6bn,

according to data from the Tourism Authority of Panama (ATP).

Hotel occupancy, on the other hand, was 44.9% in 2018, 2.2% less compared to the previous year, according to the ATP.

The new minister blamed the crisis on scarce domestic tourism and the lack of international promotion, although in 2017 a public-private fund was created to promote Panama abroad, which last May received its first \$5m to start operating.

The good news for the sector is that tax incentives created by Law 80 with the aim of expanding the supply of infrastructure and tourist products in Panama and which expired on December 31, 2017, have been extended until 2025. According to the Tourism Authority, 'Law 80 fulfilled its objective and now Panama City has the best hotel facilities plant in the region.'

As part of the strategy of international promotion, the Panama Tourism Authority (ATP), in alliance with travAlliancemia, launched a digital training 'Panama Specialist' programme, aimed for agents of the US and Canada who are ready to gain the confidence and become experts in selling the Panama brand.

Enrique Sánchez, marketing director for the ATP, introduced the two representatives of travAlliancemia who attended to officially present to the Panamanian tourist guilds the operation and functionality of this tool, through which travel professionals will have the opportunity to learn about the attractions

and tourist products to become market specialists selling travel to Panamá.

He also explained that on this platform not only travel agents but also ATP certified Panamanian tour operators, will have access to contact information from the agencies of the US and Canada, allowing tour operators to create attractive packages that travel agents can sell.

Representatives of the National Chamber of Tourism (CAMTUR), Panamanian Association of agencies travel & tourism (APAVIT), Panamanian Association of hotels (APATEL), Association of small hotels in Panama (HOPPAN) Panamanian Tourism Touroperators (APOTUR), Panamanian Association of Commercial Centers (APACECOM), International Fund of Promotion, National Council of Tourism, Panama Canal, Biomuseum, Patronato of Panama Viejo, Metropolitan Operators of Tourism as well as The City of knowledge were invited to attend.

Panama Specialist covers interactive courses on the destination offer, such as attractions for those seeking culture, gastronomy pleasures for the most demanding taste, the best sites for Sunchasers seeking marvellous beaches and amazing experiences with the water sports, unique destinations for activities that put them in contact with nature and adventure, among others.

The training program includes a marketing package that will lead the travel agents to graduate as



has graduated over 96,000 unique agents since its launch in 2005.

With the protection of the environment becoming a global trend, millennials, no millennials and retirees are focusing on ecotourism, visits to indigenous communities, trekking, birds and animals watching in exotic locations.

A couple of years ago, Panama focused its promotion campaign on ecotourism since the country is renowned for its largest flora and fauna and a remarkable good spot for bird watching with so many migrating species and recently for whale watching.

A paradise for bird watchers

Panama is in the top 10 countries with the most species that can be seen in forests, beaches, and cities, according to the Big Global Day, a census of bird population that takes place annually since 2015. Panama recorded 730 species that place it in the eighth place in the world and in the second place in the area between North and Central America and the Caribbean, just behind Mexico, which counted 765 species.

In 2018, Panama also ranked among the top 10 countries in the world

experts in Panama by enrolling at www.panamaspecialist.com

Agents who graduate will obtain Continuing Education Units from The Travel Institute (TTI) in the US and from the Association of Canadian Travel Agencies (ACTA).

The Course was officially launched on April 5, 2019 and is part of [www.](http://www.travelagentacademy.com)

travelagentacademy.com, the education platform that has been awarded multiple Adrian Awards granted by the Hospitality Sales and Marketing International Association (HSMIAI).

Travel Agent Academy, by travAlliancemedi.com, is an effective training platform, through which the most experienced editors and designers develop a rich experience which

Old Panama celebrates its 500th anniversary

Old Panama, the first city founded by the Spanish conquerors on the Pacific coast, celebrated its 500th anniversary August 15. Founded by Pedro Arias de Avila on August 15, 1519, the city was then a metropolis, one of the largest of the continent and designed according to Spain's Royal Instructions.

The chosen location rapidly became the central point of the new world. In 1521, Panama was recognised as a city and given a coat of arms; in 1535 the city became See of the Third Royal Audience created by the Spanish crown. According to a 1570 census, one of every four neighbours in Panama and Nombre de Dios, a town on the Atlantic side, was rich. And the description of the city concurs in the splendour of its installations, with a cathedral, four churches, seven cloisters for the monks and one for the sisters and lavish public buildings. It was reported that 10% of its 500 inhabitants were foreigners, mostly traders in addition to some 5,000 slaves.

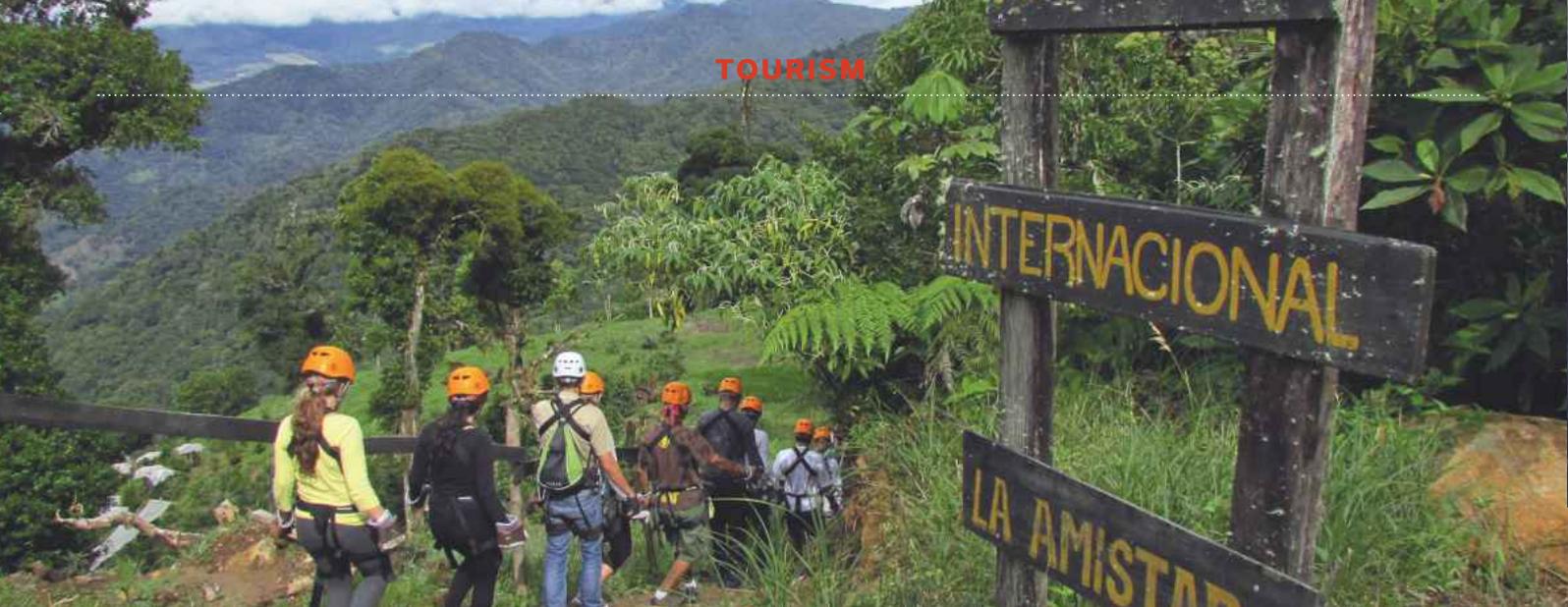
But at end of the 17th century when pirates roamed the Caribbean seas, Panama came in the sight of Henry Morgan who had successfully sacked Portobello in 1668 and decided to 'take' Panama where no enemy had ever penetrated.

On January 28, 1671, Morgan attacked the city which fell in

three hours. Even though a ferocious fire destroyed the town, Morgan plundered the remains, stayed three week and took 600 prisoners taking with him large quantities of gold, silver and precious stones. Three years later, Morgan was Knighted by the British Crown and returned as Sir Henry Morgan, the new governor of Jamaica where he died in 1688.

In 1675, the Spaniards moved the city to a more defensible location which is now knows as the Casco Viejo (Old Compound).





and ranked first in the region, when 750 species were counted.

In Panama, the presence of 1,009 species has been recorded historically, according to the 2019 list of the Panama Audubon Society.

Some 1,000 volunteers from 50 public institutions, and private, non-governmental, community and university, were distributed throughout the country to feed, during the 24 hours of the Big Global Day to list the birds that can be seen in Panama and opening a window of opportunity for ecotourism.

In the US, (bird watchers) generate about \$15bn in food, accommodation, transportation and hiring guides, according to a report from the US Fish and Wildlife Service.

Panama has some of the highest biodiversity in the world, as do all countries/territories that exist in the tropics. In Panama alone there are more bird species than in North America. The rainforest is teeming not just with birds but with countless plant, fungus, insect, reptile, amphibian, and microorganismal species.



Even though there are only two seasons in Panama, the rainy and the dry, and the temperature stays between 70-80 degrees year-round, the rainforest is always alive, providing ample opportunity to photograph and document all sorts of curiosities.

Panama's national bird is the Harpy Eagle, a rare bird difficult to spot but seen occasionally in the Darien province. The best way to see one is to stay in a rainforest lodge.

Very few bird watchers, eager to catch sight of the Harpy Eagle, will know that it was the inspiration for the design of Fawkes, Dumbledore's phoenix in the Harry Potter film series.

The Wounaan, an indigenous people who live in the Darien province, are now working with Panama's travel agencies and organise bird-watching tours. Not only the Wounaan are the best guides a bird watcher would find since they know and protect them as part of their culture. The association brings jobs and income to remote communities and help them to protect the environment.

Canopy Camp, in Darien Province, is a comfortable camping in the Darien rainforest. Transport is all arranged as part of the booking; the camp is around five hours drive from the capital.

Going to the Darien province, which borders Panama with Colombia, will definitely require time and booking specialised tours from travel agencies in Panama, but if bird watchers have only a day or two to explore this activity, there are some other areas, closer to the capital city which have traditionally

been the first and most well-known locations to find exotic birds.

If you really want to see birds, waking calls are very early with the best time being just after the end of the rainy season: January, February and March. During these months you can go out birding all day, and see a whole range of wildlife – not just the birds!

In the months of March to May, there is a lot of migratory birds and you'll also likely catch a glimpse of the thousands of raptors making their way north, say the experts. Although at the beginning of the rainy season – May and June – birds are hard to find during the day, you still can see some very early in the morning and hear their calls as they nest in that period. Until the migration season begins in September, the highlands are perhaps the best season to go for this time of year, and the last months of the year remain high season for migratory birds, in particular October.

In the Panama Canal watershed, the Pipeline Trail is the 'jewel of birding'. Nested in the Soberania National Park, the 17.5km-former pipeline and service road has been a favourite of birding for decades because of its diversity of birds. Only half-an-hour-drive from the city, birders, providing they start around 5am-6am, will count hundreds of species. Also, Gamboa, a small village in the vicinity of the Panama Canal, is a renowned spot as well as the Plantation Trail. If you want comfort, Gamboa Lodge Eco-resort is an ideal place to get excellent lodging and touristic opportunities.

Canopy Tower, Soberanía National Park, is specially designed for bird watching



and offer good lodging. Perched in the middle of the canopy, is only around 45 minutes driving from Panama City, making it within easy reach if you want to stay in the capital for a few days or are on a business trip.

On the Atlantic side of the Panama Canal is Achiotte Road which has for years, been the location chosen by The Audubon Society annual count with sometimes more than 800 species were spot during one day; Gatun Lake is also a best location to spot herons and water birds.

Roughly a couple of hours-drive from the Capital is El Valle de Anton with good bed and breakfast, hotels and excellent restaurants but also a traditional good location for birding and fauna sight-seeing with local guides and tours.

In the highlands of West Panama, the Chiriqui province is the best destination to spot Quetzals that live in the mountainous tropical forests of Central America. The resplendent quetzal is an aptly named bird that many consider among the world's most beautiful.

Almost mythical bird, it was sacred to the ancient Maya and Aztec peoples, and royalty and priests wore its feathers during ceremonies. Best time to get a glance of the Resplendent Quetzal is during the dry season starting a trek from Guadalupe, a little village above Volcan. Los Quetzales Ecolodge, in Guadalupe, organises trekking and bird watching tours along the Quetzal Trail.

Whale watching

Whales had been coming to Panamanian waters for long time but it is not until

recently that specialised tour-operators are organising whale watching tours mostly in the Bay of Panama, in the Pearl Islands and in the Gulf of Chiriqui, in Boca Brava Island and Islas Secas. Getting a chance to see whales and dolphins up close and personal in their natural habitat is a fantastic experience. Wild and untouched, the Gulf of Chiriqui incites a feeling of discovery, its golden sand beaches and jungle paths offering a more bucolic lookout

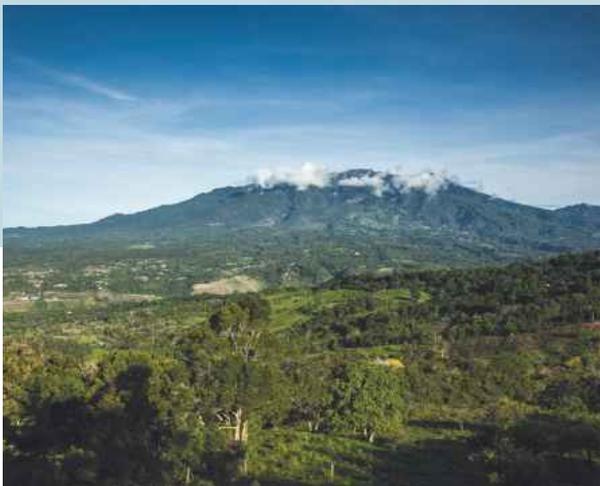
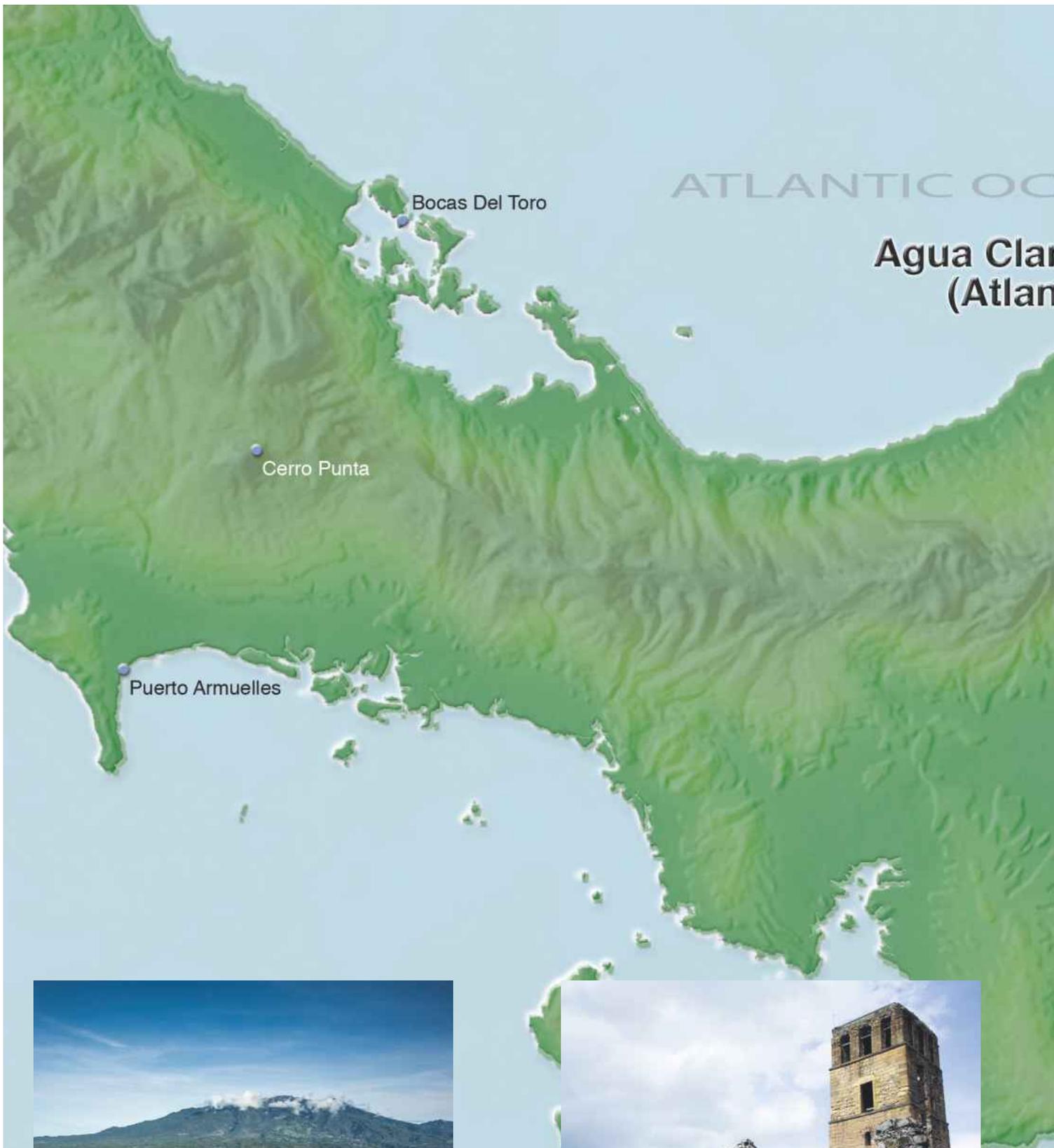
Peak humpback whale-watching season is from June through October-early November.

Panama, like Costa Rica, are the only regions in the world where whales are concentrated from the Northern and Southern Hemispheres. Every year the humpback whales of both hemispheres arrive in Panama, after a journey of about 8,000km to reproduce and give birth to their young. It is estimated that during the peak observation season about 2,000 cetaceans arrive on the Pacific coast.

Whales from the Northern Hemisphere travel from Alaska, while the population of the Southern Hemisphere travels from the feeding areas in the Antarctic Peninsula and Strait of Magellan. ●

Tourism facts

- In 2018, Panama received a total of 2.4m tourists, a slight decrease of 1.4% compared to the previous year.
- However, tourists spent more during their stay in Panama, up 3.5% to \$4,605m.
- According to figures released by the Tourism Authority, tourists from the United States were the more numerous (500,000) followed by Colombia (more than 210,000) and Brazil (more than 84,000).
- The European countries that sent more tourists to Panama were Spain (more than 71,000) and Germany (more than 35,000).
- The tourism sector accounts for around 10% of Panama's Gross Domestic Product (GDP) which grew 3.7% in 2018.
- South America and Venezuela which used to be strong markets for Panama, have diminished substantially but were replace by an increase in tourists coming from Europe.
- The average time spent by a tourist is around eight days (\$1,800) with a daily disbursement of \$250 including lodging, food, purchases and tickets to touristic sites, according to the Tourism Authority.
- In the first quarter of 2019, hotel occupancy was 42%, 25% below the previous year. According to statistics from the Panama Association of Hotel (APATEL), the country offers around 52,000 rooms.
- Entries through Panama's Tocumen International Airport increased 4.2% in the first quarter of 2019.
- 'From 2008 to 2015, income from tourism in Panama grew by 71% per year but from 2015 until 2019, the entries have decreased by 5% annually which means it has stopped receiving 1.4m visitors in three years, associated with the lack of international promotion,' says APATEL.
- 'If this number of travellers is multiplied by 3.5 days of average stay and an approximate expenditure of \$221 per day, gives a total of \$1,100 million who have stopped entering the country in three years. In addition, Panama must have reliable statistics,' said APATEL.



THE PANAMA CANAL MAP



Colon Locks
(Atlantic side)

Cocoli Locks
(Pacific side)



COLON CONTAINER TERMINAL (CCT)

CCT prides itself on providing customers with flexibility in our operation to accommodate the ever-changing needs of customers. Whether you are a waterside customer or a landside customer, CCT will work with you to meet your needs while maintaining quality and safety throughout the process.

Container Operations

With four berths and 74 hectares of storage area, CCT is capable of berthing all sizes of vessels, including two Neopanamax vessels simultaneously.

Reefer

- Reefer monitoring
- Pre-trip inspection
- Other Services
- Container Equipment Maintenance
- Reefer Equipment Maintenance
- CFS Inspections/Certifications
- BASC
- ISPS

Facilities & Equipment

- Berths
- Berths 1 & 2, 478 contiguous metre, 14.0 metre draft
- Berths 3 & 4, 780 contiguous metre, 16.0 and 16.5 metre draft, respectively
- Gantry Cranes
- 5 Panamax (14 rows)
- 2 Post-Panamax (18 rows)
- 3 Post-Panamax (20 rows)
- 3 Super Post-Panamax (23 rows)

Reefer

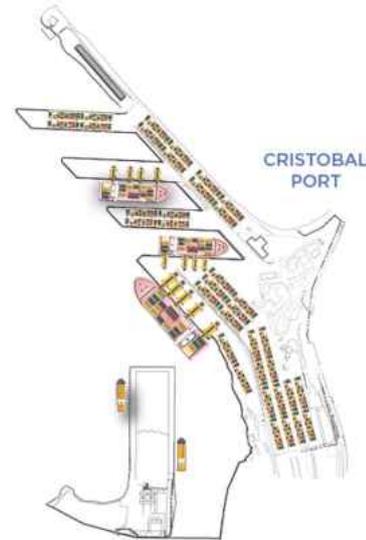
- 984 Reefer Plugs
- Yard Equipment
- 30 RTGs
- 3 Reach Stackers
- 11 Side Handlers
- 93 Yard Tractors

Gate House

- 3 in-gate lanes
- 3 out-gate lanes
- 1 OOG lane
- 2 certified scales that may be used for VGM certification



PPC – PORT OF CRISTOBAL (Atlantic)



FACILITIES

Cristobal Port is located at the Atlantic entrance of the Panama Canal; its strategic position allows for connection with the most important shipping routes in the Caribbean and Atlantic Ocean.

- 14 hectares of storage areas
- 970mtr Dock for Container
- 3 berths positions for Panamax and Post-Panamax vessels
- 13 quay cranes, of which 5 are Post-Panamax with a reach of 19 rows of containers, 4 are Post-Panamax with a reach of 14 rows of containers and 4 Panamax with a reach of 13 rows of containers.
- 37 RTGs
- 13.5mtr (Dock 7 & 10) maximum draft
- Annual capacity of 2 million teu
- Train terminal inside terminal.

PSA PANAMA INTERNATIONAL TERMINAL

	Actual Terminal	Expansion	TOTAL
Dock	340m	800M	1140
Gantry cranes	3 (16R)	8(25R)	11
RTG	9	0	9
RMG	0	12	12
Draft	-14.5	-16.3	



PPC – PORT OF BALBOA (Pacific)



FACILITIES

The geographical location of Balboa Port has been a key factor in rendering it the number one transhipping terminal in Latin America today. Balboa operates from the Pacific, attending multiple vessel lines for their shipping, unshipping, and transhipment activities.

- 40 hectares of storage areas
- 1,710mtr of Dock for Containers
- 5 berth positions for Panamax and Post-Panamax vessels
- 25 quay cranes, of which 7 are Super Post-Panamax with a reach of 24 rows of containers, 10 Post Panamax with a reach of 20 rows of containers, and 8 Panamax with a reach of 13 rows of containers.
- 48 RTGs (electric and hybrid)
- 16.7mtr (Dock 18) maximum draft
- Annual capacity of 5 million teu
- Logistics connectivity with the Atlantic by train and truck, allowing for connection to the Atlantic from ship to ship in 4hrs.

COLON 2000

FACILITIES

With a draft of 9mtr

Security

- Certified personnel in PBIP/ISPS dock operations
- Physical security system
- K9 canine unit
- CCTV monitoring centre 24/7

Availability of government authorities

AMP, customs and migration.

Location

Bahía Manzanillo, next to the entrance of the Panama Canal Atlantic sector. Mooring protected area and wide maneuverability.

Home Port

- Comfortable and safe waiting room
- Check-in sector with Migration and Customs services
- Large and functional luggage storage
- Vehicle and bus parking area
- WiFi service

Other services: Supermarket, duty-free stores, shopping centre (Colon Free Zone) 5-star hotel, varied gastronomy, casinos, pubs, rent-a-car

MANZANILLO INT'L TERMINAL (MIT)

FACILITIES (MIT)
www.mitpan.com

DETAILS

Gantry cranes (STS)

- 11 post-panamax cranes (16 to 20 containers wide on deck)
- 8 super post-panamax cranes (22 to 25 containers wide on deck)

Yard cranes

- 24 RTG cranes
- 6 Kone and 18 ZPMC cranes, 6+1 high container stacks, 6 containers wide
- 6 ZPMC ASC cranes, 6+1 high container stacks, 12 containers wide

Top-picks

27 Taylor cranes, 5-high container stacks

Side-picks

33 Taylor cranes, 8-high container stacks

MIT complies with all aspects of the CSI (Container Security Initiative) established by the United States Customs Service, ISPS Code (Ship and Port Facility Security Code), PGCC (Global Container Control Programme) of UNODC (United Nations Office on Drugs and Crime), BASC (Business Alliance for Safe Trade) program and C-TPAT (Customs-Trade Partnership Against Terrorism). The port provides:

- Access control and IDS (Intrusion Detection System)
- More than 150 security workers
- Canine anti-narcotic, anti-explosive, and patrol units
- CCTV Monitoring and Control Center
- Container seal program for shipping lines



Official name: República de Panamá.

Population in 2019: Estimated 4.2m

Ethnic groups

Mestizo (mixed Indian and European ancestry) 70%, West Indian 14%, Caucasian 10%, Indigenous population 6%.

Location

Approximately 9° North, 80° West, at the geographical divide between North and South America, bordering the Caribbean Sea to the north and the Pacific Ocean to the south.

Geography

Panama's total land area is 75,517sq km. A mountain range with peaks over 2,500mtr forms the spine of this s-shaped country. Panama occupies the southeastern end of the isthmus forming the land bridge between North and South America. Lowlands make up over 85% of the territory, with tropical rain forests to be found near the Canal, along the Caribbean coast and in Darien province.

Terrain

Mountainous. Highest elevation: Volcano Baru 3,475mtr; Coastline 2,857km.

Climate

Tropical, with an average year-round daytime temperature of 27°C, in the mountains the average is 10-15°C. Humidity averages 70%. The rainy season lasts from May to December.

GDP in 2018

\$61.8bn, up from \$55.18bn in 2016

GDP per capita 2018

\$15,090, up from \$14,323 (2016)

Inflation 2018: 0.2%

Annual GDP growth 2018: 3.7%

(down from 5.4%, 2017)

Natural resources

Timber, seafood, mining (copper, gold), tourism.

Foreign trade (excludes CFZ) 2018

Exports of goods (FOB): \$672m (>\$660m)

Imports (FOB): \$12.5bn (>\$11.64bn in 2017)

(Consumer goods; intermediary goods of which construction materials; capital goods)

Colon Free Zone (trade 2018): \$20.58bn

Imports: \$9.77bn (>\$9.21bn in 2017)

Re-exports: \$10.80bn (>10.43bn in 2017)

Foreign Direct Investment (FDI) 2018

\$5.8bn, (up from \$ 5.32bn in 2017)

Fast growing economic sectors (2018)

Economic sectors – Agricultural products: bananas, rice, corn, coffee, sugarcane, vegetables livestock; shrimp.

Industries: construction, brewing, cement and other construction materials, sugar milling.

Panama Ship Registry

Total tonnage at end-December 2018 reached 217,152,595gt down from 218,484,082gt at end June 2018. The number of vessels in December 2018 to 8,000, up from 7,916 in June 2018 (the register eliminated several ships considered sub-standards) but down from 8,017 in December 2017 and 8,085 in June 2017, according to IHS Global. At February 2019, the number of ships slightly decreased to 7,916 while tonnage was up to 217,227,377gt.

Panama's merchant marine represents 17.1% of the world's fleet at end-June, 2018 and the age of the fleet is at 18 years.

Services

75% of GDP of which 25% is for the maritime sector including the Panama Canal, ports and related services.

Agriculture and industry

Primary sector (6% of GDP) includes agriculture and cattle farming; secondary sector (24% of GDP) includes industry and infrastructure: services (70%) includes Colon free Zone, banking, transport and telecommunications.

Land: Agricultural 24%, exploitable forest 20%, others 56%.

Government

Panama is a democratic republic with elections held every five years. It is composed of three governing branches: Executive, Legislative and Judicial. Panama is divided into nine Provinces and four Comarcas or Indian territories. These are divided into 67 districts.

President Juan Carlos Varela, from the Partido Panamenista, was elected May 4, 2014 and was sworn in July 1, 2014 for a five-year term.

Government branches

Executive: President (head of state), one Vice President.

Legislative: Legislative Assembly: (71 members).

Judicial: Supreme Court: The president proposes judges for the Supreme Court; they are approved by the Legislative Assembly and sit for terms of 10 years; a system of appeal originates in courts of first instance, rising to the Supreme Court at the apex.

Religions

Roman Catholic 85%, Protestant 15%.

Languages

Spanish (official); various indigenous native languages.

Education

Compulsory for primary education. Including universities and smaller colleges, there are 14 institutions of higher education in Panama attended by 90,000 students.

Literacy

Approx. 93% overall (urban 94%, rural 64%).

Workforce: 1,200,000. Made up of Government & community services 250,000, private sector 500,000, others 350,000.

Unemployment total (March 2019):

6.4 (up from 6.1%, in 2018)

Major cities

Panama City: 1,500,000 (estimated with suburbs), Colón: 206,000, David: 142,000.

Time zone

Panama is on Eastern Standard Time all year (GMT-5hrs).

Electricity and telecommunications

The national power supply is 110v, 60hz. Panama has an excellent and modern telephone service with international direct-dial facilities. Country code is 507.

Currency and local taxes

The US dollar has been legal tender in Panama since 1904. The Balboa, the Panamanian currency unit, trades at parity with the dollar although the Balboa only exists in forms of coins. Prices may be quoted as Balboas (B./) or dollars (\$). All major credit cards are widely accepted. VAT on services and restaurants, is 7% and 10% as hotel taxes. There is a \$20 tax payable on departure from Panama City's Tocumen International Airport.

Banking

The banking centre saw a reduction in its number of banks established in Panama to 83 down from 86 in 2018. The centre has two state-owned official banks, 43 with general licence, 26 with international licences and 12 with representations offices. At end of March 2019, the banking centre registered total assets of \$121,488m, up 3.18% compared to the same period a year ago, with local deposits up 2.5%, 525m and local loans up 5.08% to \$54,857m.

Opening hours vary but most are: Mon to Fri from 9am to 1pm/3m. Most banks are also open on Saturday mornings.

Source: Comptroller-General office, report 2018. IHS Global, Superintendence of Banks.

Colón Free Zone (CFZ)

Some 2,100 international and national companies and 20 foreign and national banks are established in the Colón duty free zone.

Measures: Metric system.

Public holidays

January 1: New Year's Day

January 9: Martyrs' Day

May 1: Workers' Day

November 3: Independence from Colombia Day

November 10: First Cry of Independence Day

November 28: Independence from Spain Day

December 8: Mothers Day

December 25: Christmas Day

Moveable holidays

Carnival Tuesday, Easter Friday

Shipping and tourism services

Panama Maritime Authority (AMP)

Edificio PanCanal Albrook, P.O. Box 0843-0533, Balboa, Ancón
Tel: +507 501-5100/5000

Panama Canal Authority (ACP)

Balboa - Ancon, Panama
Tel: +507 272-7602 Fax: +507 272-7693

CARGO & OTHER SERVICES

Air Sea Worldwide Panama

P.O. Box 0815-00883, Rep. of Panama
Tel: +507 269-8988
Fax: +507 269-8061
Email: info@asw-panamacity.com.pa
www.airseaworldwide.com

AMT Cargo International

P.O. Box 0818-00286, Rep. of Panama
Tel: +507 236-5843
Fax: +507 236-9705
Email: amtcargopma@cableonda.net
www.amtcargo.com

Intertrade

P.O. Box 0819-10090, Rep. of Panama
Tel: +507 232-8588
Fax: +507 232-8078
Email: interoper@cableonda.net
www.intertrade.pt.com

Naves Supply

P.O. Box 0832-1499, Rep. of Panama
Tel: +507 232-5415
Fax: +507 232-5469
Email: navessupply@cwpanama.net
www.navessupplypanama.com

Sea Cargo

P.O. Box 0816-00665, Rep. of Panama
Tel: +507 210-9600
Fax: +507 210-9635
Email: seacargo@seabournmarinepanama.com
www.seaboardmarine.com

Servicio Internacional de Carga

Tel: +507 260 17 47
Fax: +507 260 6562

Supreme Overseas Corp.

P.O. Box 0834-01456 Panama
P.O. Box 0302-00482 Colón,
Rep. of Panama
Tel: +507 430-3537 / 261-0044
Fax: +507 430-0627 / 430-3705
Email: supremepty@supremepty.com
www.supremepty.com

DREDGE, LAUNCH, TUG & PILOT SERVICES

Boskalis Panama, S.A.

Tel: +507 3177000
Fax: +507 3177099
Email: panama@boskalis.com

Caribbean Pilots Corp.

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Fax: +507 430 35 38
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Cía. Marítima de Panama

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Tel: +507 211-1111
Fax: +507 211-3140
www.boluda.com.pa

Coastal and Inland Marine Service

P.O. Box 0843-00538, Rep. of Panama
Tel: +507 260-0088 / 260-0096
Fax: +507 236-1776
www.boskalis.com

Dredging International

P.O. Box 0833-00284 Rep. of Panama
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www.deme.be

Meyers Group

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Fax: +507 294-5064
Email: info@meyersgrp.com
www.meyersgrp.com

Panama Pilots Services Corp.

P.O. Box 0302-00435, Rep. of Panama
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Email: info@panamapilot.com
www.panamapilot.com

Saam Smit Towage Panama Inc.

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Fax: +507 321 6629
www.saam-smit.com

Svitzer Panama, Inc.

Tel: +507 65 90 58 35
www.svitzer.com

Transiberica

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Fax: +507 314-0936
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Van Oord Panama S.A.

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Email: loc.pan@vanoord.com
www.vanoord.com

ECONOMIC DEVELOPMENT

Tourist Bureau

(Autoridad del Turismo Panama)

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Fax: +507 625-7121
www.atp.gob.pa

Zona libre de Colón (Colón Free Zone)

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Fax: +507 475-9507
Email: zonalibre@zolicol.org
www.zonalibredecolon.com.pa

EDUCATION

International Maritime University of Panama

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Fax: +507 501-5708/315-1380
www.umip.ac.pa

GEORGIA TECH Panama

Tel: +507 395 3030
Email: georgiatechpanama@gatech.pa
www.gatech.pa

FUEL / BUNKERING

Boluda Corporation Maritima

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Tel: +507 211-1111
Fax: +507 211-3120
www.boluda.com.es

CEPSA Panama

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Fax: +507 214-8300
Email: bunker@cepsapanama.com
www.cepsa.es

Chemoil Latin America Inc.

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www.chemoil.com

Clipper Oil

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Team: bunkers@clipperoil.com
www.clipperoil.com

DECAL Panama

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Fax: +507 213- 9895
Email: decal@decalpan.com

Eagle Navigation Corp

Tel: +507 262-6982 / 396-6807
Email: info@maritimetankers.com
www.maritimetankers.com

Eco-Klean

Planta Eco-Klean,
Carretera Transistmica, Buena Vista, El Giral,
Rep. of Panama
Tel: +507 448 1771/1812/1581
Email: info@eco-klean.com

Enviroports

Tel: +507 6868 6710
Email: ops@enviroports.com

FAMM Antilles Ltd (Fuel and Marine Marketing)

P.O. Box 0843-00358, Rep. of Panama
Tel: +507 314-1500
Fax: +507 314-1497
www.chevrontexaco.com

Interoceanic Supply Services Corp. (ISSC)

P.O. Box 0831-01849, Paitila, Rep. of Panama
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Fax: +507 232-8751
Email: info@issspanama.com

DIRECTORY

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Kamca Trading

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Email: info@kamcapetrol.com
www.kamcatrading.com

Maxum Oil Services de Panama

P.O. Box 0843-03119, Rep. of Panama
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Fax: +507 314-1605
Email: rsmith@maxumoil.com

Petro Inspect Panama, S.A.

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Email: ops@petro-inspect.com
www.petro-inspect.com

Melones Oil Terminal

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Monjasa S.A.

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Oil Tanking Panama

Tel: +507 430-7330 / 7327
Email: panama@oiltanking.com

PetroAmerica Terminal S.A (PATSA)

Lacona (Ex Base de Rodman), Edificio #377
Cocoli, Arraijan
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www.vtti.com/terminals/patsa-panama

Petróleos Delta

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www.petrodelta.com

Petróleos Independientes de Panama S.A./ PIPSA

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www.pipsa.com

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www.quinnoil.com

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Rio Energy Panama

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Shell Marine Products

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Total Americas

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www.totalubmarine.com

Trader Tanker/Bunker Vessel Management

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Universal Oil

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Vital Energy Bunkering

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www.vitalenergybunkering.com

Vopak - Terminal Bahia Las Minas

P.O. Box 0834-0101
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Bufete Illueca

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De Castro & Robles

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www.fabamm.com

Feoli & Co

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Gerli & Co

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www.gerlico.com

Icaza, González-Ruiz & Alemán

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www.icazalaw.com

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www.illaso.com

Garrido & Garrido

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Jacome & Jacome

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www.jacomeyjacome.com

Kosmas & Kosmas

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www.kosmasykosmas.com

Legal Marine Tek

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www.lopezlex.com

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Email: fmata@mattapitti.com
www.matapitti.com

Mauad & Mauad

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Mendoza, Arias, Valle & Castillo

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www.mavclex.com

Morgan & Morgan

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Email: customerservice@morimor.com
www.morimor.com

Mulino & Mulino

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Email: flor@pml.com.pa
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Rivera, Bolívar, Castanedas

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www.riveboca.com

Robles & Robles

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Rosas & Rosas

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Ruben J. Levy & Co

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Shirley & Associates

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Solís, Delgado & Guevara

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Sucre, Arias & Reyes

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Tapia, Linares & Alfaro

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www.panamamaritime.com

Vallarino Vallarino & García Maritano

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Fax: +507 212-5270
Email: info@vvgm.com
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Vives & Asociados

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Email: sales@asapshippupplier.com
www.asapshippupplier.com

Bas Marine

Tel: +507 3140789/90
Email: info@bas-marine.com
www.bas-marine.com

Blue Sea Ship Services

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Email: info@blueseashipservices.com
www.blueseashipservices.com

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Electromar Services

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Hi-Tek Marine

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Intermarine Supplies Inc.

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Islamorada Internacional, S.A.

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IST Accounting

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Marine Metal Coatings

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MEC Stores

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Mercantile Shipstores (MERCANSA)

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MISHAL, S.A.

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