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PANAMA

Maritime Review 2013/2014

Celebrating 100 years of the Panama Canal





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Although every effort has been made to ensure that the information contained in this review is correct, the Panama Canal Authority, Panama Maritime Authority and Seatrade accept no liability for any inaccuracies or omissions that may occur.

Panama Canal Map

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100 YEARS CONNECTING THE WORLD

Celebrating 100 years, the Panama Canal reaffirms its commitment of providing a safe, reliable and efficient service to its customers, while preparing to face a new era.

The Panama Canal, honoring its past, while building its future.



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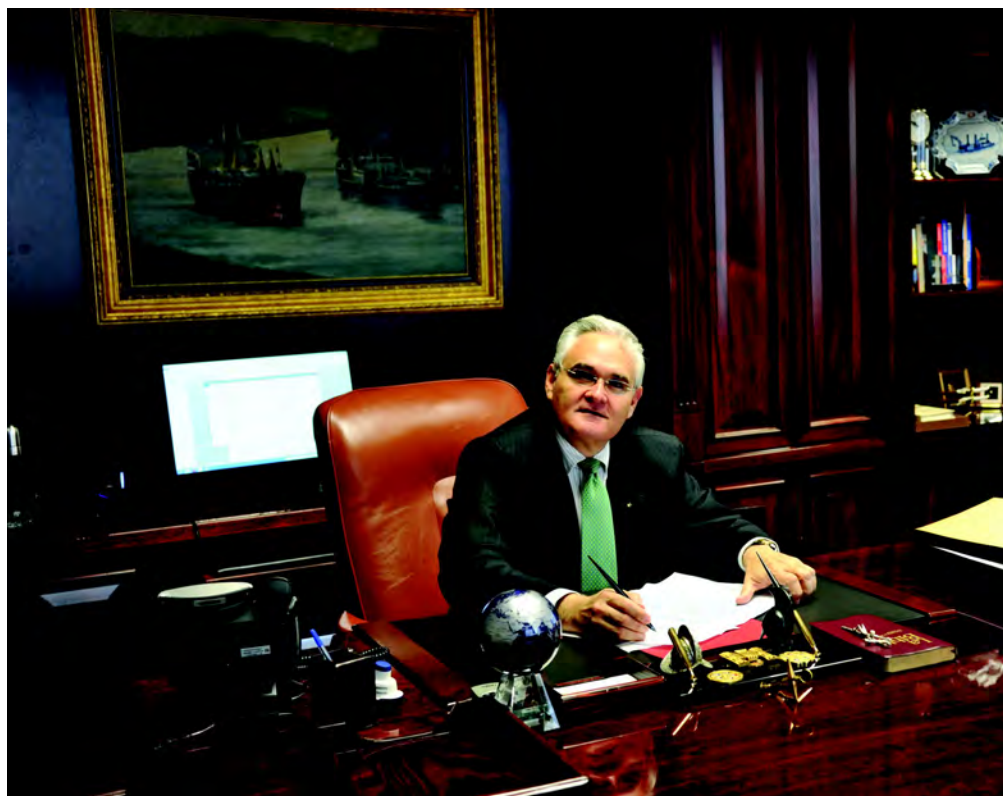
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100 years uniting the world

We are focused on preparing our operations for the expanded Canal.

We are thrilled to be celebrating the Panama Canal's 100th anniversary this upcoming year. The waterway, which has changed maritime trade for the past century, will now open a new expanded Canal that will have a far-reaching international impact through the creation of new trade routes and the opening of new markets.

The Panama Canal expansion keeps moving forward and various milestones are being reached in this programme of global significance to maritime trade. The programme has a two-third overall progress as the new lock gates, that weigh 3,300-tonnes on average, arrived in Panama marking a significant event in the Third Set of Locks project. We are also focused on preparing our operations for the expanded Canal. We have been receiving the new tugboats to enhance our



current fleet in order to better assist vessels in the new locks and access channels and we are preparing our workforce to face future operations.

Currently, the Panama Canal is exploring new business opportunities that will add value to the Panama route. For instance, the Panama Canal Authority (ACP) is completing studies for the construction and operation of an additional container port facility on the Pacific side. This new port in the Corozal area would have a capacity of 5m teu.

We are also studying the possibility of building a roll-on roll-off (ro-ro) facility and logistic parks on the Pacific end by making use of land that has been reclaimed from the excavated and dredged materials resulting from the Panama Canal expansion works. Additionally, we are also initiating studies of a container-on-barge service across the canal, ship repairs for New-Panamax vessels, and even establishing an LNG Bunkering station to service those vessels, which eventually will convert to LNG fuel systems. These new business endeavours seek to strengthen Panama's logistic capacity, maintaining the competitiveness of the route and making the waterway more attractive to our customers as a one-stop gateway to multiple services.

The Panama Canal has been meeting with maritime industry representatives to share concepts and request feedback regarding the toll structure that would become effective after the Panama Canal expansion goes on line in mid-2015. Such meetings will continue through the end of 2013 to enable us to arrive at a final tolls proposal within the first quarter of 2014. The ACP constantly monitors market conditions to ensure its tolls remain competitive and that they reflect the commercial value of the route.

The Panama Canal serves more than 144 maritime routes connecting 160 countries and reaching some 1,700 ports in the world. The expanded route will modify trade patterns in the region with the Canal as a driving force for global and regional trade. As a result of its strengthened connectivity and together with the additional services offered by the route, Panama will consolidate its role as the most important logistics and transportation centre in the Americas.

We are confident that the Panama Canal will continue connecting the world for many centuries to come. We would like to reaffirm our partnership with Seatrade and invite readers to discover in the pages of this Panama Maritime Review, the past, present and future of the Panama Canal.

Jorge L. Quijano
Administrator
The Panama Canal Authority



PANAMA CANAL TIMELINE

February 23, 1903 – The US Senate approves the treaty on the Panama Canal.

1904 – The US Army Corps of Engineers begins the construction of the Panama Canal.

November 1906 – US President Theodore Roosevelt visits Panama and the construction works of the waterway.

October 10, 1913 – US President Woodrow Wilson pushes a button in Washington that floods the canal.

August 15, 1914 – Official opening of the Panama Canal. Although the Panama Pacific Exposition went on as planned, World War I forced cancellation of planned festivities at the Canal and the inauguration was relegated to page seven of the New York Times. The grand opening was a modest event with the Canal cement boat SS Ancon, piloted by Captain John A. Constantine, the Canal's first pilot, making the first official transit. There were no international dignitaries in attendance. Observing the transit from shore, chief engineer



August 15, 1914 – first transit SS Ancon

George Goethals followed its progress by railroad. However, January 7, 1914 marked the first unofficial transit through the Canal by the floating crane Alexandre La Valley.

Cost – The Panama Canal cost Americans around \$375m, including the \$10m paid to Panama and the \$40m paid to the French company. It was the single most expensive construction project in US history at that time.

Excavation – By July 1, 1914, a total of 182,610,554cu mtr had been excavated during the American construction era. Together with some 22,936,645cu mtr excavated by the French, this gives a total of around 204,900,702cu mtr or more than four times the volume originally estimated.

1914 – Major General George Goethals appointed first Governor of Panama Canal Zone.

1915 – Total tonnage of ships transiting the canal is around 5m tonnes and tolls total approximately US\$4m.

July 1922 – Project for the removal of Point La Pita in Gaillard Cut begins. This project ended in December 1924 with more than 951,106cu mtr extracted.

1924 – More than 5,000 ships a year transit the Panama Canal.

August 14-23, 1928 – Richard Halliburton swam across the Panama Canal and paid the cheapest toll (36 cents).

1929 – The Madden road is built between Gaillard Highway to Madden Dam.

1932 – Beginning of the construction of the Madden Dam in Alajuela Lake that will provide another water reservoir for the Canal.

July 12, 1934 – President Franklin Delano Roosevelt was the first United States President to travel through the Panama Canal. During this visit the Negotiation Committee for a new Canal treaty was created.

1937 – The US Congress authorised a maximum of \$277m for the conversion of the two-lane canal across the Isthmus into a 'third lane' canal.

1939 – SS Ancon repeated its transit through the Canal for its twenty-fifth anniversary. More than 7,000 ships transit the Panama Canal annually.

July 1939 – Excavations for a third set of locks begin but were abandoned in 1945.

April 15, 1943 – The Roosevelt-Boyd (Transistmica) Highway is inaugurated, linking the cities of Panama and Colon.

July 1, 1951 – Panama Canal Railroad Company becomes the Panama Canal Company in charge of maintenance and operations of the Canal.

1954 – Gaillard Cut widening from 91.46mtr to 152.4mtr (300 to 500ft), deepening of 1.52mtr (5ft) and the reduction of Contractors Hill from 126.5mtr to 106.7mtr (415ft to 350ft). Works ended in 1970.

March 31, 1954 – The Goethals Monument, in honour of Division General W. Goethals, is inaugurated below the stairs of the Administration Building.

1954 – 1970 – Widening of Gaillard Cut.

December 12, 1956 – US-flagged cargo ship SS Edward Luckenback marked the first billion of tonnes transited through the Panama Canal.

December 23, 1958 – Construction begins of a bridge crossing the Canal.

October 12, 1962 – The bridge was inaugurated with the name Thatcher Ferry Bridge and renamed January 25, 1981, Bridge of the Americas.

1962 – The old General Electric locomotives were replaced by 67 new locomotives from the Japanese company Mitsubishi.

1962 – The Panama Canal Guide service is created. The Canal guides will escort the visitors to the locks.



July 9, 2013 – excavation work continues to widen the locks

May 12, 1963 – The Panama Canal began 24-hour operations with the installation of the fluorescent lighting in Culebra Cut and the locks.

January 9, 1964 – Riots erupted in Panama City over the sovereignty of the Canal Zone in which 22 Panamanians and four Americans died. Panama breaks relations with the United States. Relations were restored after US President Lyndon Johnson declared his government was ready to negotiate an entirely new treaty, which would eliminate the causes of conflicts between the two countries.

1967 – A draft of a set of three treaties, called 'the Three in One', is agreed upon but received major domestic political criticism in the two nations. They were never signed and officially rejected by Panama's government in 1970.

1970 – Transits of ships through the Panama Canal exceed 15,000 a year. Tonnage transported through the waterway is over 100m tonnes and tolls exceed \$140m.

1972 – Panama and the United States initiate negotiations on a new treaty for the Canal.

1975 – The new Marine Traffic Control Centre started operations with an automatic computer system. Canal pilots and locomotive operators no longer had to use manual signals during lockage. The system also included a (48ft) 14.6mtr highlighted board that indicated the approximate position of a vessel in the Canal.

September 7, 1977 – A new treaty on the Canal is signed in Washington at the Organisation of American States by US President Jimmy Carter and Panama's Head of Government the late Gen. Omar Torrijos. The two nations also agreed on the treaty concerning the permanent neutrality



September 7, 1977 – Torrijos-Carter Treaty signed

and operation of the Panama Canal. This agreement establishes a regime of neutrality that guarantees that the Canal shall remain open, safe, neutral and accessible to vessels of all nations.

The 'Torrijos-Carter Treaty' is ratified by Panama in October 1977 and by the US in March 1978.



Under the terms of this agreement, the US abandoned sovereignty over the Canal Zone and agreed to cede control of the Canal to Panama at the end of the century. The Treaty went into effect October 1, 1979.

The Treaty abolished the former Canal organisation – the Panama Canal Company and the Canal Zone government – and creates the bi-national Panama Canal Commission as the agency responsible for the overall management of the waterway until year 2000 when the Treaty expires. Panama is committed to keep the Canal open and efficient after that date. The agreement provides full co-operation and participation between both countries. The Panama Canal Commission, a federal agency of the US until year 2000 is run by a Panamanian Administrator and a US Deputy Administrator while a board of directors of nine members, five appointed by the US President and four nominated by the government of Panama make the management decisions. The Treaty requires that Panamanians participate increasingly in the Canal's operations for Panama's assumption of responsibility for its operations at the turn of the century. Under the terms of the treaty, the US has the right to build a third lane of locks to increase the capacity of the existing Canal.

September 28, 1977 – Panama Canal acquired the dredge US Rialto Christensen, considered one of the biggest dredges in the world at that time.

September 30, 1979 – Final day of operation of the Panama Canal Company and Canal Zone Government, in accordance with the Panama Canal Treaty signed on September 7, 1977.

October 1, 1979 – The Panama Canal Treaty is implemented. Panama is sovereignty over all its territory. The Panama Canal Commission replaces the Panama Canal Company.

April 4, 1983 – the Reservation booking system is implemented.

1986 – A tripartite international organisation, the Tripartite Alternatives Study Commission is established by the United States, Panama and Japan to carry out studies and make recommendations relating to the feasibility of the construction of a sea-level canal or improvements to the present one, including the construction of a third set of locks.

1988 – The widening of the Canal Pacific entrance begins, which will be completed in 1994, will increase the navigation channel to 366mtr of width, up from 152mtr.

December 20, 1989 – The US invade Panama. Traffic at the Panama Canal is stopped for over 29 hours for the first time in its history.

January 1, 1990 – Fernando Manfredo, Canal deputy administrator since October 1, 1979, through December 31, 1989, serves as the first Panamanian acting administrator from January 1, 1990 through September 1990.

1990 – Gilberto Guardia was the first Panamanian appointed administrator of the Panama Canal.

February 12, 1992 – Gaillard Cut widening programme begins.

October 1, 1994 – The Panama Canal Universal Measurement System (PC/UMS) is implemented to calculate tonnage carried through the waterway.

1994 – The Panamanian government approved an addition to the Constitution to guarantee the independence of the Panama Canal's future administration. The Panama Canal Authority (ACP) was established as an entity of the Government of Panama under Title XIV of the National Constitution with exclusive charge of the operation, administration, management, preservation, maintenance, and modernisation of the Canal, as well as its activities and related services, pursuant to legal and constitutional regulations in force, so that the Canal may operate in a safe, continuous, efficient, and profitable manner. An administrator and a deputy administrator head the ACP under the supervision of an 11-member Board of Directors.

The Board of Directors will be responsible to name the administrator and deputy administrator and will have similar functions of that of the Panama Canal Commission (PCC) board of directors in regard to the establishment of fees, rights and use of the services rendered by the Canal. Similarly, the Canal Authority will pay the Panamanian government sums identical to the ones received from the PCC for the tolls.

June 19, 1996 – The transit of the vessel Maersk Stafford marks the Canal's 800,000th transit.

June 1997 – A commission designated by the President of Panama elaborates the Organic Law of the Panama Canal.

1996 – Alberto Aleman Zubieta, the first administrator of the ACP, is sworn in.



December 31, 1999 – the Canal is transferred to Panama's management

1997 – The Panama Canal Authority is created with Alberto Aleman designated as its first Administrator as well as the first board of directors.

December 31, 1999 – The Panama Canal is transferred to Panama's management.

2006 – A proposal for the Panama Canal expansion is released to the Panamanian population.

October 22, 2006 – The Panama Canal expansion programme is put to referendum and approved by an overwhelming decision, almost three to four. The one-sided 78% vote in favour of the \$5.25bn mega-project gives a clear mandate to the country and the Panama Canal Authority.

2007 – The electro-mechanical control board which controls the lockage and was used since 1914 is replaced with computerised system to control lockage.



September 3, 2007 – expansion begins

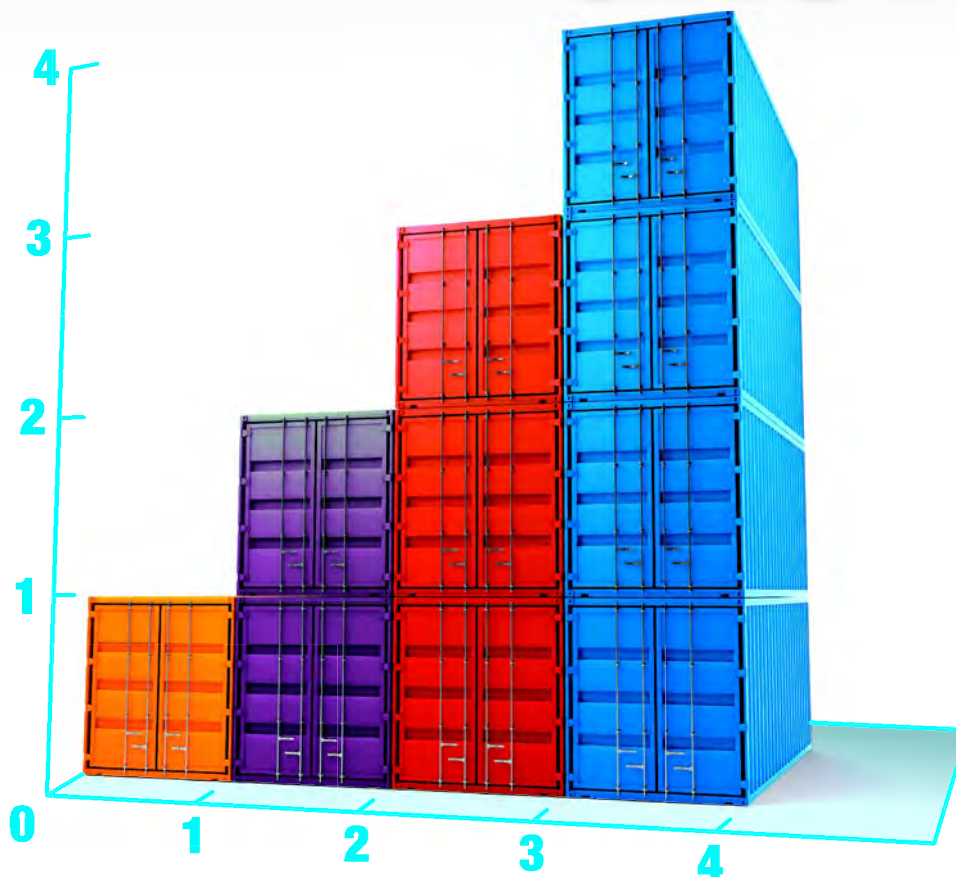
September 3, 2007 – Breaking ground of the Panama Canal expansion in presence of foreign and domestic dignitaries and a crowd estimated at 30,000 people marks the beginning of the construction of the expanded waterway.

September 4, 2010 – STX Pan Fortune Plum became the one millionth vessels to transit the Panama Canal.

December 2013 – The Panama Canal has been run by Panamanian Administration for 13 years. Panamanians have demonstrated their capacity to manage this important route for world trade and has improved its service. About to reach its centennial, the Canal guarantees its efficiency through the permanent maintenance and modernisation of its infrastructure. Approximately \$2bn has been invested since 2000.



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Gatun Lake anchorage

Improving operations

With 99 years on its shoulders going 100 years in 2014, the Panama Canal demonstrates the extraordinary vision of its builders who constructed a waterway for centuries ahead. But the astonishing modernity of its operations is a testimony to maintenance and continuous upgrading of its facilities. Today, the Panama Canal is carrying on its modernisation programme to improve operations, says the Panama Canal Authority deputy administrator, Manuel Benitez.

'We are proceeding to the widening of Gaillard Cut to 218mtr, up from 192mtr as well increasing the depth of Gatun Lake which originally was to be 15.54mtr from 14.63mtr but with the expansion programme we decided to increase it to 16.76mtr from an average lake elevation of 26mtr,' he explains. 'When we did the expansion plans in 2000, we did not contemplate the need to expand the Gatun Lake anchorage during the early years after the expansion. Now, the latest demand forecast leads us to rethink this and conclude that we will need more anchorage space. That's why we are up fronting our improvement projects and

will expand the Peña Blanca anchorage in Gatun Lake under a new modernisation programme. The expanded anchorage will have the capacity to accommodate up to 10 vessels, four of which could be of the New-Panamax size,' says Benitez.



Manuel Benitez

In addition, 'we are widening the Pacific entrance to 300mtr, up from the present 225mtr to facilitate the passage of two New-Panamax vessels at the same time.'

The 'new modernisation programme' began execution in 2013 with

the tender for removing the logs lying in Gatun Lake, required before dredging the area. This new modernisation programme, driven by accelerated demand, includes the widening of Gamboa reaches and Chagres crossing in Gaillard Cut to 300mtr. 'We have already started the preliminary soundings of the area to design the dredging plan. We rather do those works with in-house resources especially in Gaillard Cut because of traffic restrictions,' explains Benitez.

The ACP Fiscal Year 2013 will see a diminution of cargo transported through the waterway to 317m tonnes PC/UMS (Panama Canal Universal Measurement System), from 333m tonnes in FY 2012. There was also a slight decrease in Canal oceangoing transits of 1% during FY 2012 compared to FY 2011 when there were 14,684 total transits of which 12,998 were oceangoing transits. 'The same pattern appears in the first nine months of FY 2013 (October 2012-June 2013) with 11,150 vessels, falling 2.3% compared to the same period the year before, when we registered 11,416 transits.'

The ACP had a \$2.3bn credit line from institutional agencies to finance the expansion programme.



Gamboa – will require widening

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The Administrator's historic residence

This historic house built in 1906 and then located at Culebra, was the residence of the 'Canal builders', both chief engineer, John F. Stevens and Lt Col George W. Goethals. In 1914, the building was dismantled with each of its section, carefully numbered and transported by railroad to its present location, at Balboa Heights, on the slopes of Ancon Hill, where it has served as the official domicile of the former Canal Zone governors and after 1979 of the Panama Canal administrators.

In spite of some structural changes, the house has maintained its beautiful original style so characteristic of the canal construction era, complemented with a beautiful garden and verandas.

The first non-US citizen to live in was also the first Panamanian to become Panama Canal administrator, Eng. Gilberto Guardia, in 1990. His official title was administrator of the Panama Canal Commission which would later be transferred to Panamanian management and in that position, Guardia was also the first non-US citizen to head a US Agency.

Alberto Aleman Zubieta, the second



Panama Canal Commission Administrator and first administrator of the Panama Canal Authority was without doubt its longest landlord (1996-2012) as he served two terms at the helm of the waterway.

Now Jorge Quijano, who became Panama Canal administrator in September 2012, and his wife Marcia have moved into the residence after a

six-month restoration of the premises, adding their personal touch to the private rooms while keeping identical the reception rooms and augmenting the art collections and furniture. 'It is a marvellous home, full of Canal memorabilia and historic household,' says Marcia Quijano who has also devoted a large amount of effort and time to enhance the garden.

At end-2013, the ACP will have used \$1.55bn of its credit line.

At the Operations Executive Vice-Presidency, headed since October 2012 by the new evp of operations, Esteban Saenz, 'the main challenge is to prepare for the new Canal. "Readiness" is our motto,' he says. This vice-presidency is the largest in terms of personnel, of the Canal Authority with more than 7,000 employees.

'We had to contract new pilots and tug captains who will be in charge of the 14 tugs we are buying in addition to those existing, for the operations of the third lane as the future locks will operate without the support of locomotives and since the tugs will accompany and position the vessel into the larger and longer locks,' says Saenz, a civil engineer with a master degree in hydraulics and former ACP vice president for environment, water and energy. The future locks operations will be somewhat different 'for us at the Canal, but those are common practice everywhere in the world, so we need to learn how to do it.'

In October 2011, the Panama Canal Authority (ACP) awarded Astilleros Armon S.A., a ship building and repairing company based in Spain, a \$158.3m contract, on best value proposal for the construction of 14 tractor-type tugs of 70 tonnes bollard pull to increase the current fleet to meet the projected growth of transits on the waterway. The new tugs are being received

by tranche, five in 2013, six in 2014 and the remaining three in 2015. It has also acquired two tugs of 55 tonnes bollard pull for its dredging operations that were delivered in July 2012. The ACP's existing tug fleet will total 44 once all 14 tugs from Astilleros Armon are received.

Four new tugs, CERRO ITAMUT, received in April; CERRO PICACHO, received in June; CERRO SANTIAGO, received in July; and CERRO PANDO, which arrived in August, are the first of a series of 14 tractor-type tugs of 70 tonnes bollard pull vessels to increase the current fleet of the ACP. These four tugs will be followed by CERRO JEFE, estimated to arrive in early September. The tugs will assist larger vessels transiting the current and improved canal and attend anchoring and other manoeuvres in the

waterway. The longer and wider locks of the canal under construction will operate with tugs to assist the transit of ships, unlike the existing canal, which also uses locomotives.

'We have done tests moving ships and with different types of vessels, in Miraflores locks, without using locomotives - mules are they are called - and putting into practice the tugs,' says Saenz.

The programme to train pilots for the New-Panamax vessels 'began in 2006 and is on-going as we use the concept of "training the trainers" and to keep experience personnel up to date through simulations on new manoeuvres,' says Saenz. Twelve pilots have been sent to Berendrecht, Holland, where locks are similar but larger than the new locks. Saenz believes 'there is enough



Four new tugs are the first of 14 tractor-type tugs to increase ACP's current fleet



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equipment for both canals. We are making sure that we will have the adequate infrastructure in mooring stations and installations for the tugs and launches everywhere.'

In January 2013 'we began negotiations with our tow boats captains with the aim of achieving for the first time a collective bargaining agreement with this recently established bargaining unit. Negotiations with the pilots union will begin in 4Q 2013. These negotiations are being undertaken with the intent of reaching agreements with these particular work groups, before the new locks are opened to commercial traffic, regarding any possible changes that could result to their present working conditions,' he explains.

The future channels and new locks will be lit similarly to the existing lighting, although 'we are looking into LED technology for near future, in the hope that it will be more competitive and effective,' says Saenz. 'All forms of energy are being looked into. One is the wind energy on the Atlantic side and for that purpose the ACP has installed instruments to measure wind speed and its continuity. 'We also have a small solar plant for testing at La Chorrera-Mendoza water plant, which has been working for the past two years. If the economic results are satisfying, we would install more solar panels in Mendoza. That would enter into FY 2015 budget,' he comments.

On January 8, 2013, the ACP issued a notice to proceed to VINCI Construction Grands Projets to build a bridge on the Atlantic side of the Canal.



Esteban Saenz

All forms of efficient energy are being looked into, including LED for lighting, wind and solar power.

The company has 1,274 construction days to complete the bridge. The contract was awarded in October 2012. VINCI Construction Grands Projets, a French company, offered the lowest price, below the official budget, in a public tender. The Brazilian-Korean joint venture Odebrecht - Hyundai and the Spanish-Mexican consortium Acciona - TRADECO also participated in the tender process.

All the documentation presented was thoroughly analysed by an evaluating committee formed by Canal specialists. They reviewed the technical aspects and previous experience, as well as the financial capacity of the winning company.

ACP awarded the bid for the construction of the new bridge under Article 3 of Law 28 of July 17, 2006 - the legislation under which the construction of the third set of locks for the Panama Canal was authorised. That legislation mandated the construction of a road bridge on the Atlantic side to link both Canal banks. This bridge will foster the development of the Colon province.

The bridge design is inspired on similar infrastructure work in countries such as Spain, Korea, France, China and Japan. The double-plane, twin pylon, cable-stayed bridge will feature two lanes of traffic in each direction. Its length will be 4.6km and it will stand 75mtr above sea level. The bridge will be built with reinforced concrete.

In the past 13 years, the Panama Canal has maintained a natural synergy with its surroundings and the communities that live in the Panama Canal watershed. This ensures the conservation of the environment and the protection of water resources which are essential for human consumption as well as for the waterway's operation.

As part of the efforts to sustain the natural resources of the watershed during this period, the ACP encouraged the delivery of more than 10,000 land titles to its inhabitants and works with them in several reforestation, environmental education and economic incentive programmes to improve their quality of life.

Also more than two millions saplings were planted in the Canal watershed as part of reforestation programmes. •

Panama Canal Pilots

The Panama Canal expansion is scheduled to finish mid-2015. Those who will have the challenge to guide the New-Panamax vessels through the locks will be the Panama Canal pilots and the tugboats Captains who have been preparing since several years to fulfil that important assignment.

To date, the pilot work force is composed by 298 pilots; 12 of them are nationals of Panama and the US while 8 are Americans. Of the 162 tugboats Captains, 160 are Panamanians and two are US citizens. Amongst the pilots, two of them are women while there are four female tugboat Captains.

Since the beginning of the expansion programme, 34 pilots have been contracted and 83 tugboat Captains while 154 pilots and 58 tugboat Captains have been trained to handle the New-Panamax vessels.

Becoming a pilot requires long and



arduous studies and constant training, during which time they need to spend 18 months preparing as a Pilot Understudy (PUP) and nine additional months as a pilot in training (PIT). They also need to spend 13 months as a Limited Pilot in order to become a Qualified Pilot. Of the 298 ACP pilots, 56

graduated in the United States while 121 received their university degree from Panama's Maritime University. Of the 138 tugboats captains, 92 graduated from Panama' Maritime University, while 12 received their training in the United States. Their time of formation lasts 28 months.



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Caption



The progress continues

As the massive 3,100 tonne-gates arrived August 20, 2013, on the shores of the Panama Canal, marking an important event in the third set of locks project, the waterway expansion showed a 62% progress. Such performance, with the locks 50% completed by July end, confirms that the programme is continuing at good speed. Although there is a six-month delay for the culmination of the works, the beginning of commercial transits is now scheduled for mid-2015.

The consortium Grupo Unidos Por el Canal (GUPC) that is in charge of building the third set of locks says it will deliver the

new locks completed and operational in April 2015. The construction work, which suffered from hard climatic conditions in 2012, has recovered a quick pace and 'for the past six months we have been working at full speed thanks to a prolonged dry season,' commented GUPC project manager, Bernardo Gonzalez, in August 2013.

'GUPC is committed to meet the deadline set by them and the progress made should take them there,' says Panama Canal Authority (ACP) administrator, Jorge Quijano.

Bernardo Gonzalez, project director for the Consortium Grupo Unidos por el Canal (GUPC) since June 2011, is enthusiastic about the progress made in

2013. 'We have finished the foundations of the locks and pouring concrete in the locks walls is a much easier process,' he says. On the Atlantic side, around 1.41m cu mtr – 67% of the 2.05m cu mtr of concrete required – has already been poured. On the Pacific side, the figures maintain a speed of 1.4m cu mtr out of 2.35m cu mtr or 59%, have been poured in the locks. 'That gives us a monthly average of concrete of 10% to 15% and we have seen a constant increase of concrete production since December 2012,' explains Gonzalez.

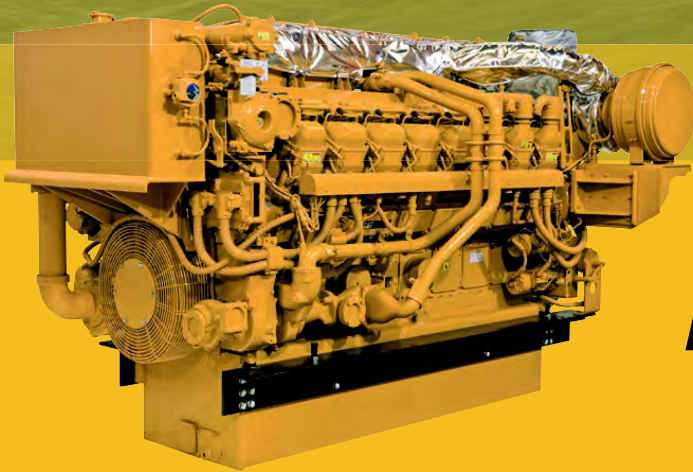
Grupo Unidos Por el Canal (GUPC), the consortium led by the Madrid-based construction company Sacyr Vallehermoso, with Italy's Impregilo S.p.A, Belgium-based Jan de Nul n.v. and the Panamanian Constructora Urbana, S.A. (CUSA) received August 25, 2009, the notice to commence works for the \$3.23bn construction of the third set of larger and wider locks. According to the terms of the fixed-price contract, the consortium has 1,883 days (269 weeks) to deliver the project from the commencement date.

On July 20, 2012, GUPC presented the ACP a letter indicating it would complete the locks construction in April 2015 which was accompanied by a notice of claims totalling \$585m related to the required concrete design and the difficulties met by GUPC leading the



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consortium to a six-month delay. In May 2013, the ACP rejected the claim which will be submitted to the Dispute Adjudication Board (DAB), an

independent group of professionals referred to in the contract which is comprised of three independent members. If the DAB's decision, which

decision is binding, does not meet GUPC's expectations, the case can be taken to arbitration under the rules of the International Chamber of Commerce.

Grupo Unidos por el Canal (GUPC)

The consortium Grupo Unidos por el Canal (GUPC) led by the Madrid-based construction company Sacyr Vallehermoso, with Italy's Impregilo S.p.A, Belgium-based Jan de Nul n.v. and the Panamanian Constructora Urbana, S.A. (CUSA) received August 25, 2009, the notice to commence works for the \$3.23bn construction of the third set of larger and wider locks. 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. However, the completion of the project will not occur before April 2015, due to some delays resulted from the approval of the concrete mix design and the quality of the basalt used for such mixes.

Although it does not seem feasible to deliver the locks before the six-month-delayed deadline of 1Q 2015, the construction work, which has suffered from hard climatic conditions, has recovered a quick pace and 'for the past six months we have been working at full speed thanks to a prolonged dry season,' commented, in August 2013, GUPC project manager Bernardo Gonzalez.

Bernardo Gonzalez, project director for the Consortium Grupo Unidos por el Canal (GUPC) since June 2011, is enthusiastic about the progress made in 2013. 'We have terminated with the foundations [of the locks] and pouring concrete in the [locks] walls is a much

easier process,' he says. On the Atlantic side, around 1.41m of cu mtr 67% of the 2.05m cu mtr of concrete requires



Bernardo Gonzalez

have already been poured and on the Pacific side, the figures maintain a sustained speed with 1.4m cu mtr out of 2.35m cu mtr or 59% have been poured in the locks. 'That gives us a monthly average of concrete of 10% to 15% and we have seen a constant increase of concrete production since December 2012,' explains Gonzalez.

Keeping that pace, the construction of the Atlantic locks will be finished and ready 'to be flooded in July 2014 to perform the tests, followed by tests for vessel transits in the same locks likely to

start in December 2014,' Gonzalez comments. 'I continue to say that we will inaugurate the Atlantic locks in December 2014 and in April 2015 the Pacific locks,' says a smiling Gonzalez.

In July 2012, GUPC submitted a claim for US\$585.9m for additional costs related to the design and construction of the third set of locks. In May 2013 the ACP rejected the claim, which has now gone to the Dispute Adjudication Board (DAB).

GUPC has awarded the fabrication of the gates – designed by Netherlands-based IV Groep under the International Engineering Consortium CICP led by Montgomery Watson Harza – to Italian shipyard and bridge builder Cimolai, which is progressing satisfactorily. The first four gates have arrived end of August in Panama where they will be kept on the special area on the Atlantic side until their installations. The following gates will come successively, in four, until mid-2014 but 'the fabrication is going well and according to schedule,' he says.

GUPC has subcontracted the excavation and construction of the three Borinquen dams to the consortium CBDam [Consortio Borinquen] formed by Spain-based EPSA and Costa Rica's Meco, which has produced the design with GUPC. 'We have reached 40% total execution at end-July and [the dams] should be complete by September 2014.'



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GUPC has presented the ACP with a total, including the \$585m, of \$730m in claims of which the ACP will be paying around \$21m which have determined to have merit. The \$585m claim is scheduled for hearings at the DAB in October this year. 'This is the only claim pending at the moment,' says Ilya Marotta, ACP evp for engineering and programmes management.

GUPC's delays were originated in difficulties to find the required concrete design to meet ACP specifications of durability [to 100 years], low permeability to salt water and compressive strength and shrinkage, critical elements in the

construction of the locks. GUPC began to place cement in the locks on both the Atlantic and Pacific sides in July 2011, after a six-month delay. The structural marine concrete design was accepted by the ACP after having completed the American Standard of Testing Material (ASTM C 1202) used to determine the level of permeability. According to contract schedule, GUPC should finish pouring concrete in January 2014, but may not do it before July-August 2014.

Keeping the pace of the first half of 2013, the construction of the Atlantic locks will be finished and ready 'to be flooded in July 2014 to perform the tests,

followed by tests for vessel transits in the same locks likely to start in December 2014,' Gonzalez comments. 'I continue to say that we will inaugurate the Atlantic locks in December 2014 and in April 2015 the Pacific locks,' he says.

On June 19 2012, the locks construction reached a milestone when the construction of the first monolith for the new Pacific locks was completed. This monolith is the first one to be completed from a total of 46 such structures being built in the Pacific locks upper chamber. The construction of this monolith required 232 tonnes of reinforced steel and 2,605cu mtr of concrete. The term monolith refers to each of the sections in which the lock walls are being divided to facilitate their construction.

The first four gates for the new locks arrived from the port of Trieste, Italy, to the waterway's Atlantic side on board the semi-submersible vessel 'Sun Rise' on August 20, 2013. 'This was an exciting moment for the Panama Canal. The arrival of the new gates marked great progress for the project,' says Eng. Ilya Marotta, who went to Italy several times to supervise the construction of the gates. GUPC provided a resident engineer

The fourth set of locks

Even though the Panama Canal expansion is still under construction, Canal officials say they are studying the feasibility of building a fourth set of locks because the composition of demand has changed since the design of the third lane, based on box ships, was planned.

'We considered the possible future construction of a fourth lane in the design of the third set of locks. The consortium (GUPC) to which the Design-Build contract was awarded had to provide a design for the third set of locks that would be able to accommodate and not hamper the eventual construction of a fourth lane,' says ACP administrator, Jorge Quijano. The fourth lane would run parallel to the locks actually under construction (see picture). The locks concept is much larger than the third lane and could transit vessels with beams of up to 60mtr with a LOA of 400mtr, explains Quijano.

The key to the project is the 'demand'. That will determine the dimensions of the future locks and when to begin building them, says ACP evp planning and business development, Rodolfo Sabonge.

The growth of container vessels has slowed down but 'we watch closely

the introduction of New-Panamax (over the 14,000teu able to transit the expanded canal), those already on order and under construction,' Sabonge says. The fleet of super New-Panamax ships was 3% in 2013 in terms of teu capacity and will grow to 9% by 2016.

Increasing costs are forcing shipping lines to consider building bigger ships and forming new alliances to reduce expenses. The demand has changed in size, type of vessels and routes and continues to mutate. That will be a determinant factor in the

width and draught of a future design. 'Size does matter' which is the reason of these new feasibility studies, Sabonge explains.

'The first two years after the inauguration of the third lane will test the market. Taking that information into consideration, we will study whether to maintain the dredging contracts and accelerate the feasibility studies,' he says. 'The most appropriate for us, as a business, is to be ready to make the financial forecast and to execute this project immediately it becomes necessary.'



Aerial view showing placement of locks



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in Italy to oversee gate fabrication.

Along with the members of the consortium, the designers of the gates include the US' Montgomery Watson Harza (MWH) as leader which ranks amongst the top international design firms listed by Engineering News Record (ENR) and the first in the design of water structures according to ENR, the IV Groep from Holland, and the consulting and engineering firm Tetra Tech. Construction will take two years for the 16 gates, to be fabricated using 49,000 tonnes of steel. The gate design varies between the Pacific and Atlantic locks.

Built by subcontractor Cimolai SpA, the first four gates that arrived in August, are 57.6mtr long, 10mtr wide and 30.19mtr high, and weigh an average of 3,100 tonnes. They will be installed in the middle chamber of the new locks in the Atlantic side.

The steel gates were transported to their final position using the same self-propelled motorised wheel transporters (SPMTs) that are used to load and unload from the ship.

The new locks of the expanded Panama Canal have a total of 16 rolling gates (eight for each new lock complex). The gates are being shipped four at a time from Italy. The first gates to arrive were unloaded onto a temporary dock until ready for installation. Unlike the existing locks that use miter gates, the expanded Canal locks will have steel rolling gates.

The expansion programme has achieved important milestones. 'Both entrances of the Panama Canal are ready for bigger ships, since the deepening and widening of the Atlantic and Pacific access channels have been completed and the dredging of Gatun Lake is expected to be completed early next year,' explains Marotta. The dredging of Gatun Lake and Gaillard Cut has been done by the ACP



Ilya Marotta – went to Italy to supervise construction of the gates

Dredging Division with dredges Rialto, Mindi, Quiban I and the newest ACP acquisition, the Aleman Zubieta dredge, while Dredging International and Jan de Nul were contracted for dredging the reaches north of Gatun Lake and South of Gaillard Cut respectively, she says.

The deepening of Gaillard Cut, the narrowest part of the waterway, which was mostly done by the ACP as it is most experienced to safely work around transiting vessels, was completed in December 2012. The dredging of the Atlantic entrance is completed.

In addition to the dredging work in Gatun Lake, ACP's own Dredging Division carries out the remaining works of the modernisation programme which is in its last phase and should lower the navigation channel and Gatun Lake to 10.36mtr PLD elevation from 11.3mtr PLD elevation. The Gaillard Cut-Gatun Lake expansion dredging project which will deepen to 9.14mtr elevation and widen the navigation channels in Gatun Lake and Gaillard Cut to a minimum width of 218mtr, is expected to be concluded by early 2014. Another element of the expansion programme is raising Gatun Lake level by 0.45mtr to 27.1mtr (PLD). This part of the programme sees 45% of execution.

The ACP is also modifying the structure in the existing Gatun and Pedro Miguel locks, of the hydraulic arms because with the higher level in Gatun Lake, the arms will have to be changed to be able to operate under water. 'We are changing some 32 cylinders as the original cylinders were made to work in dry which will no longer be the case with Gatun Lake higher level,' explains Marotta. IHC Vreemac Cylinders B.V. delivered the first shipment of eight cylinders, out of a total of 32 that are needed for the operation of the Pedro Miguel and Gatun miter gates under the semi-submerged conditions they will face once the lake level is raised.

The ACP awarded a contract in early June 2013 to Ingenieria Continental S.A. for the construction of 25 range towers for the expanded channel, mainly in Gatun Lake, and is also evaluating offers for the supply of 22 buoys.

In addition tugboats and launches landing in Gatun Lake will have to be modified, works which will conclude by December 2014.

The Pacific Access Channel has reached the design depth and the dam that will divide the new channel from Miraflores Lake is under construction. The final and largest dry excavation contract,



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Another critical part of the locks system is the construction of the valves since they control the flow of water through the culverts and conduits. Some 158 valves for culverts and conduits are being fabricated at the Hyundai Samho shipyard, in Gwangju, South Korea. The Hyundai Samho Heavy Industries Ltd. facility in South Korea continues to proceed with the fabrication of the lock valves and associated elements. The remaining valve

PAC4, was awarded to the Mexican, Spanish and Costa Rican joint venture ICA-FCC-MECO. The \$267m PAC4 is the second-largest and most complex project after the new locks – representing a key portion of the expansion's new access channel linking the new Pacific locks with Gaillard Cut, the narrowest stretch of the Panama Canal. This contract calls for the installation of a 1.8km long backfilled cellular cofferdam water barrier, which, along with the 2.3km Borinquen dam, will create the farthest part of the access channel's eastern bank and separate Miraflores Lake from the new channel.

However, PAC4, that includes the construction of the Borinquen Dam, was behind schedule and at 72% progress by the end of July 2013 and almost a year delayed but most of the excavation is done, reaching 20m cu mtr of the 26m cu mtr that needed to be excavated, says Marotta. There was some progress with the rock-fill and riprap placements

brought those totals to 731,600cu mtr and 51,600cu mtr, respectively, and an additional 128 linear metres of concrete were poured in the cut-off wall along the dam centre line. Placements of clay and crushed rock started in July although there was still little excavation performed in the areas for the access channel and dam footprint.

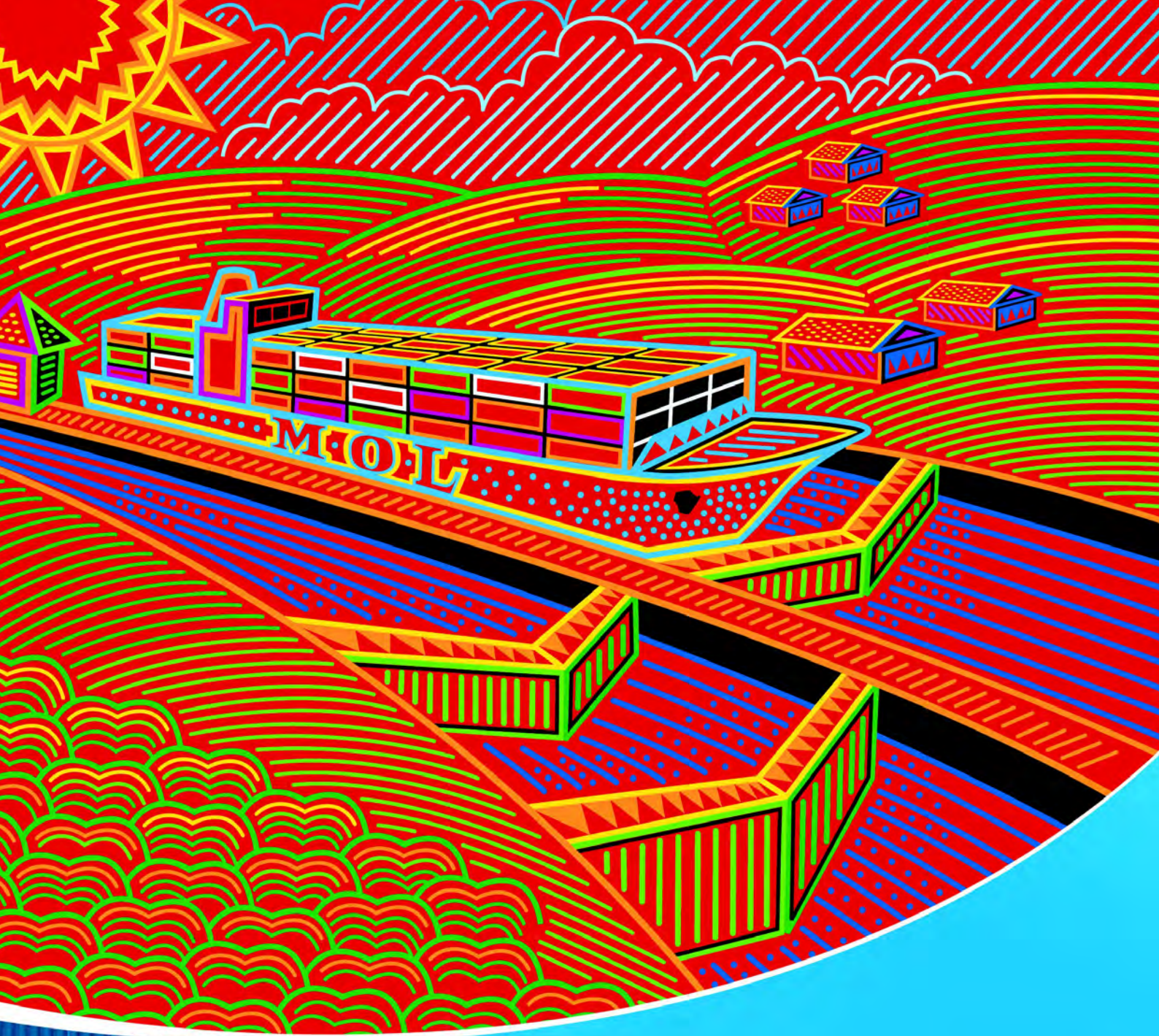
The construction of the Atlantic locks saw a cumulative structural-concrete volume at the site of 1,325,279cu mtr at end-July while cumulative excavation volumes for the Atlantic entrance channel and locks footprint are at 2.9m cu mtr and 15.5m cu mtr, respectively. 'GUPC is starting to work on the recess of the gates where the gates will be installed. You don't need to have the locks fully completed to install the gates but yes, the recess must have 100% of execution,' explains Marotta. There is a lot of electro-mechanical work to do, once the gates are installed, she adds.

shipments are scheduled in November 2013, when all deliveries of the fabricated valves must be completed.

GUPC has subcontracted the excavation and construction of the three Borinquen dams to the consortium CBDam (Consorcio Borinquen) formed by Spain-based EPSA and Costa Rica's Meco, which has produced the design with GUPC. 'We have reached 40% total execution at end-July and [the dams] should be complete by September 2014.'

When the expansion is completed, the navigational channels will allow transit of what are presently described as New-Panamax containerships; each of the new lock complexes will have three chambers. The chamber dimensions of the new locks will be 427mtr long, 55mtr wide and 18.3mtr deep. The corresponding maximum dimensions for vessels that will transit these locks are 366mtr LOA [length overall], 49mtr in beam and 15.2mtr draught in tropical freshwater. •





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New products will transit the Canal

As the Panama Canal celebrates its 100th anniversary this year, the waterway, which has changed maritime trade for the past century, will soon open a new third lane that will have a far-reaching international impact through the creation of new trade routes and the opening of new markets, says Panama Canal administrator, Jorge Quijano. New services will initiate, new products will transit the expanded canal modifying trade patterns in the region with the Canal as a driving force for global and regional trade.

Shipping line executives watch the development of the construction and all the implications it has on the future of transpacific trade with great interest. The expansion project has already impacted the region, as US East and Gulf coast ports are preparing to expand their facilities with important dredging programmes to allow Post-Panamax (or New-Panamax) vessels to call with new services and increased cargo volumes that will be transiting the waterway.

With the introduction of the super-new-Panamaxes that have been placed on Asia-Europe routes and the greater utilisation by container-lines of New-Panamaxes to benefit from economies of scale and cost reduction, some liners have already re-routed some Asia-US East Coast services previously transiting the Panama Canal to the Suez Canal route, given the latter's capacity to handle larger and more economical vessels. But 'the big vessels will come back to Panama once they can transit the waterway,' says the manager of a large Asian shipping line.

The value of the Panama

Canal route, present and future, is not in doubt, but the expansion is more than ever a necessity to remain competitive, say Canal officials. As a slow-down in the global economy is perceived in cargo volumes handled by Panamanian ports

Shipping line executives watch the development of the construction and all the implications it has on the future of transpacific trade.

which have seen a reduction of 6.2% during the first half of 2013, cargo transported through the waterway has also declined slightly. During the period October 2012-June 2013, cargo reached 158.53m long tonnes compared to 166.88m long tonnes a year before. In Fiscal Year 2012, one of the best years recorded at the Canal, some 218.05m long tonnes passed through the waterway or 333.44m PC/UMS tonnes.

'We believe that will finish FY 2013 with 317m PC/UMS tonnes,' says ACP executive vp for planning and business development, Rodolfo Sabonge. But as 'we see some global economic rebound forecast, next year looks brighter,' he says.

The routes between the US and Asia continue to be the most important for the Canal in FY 2012 (October 2011-September 2012), being the US East Coast-Asia with the most cargo transported, 55.55m long tonnes compared to 55.32m long tonnes in Fiscal Year 2011, followed by Asia-US East Coast with 24.31m long tonnes compared to 26.50m long tonnes in FY 2011 and US East Coast - South America West Coast with 15.24m long tonnes, South America West Coast to Europe with 10.54m long tonnes compared to 11.80m long tonnes in FY 2011 while the South America West Coast-US East Coast accounted for 9.40m long tonnes; US East Coast-Central America West Coast, 8.7m long tonnes, South America East Coast-South America West Coast, 7.4m long tonnes, Europe-US West Coast, 3.68m long tonnes, US West Coast-Europe, 2.13m long tonnes; others, 75.44m long tonnes.

During the first nine months of FY 2013 (October 2012-June 2013), US East

PANAMA CANAL MAIN CARGO ROUTES (long tonnes)

Origin Cargo Route	Destination Cargo Route	FY 2012 (Total FY)	FY 2012 (Oct-Jun)	FY 2013 (Oct-Jun)
East Coast of the US	Asia	55,556,243	43,873,655	37,718,136
Asia	East Coast of the US	24,313,142	17,882,380	17,704,969
West Coast of South America	Europe	10,546,463	8,384,881	7,123,290
West Coast of South America	East Coast of the US	9,406,777	7,687,668	6,911,778
East Coast of the US	West Coast of South America	15,244,006	11,454,506	11,393,618
East Coast of the US	West Coast of Central America	8,704,678	6,850,857	6,245,580
East Coast of South America	West Coast of South America	7,446,991	5,477,836	6,877,619
Europe	West Coast of US	3,680,050	2,449,887	3,455,790
West Coast of US	Europe	2,139,727	1,468,362	1,688,605
East Coast of South America	Asia	5,566,827	4,518,277	2,762,527
Others		75,448,645	56,838,879	56,641,853
Total		218,053,549	166,887,187	158,523,763

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China Ocean Shipping Company (COSCO)

China is the second largest user of the Panama Canal and China Ocean Shipping Company (COSCO) amongst its top ten customers. COSCO Group is also one of largest single customers of the Panama Ship Registry with approximately 350 vessels around the world flying the flag of Panama. Its fleet size ranks first in China and second in the world. By container fleet size, COSCO Group is again first in China and fifth in the world and the world's first by dry bulk fleet. COSCO made 425 canal transits in 2012.

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. COSCO-Panama also services vessels in the region.

COSCO global container business is performing well in 2013, having improved from the slow-down of the past two years. COSCO-Panama as well as all COSCO companies in the Americas 'had a good 2012 with excellent financial results,' says COSCO-Panama



general manager Capt. Zhang Fucun. 'COSCO-Panama doubled its profits last year as there had been an increase of cargo between the US and China and the Caribbean region,' he adds.

The Beijing-headquartered shipping line has opened two new services for Latin America, WSA and WSA2, although those services make no stop in Panama but 'we have nevertheless, benefitted from their calls in Colombia, Mexico, Peru and Chile, since WSA2 is coming from the Far East to Mexico, Guatemala, Ecuador, Peru and Chile,' explains Capt. Zhang.



Capt. Zhang Fucun

The Chinese company has maintained its AWE 2 calling weekly Panama's Colon Container Terminal (CCT) which receives as well all the feeder services operated by COSCO. So far, COSCO has a feeder line operating with two 900teu owned and managed vessels now out of CCT that links Barranquilla, Colombia, Puerto Cabello, Venezuela, and Puerto Limon in

Costa Rica and also Kingston, Jamaica. The weekly feeder service sails every ten days with vessels chartered from CCT and is very successful. 'We receive an excellent service at CCT,' says Capt. Zhang Fucun. 'The good think is that we can add an additional feeder vessel or more, on charter, when it is the peak season,' he explains.

COSCO welcomes a new all-water weekly joint service with vessel-sharing partner HANJIN, transiting the Panama Canal and calling Colon Container Terminal (CCT). The new service Gulf Mexico Express (GME) connects Asia and Houston, beginning in Busan, South Korea, calling Pusan, Shanghai, Ningbo, Xiamen and Yantian before crossing the Pacific Ocean, calling Mexico's Lazaro Cardenas and via the Panama Canal, calling Panama's CCT, and the port of Houston's Barbour's Cut Container Terminal. GME features six COSCO vessels and two from Hanjin. The new AW7 makes also regular calls to Colon Container Terminal.

Coast-Asia was down to 37.71m long tonnes from 43.87m long tonnes, Asia-US East Coast, 17.7m down from 17.88m, South America West Coast-Europe, 7.12m from 8.38m, South America West Coast-US East Coast, 6.91m from 7.66m, US East Coast-South America West Coast, 11.39m from 11.45m, US East Coast-Central America West Coast, 6.24m from 6.85m while South America East Coast-South America West Coast was slightly up to 6.87m from 5.44m, Europe-US West Coast, up to 3.45m from 2.44m, US West Coast-Europe, up to 1.68m from 1.46m, South America East Coast-Asia was also down to 2.76m from 4.51m; others were slightly down to 56.64m from 56.83m.

The main commodities transported through the Canal include grains, petroleum and petroleum products, coal and coke, chemicals and petroleum chemicals.

Container cargo shows a slight decline during FY 2012 to 52.14m long tonnes compared to 54,64m long tonnes for the same period of FY 2011. However, among the main commodities, petroleum and

petroleum products increased to 38.85m long tonnes during FY 2012, up from 35.69m long tonnes the year before while grains decreased slightly to 36.96m long tonnes, down from 40.25 long tonnes a year ago.

The US is the main customer of the waterway with 141.9m in FY 2012 of the total cargo having as origin/destination US ports, followed by China, Chile, Japan, and South Korea, Colombia-Ecuador-Peru- Mexico-Panama-Canada-Brazil-Venezuela- Spain-Taiwan.

The expansion will be a 'game changer' for the maritime industry and 'there is a general consensus that Panama will benefit more with the expansion than without and 'will provide a window of opportunities for changes but the window has to be used just in time,' Sabonge says. The widened Panama Canal will be transformative for trade patterns. While most of the attention has been focused on the East-West trades, more attention should be paid to regional and North-South growth and to the North-South trade; not only Latin America but

Africa, Southeast Asia, Mexico and Brazil, says a shipping expert.

Panama with its location, tax advantages and free zones, brings added value to the Canal. More and more retailers 'have re-located their regional offices to benefit from the connectivity Panama offers, making the country a centre of distribution that is expanding at the speed of the region's economy,' says Sabonge.

Time is passing by and 'we definitely need to expand container terminal capacity on the Atlantic and Pacific sides,' says Sabonge. That consideration and the fact that the expanded canal will be a 'game changer' for the shipping industry, in particular for the LNG sector, has led ACP officials to consider adding new businesses to their activities. The list of opportunities includes building a station for bunkering LNG on the Pacific side and a roll on-roll off terminal, the development of vessels repair operations on the Atlantic side to handle larger vessels, the creation of container barges services, top-off operations for bulk transfer between ships, as well as others



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logistics ventures, says Sabonge, who is in charge of new business developments.

Amongst other new ventures is the possible construction of a 5.3m teu container terminal at Corozal, on the east bank of the waterway next to the Pacific's Miraflores locks where the ACP owns hectares of land, which would have access to the Panama Canal Railway, facilitating container moves to the Atlantic. As the landlord, the ACP is reviewing options of how to develop the Corozal project.

All feasibility studies on conceptual design, costs, demand, legal status, environmental impact, geological assessments, traffic and options for operation/concession and administration are ready and have been presented to the ACP Board of Directors, which will make a decision whether or not to proceed. 'It is all about giving value to the route as bringing vessels into port contributes to higher volumes of cargo transported through the waterway,' says ACP administrator Jorge Quijano.

The Panama Canal Authority (ACP) has granted 20 hectares of land under a lease agreement to PSA Panama International

Amongst other new ventures is the possible construction of a 5.3m teu container terminal at Corozal.

Terminal (PPIT) for 'as long as PPIT has a valid concession from the Panama Maritime Authority (AMP),' says Quijano. This lease agreement will allow PSA-Panama International Terminal to expand its present installations, located next to the entrance of the construction of the Pacific new locks.

Following the recommendation from the ACP Board of Directors, Panama's Cabinet Council approved August 8, 2012 the proposal to re-structure the Panama Canal's pricing system to align Canal tolls charges with the value the route provides, by raising tolls effective October 1, 2012 and October 1, 2013, respectively. The re-structure has also increased the

number of vessel segments from eight to 10 by Panama Canal vessel type. The new pricing structure raised tolls by an average of 7% for the affected categories in October 2012 and then by another 7% in October 2013.

The new structure increased the number of segments from eight to ten. It also broke down the tanker segment into three distinct segments and incorporated the roll-on/roll-off (ro-ro) vessels into the vehicle carrier segment. The Panama Canal market segmentation structure includes the following: (1) full container, (2) reefer, (3) dry bulk, (4) passenger, (5) vehicle carrier and ro-ro, (6) tanker, (7) chemical tanker, (8) LPG, (9) general cargo and (10) others. The container/break bulk segment, which was included in the original proposal as a new segment, was eliminated.

Tolls were increased for the following segments: General cargo; dry bulk; tanker; chemical tanker; LPG; vehicle carrier and ro-ro; others. Neither the tolls on the remaining segments were adjusted, nor was the price per teu for containers carried on-board a vessel. Additionally, there were changes to tolls

Maersk Line

Maersk Line, the world's largest shipping line, is one of the largest customers of the Panama Canal and tops the list of liners bringing the largest cargo volumes to Panamanian ports.

Headquartered in Denmark, Maersk Line made 533 canal transits in 2012 and is also the largest user of Balboa and Manzanillo-Panama terminals, making over 19 port calls per week in Panama. The liner moved more than a 100,000 containers through the Panama railroad for transshipment to the Caribbean, Europe and or the US East Coast in 2012.

Maersk Line's ceo, Søren Skou, visited the Panama Canal expansion construction site accompanied by Panama Canal Administrator Jorge L. Quijano during his trip to Panama in May 2013. Skou and other Maersk Line executives had the opportunity to see the construction site of the new locks in the Atlantic side, which will allow the transit of New-Panamax vessels through the expanded waterway, and received a briefing on the progress of the expansion programme. The Maersk delegation also met with Panama Canal Administrator Quijano and Rodolfo Sabonge, executive vp for planning and business development, to discuss the conceptual framework of the waterway's toll structure after 2015.

Maersk Line has unveiled a customer charter that sets out specific targets for a range of services from invoice



Skou (second left) visits the Canal expansion site with Quijano (far right)

accuracy to the speed of answering phone calls. The eight-point plan, presented at the Trans-Pacific Maritime conference in March 2013, drawn up after discussions with more than 1,000 customers, aims to make Maersk a much easier line to work with. Whereas Daily Maersk was designed to improve punctuality of door-to-door deliveries in the Asia to Europe trades, the new charter focuses on a broad range of customer services. The targets are global and apply to every customer, regardless of size. One central goal is to improve invoice accuracy and the immediate goal is to lift accuracy to 92% by the end of the year, compared with about 88% at the moment, and then make further improvements beyond that.

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 East Coast of USA, Panama and West Coast of South America serviced by three vessels.

Today the 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.



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applicable to small vessels based on vessel length, to incorporate adjustments not previously considered.

ACP officials have been visiting its major clients around the world, testing their needs for a complete change of toll concept, introducing the scheme 'cargo transported versus capacity', explains Sabonge. 'We have been meeting with the maritime industry representatives to share concepts and request feedback regarding the toll structure that would be in effect after the Panama Canal expansion goes live in mid-2015. Such meetings will continue through the end of 2013 to enable us to arrive at a final tolls proposal within the first quarter of 2014,' says ACP administrator, Jorge Quijano. 'The ACP constantly monitors market conditions to ensure its tolls remain competitive

ACP officials have been visiting its major clients around the world, testing their needs for a complete change of toll concept.

and that they reflect the commercial value of the route,' he adds.

At the end of Fiscal Year 2012, the ACP's contributions to the State's coffers totalled \$1,032.3m, the largest sum in its 12 years of Panamanian Administration. Of that amount, \$381.1m correspond to the government

percentage on net tonnage, \$2.2m for public services and \$648.9m for net profits during the fiscal year. The total of monies given by the ACP to Panama's government during 13 years, including FY 2012 has reached \$7.6bn since the waterway was transferred to Panamanian administration.

The Canal top 15 customers are: Maersk Line, Mediterranean Shipping Co (MSC), Nippon Yusen Kaisha (NYK Line), Hapag Lloyd, Mitsui O.S.K. (MOL), Evergreen Marine, COSCO, Wallenius Wilhelmsen, Hamburg Sud, CMA CGM, Zim American Integrated Shipping Services Co Inc., Seatrade Reefer Chartering NV, SONAP, Hanjin Shipping and Kawasaki Kisen Kaisha Line ("K"Line).

The majority of the main Canal customers have now opened their own offices in Panama from where they

Mitsui O.S.K. Lines (MOL)

In 2015, Mitsui O.S.K. Lines (MOL) will celebrate the centenary anniversary of the first transit of a MOL vessel in 1915, only a few months after the inauguration of the Panama Canal back in August 1914, making the Tokyo-headquartered shipping line one of the waterway's oldest customers. The commemoration will coincide with the inauguration of the expanded Canal that should begin commercial operations also in 2015. Today, MOL is not only one of the oldest Canal customers but amongst its top five customers.

The shipping line, founded in 1884, ranks as one of the world's largest ocean shipping fleet operators. The Japanese shipping line and its group companies operate 958 vessels at end-March 2013, that include box ships, car carriers, oil and gas tankers, coal carriers and the world's largest fleet of LNG and dry bulk vessels. MOL makes an average of 24 canal transits per month with MOL vessels calling at Balboa and Manzanillo International terminal (MIT).

The long relationship has brought the Japanese liner to be the largest single user of the Panama Registry with approximately half of the group operated fleet registered under the Panamanian flag. In addition, 'a few selected cadets from the Panama Maritime University are recruited every year to perform their 12-month rotation on MOL vessels to become fully licenced engine or deck officers,' explains MOL (Panama) president, Julio De La Lastra, who is also the Regional Director responsible for the Caribbean and Central America countries.

Through a re-organisation in 2003, the Japanese carrier opened its own



Julio De La Lastra

commercial office in Panama and relocated the Vessel Operation Centre from Concord, Ca, to centralise the planning of all vessels movements and cargo stowage in North America, Central America, South America, Canada and the Caribbean. In 2010, the Coastal Logistics Centre was also relocated from the United States.

Since then, in the region, MOL's Liner Division operates 10 containerised services calling Panama on a weekly basis: ACW (Americas Coast West), CNY (New York Container Line), APX (Atlantic Pacific Express), CX1 (Carib - Manaus Container Service), CX2 (North Caribbean Container Service), CX3 (Caribbean Express III), GPX (Guayaquil - Paita Express), NYE (New York Express Line), AEE (Americas Europe Express).

In April 2012, MOL announced the upgrade of its Asia - Mexico and WCSA service (CWL). MOL and its alliance partners ("K" Line and NYK) have

consolidated the two loops (WL1 by 4,400teu vessels and WL2 by 2,500teu vessels) deploying 5,600teu-6,500teu Post-Panamax vessels expects to provide more stable service and efficient operations. However, MOL has maintained Asia-Buenaventura-Guayaquil coverage by transshipment from/to Mexico - West Coast South America feeder service (MSX). The new weekly CWL service (77 days rotation x 11 vessels) leaves Keelung, calling Manzanillo (Mexico), Callao - Iquique - Valparaiso - Lirquen - Callao - Manzanillo (Mexico) returning to Keelung via Tokyo. The weekly MSX service (21 days rotation x three vessels) has the following rotation: Manzanillo (Mexico) - Buenaventura - Callao - Guayaquil - Manzanillo (Mexico).

In early August 2013, Mitsui OSK Lines (MOL) reported a first quarter net profit of JPY12.9bn as the Japanese Yen weakened against the US dollar and average bunker prices fell. MOL moved back into the black, compared to JPY5bn loss a year earlier. Revenues for the quarter were up 8.7% at JPY411.9bn.

Looking ahead the company said: 'For the second quarter and after, we assume that the correction in the strength of the yen will continue and that bunker prices will be lower year-on-year.'

In terms of individual sectors the outlook remained difficult: 'As for dry bulkers and tankers, although we have seen a recovery from rock bottom levels and a subsequent favourable swing in market psychology for some vessel types, we assume freight rate levels of dry bulkers on some routes will rise in line with the restoration of freight rates on those routes.'

maerskline.com

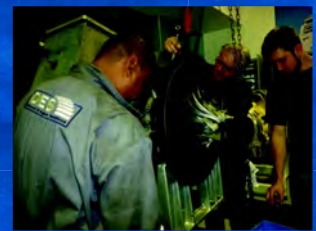
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handle directly their regional operations. The A.P. Moller - Maersk Group, which is the parent company of Maersk Line, one of the Canal's largest customers, is headquartered in Costa del Este which houses Maersk Line Caribbean Sea Cluster, Damco and Maersk Logistics Latin America. Another company of the group, ECS Panama which specialises in repairing containers has recently moved into a new state of the art facility inside the port of Balboa offering more repair capacity and capabilities to handle any type of repair and equipment.

MOL (Mitsui O.S.K. Lines) one of the oldest Panama Canal customers, through a re-organisation in 2003, opened its own commercial office in Panama and relocated the Vessel Operation Centre from Concord, Ca., to centralise the planning of all vessel movements and cargo stowage in North America, Central America, South America, Canada and the Caribbean.

China Ocean Shipping Company (COSCO) was one of the first large shipping lines to open offices in Panama in the late 1990s and is among the Panama Canal 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 report to COSCO-Panama, which acts as an internal financial centre for the group operations in the region.

APL began the first dedicated all-

MAIN COMMODITIES (thousand long tonnes) OCT TO JUNE			
	FY 2012	FY 2012	FY 2013
Crude Petroleum	5,923,656	4,543,130	3,136,491
Petroleum/related products	32,927,276	25,074,437	27,197,579
Grains:	36,955,449	28,782,687	25,784,995
Barley	87,530	61,695	71,199
Corn	11,419,687	8,230,339	5,500,536
Grain, Misc	2,985,072	2,554,788	1,257,546
Rice	764,095	557,617	564,056
Sorghum	4,229,264	3,062,856	2,613,777
Soybeans	16,289,208	13,796,500	13,355,377
Wheat	1,180,592	518,892	2,422,504
Coal and Coke (excl. Petroleum Coke)	14,146,781	10,566,715	12,003,744
Container Cargo	52,146,232	39,280,100	36,257,663
Autos, trucks, accessories/parts	4,419,549	3,242,442	3,187,456
Canned and refrigerated foods	2,876,771	2,212,181	2,296,051
Nitrates, phosphates and potash	6,564,908	4,896,249	5,667,927
Lumber and products	2,838,371	2,033,685	2,212,805
Manufactures of iron and steel	5,565,927	4,171,407	5,264,713
Chemicals/petroleum chemicals	12,629,396	9,624,507	9,563,847
Ores and Metals	18,678,245	14,633,811	10,623,608
Subtotal	195,672,560	149,061,352	143,196,878
Others	22,380,989	17,825,835	15,326,886
Total	218,053,549	166,887,187	158,523,763

water East Coast Service from Asia to the US East Coast, with calls at Manzanillo International Terminal (MIT). Since 2005, APL has initiated operations from the port of Balboa for transshipment and connections to its own network of vessels and has since inaugurated offices in Panama City.

The China Shipping Agency (Central America) provides services from the Far East, the US and Panama with vessels fully owned or operated by China Shipping Container Lines Cy. Ltd, affiliated to the China Shipping (Group) company, from its offices in Colon.

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.

Chile's Compania Sud Americana de Vapores (CSAV) and Crowley have also opened offices in Panama, while Taiwan-based Evergreen operates its liner services and agencies for the region from its subsidiary in Panama located in its own green building. •



An aerial photograph of the Port Canaveral terminal, showing various industrial structures, storage tanks, and a large body of water. The image is framed by red curtains at the top and sides, with four red spotlights shining down on the terminal. The text is overlaid on this scene.

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Preparing for larger vessels

In July 2013, visiting the port of Jacksonville, US President, Barack Obama said that ports in the United States will have to get ready to handle larger vessels that will transit the expanded Panama Canal or risk losing business. 'In a couple of years, new super-tankers are going to start coming through the Panama Canal... If we want our workers and businesses to compete, then our ports have to be ready to receive those super-tankers,' said President Obama.

But to handle the large box ships or super-tankers that will be transiting the expanded waterway after mid-2015 and for US ports to take advantage of the widening of the Panama Canal, they need to deepen their channels to at least 15mtr as well as to expand facilities in order to benefit from the economies of scale offered by the larger New-Panamax fleet.

Obviously the question is who will pay the bill and how much will it be? According to US media reports, to remain competitive on a global scale, US marine ports and inland waterways will require investment in the coming decades beyond the annual \$14.4bn currently expected, while the American Society of Civil Engineers (ASCE) said that with an additional investment of \$15.8bn between now and 2020, the US can eliminate the drag on economic growth and protect their exports. In other words, improvements to infrastructure are paramount to continue competing in the global market.

On the East coast, particularly in Florida, Miami has scheduled an upgrade – preparing for an expanded Panama Canal that will handle 12,500teu boxships by 2015 – that includes harbour dredging to 15.85mtr, on-dock rail links and a four-lane road tunnel under Biscayne Bay that will connect the container terminal with the national highway system. Miami has invested

\$100m a year for the past seven years to stay competitive. And up the coast, New York and Virginia are just two other ports doing likewise.

Improvements to infrastructure are paramount to continue competing in the global market.

Some 30 US ports have signed Memoranda of Understanding with the Panama Canal Authority (ACP). Over the past two years, the ACP has renewed partnerships with ports along the US eastern seaboard with the signing of MoUs with ports including the ports of Philadelphia, New Orleans, the Georgia Ports Authority that owns and operates the ports of Savannah, Tampa, the South Carolina Ports Authority which owns and operates the Port of Charleston with North Carolina State Ports Authority.

In 2011, the ACP signed an historic

agreement with the Port of Long Beach. This Memorandum of Understanding (MoU) was the first of its kind between the ACP and a US West Coast port allowing both entities to strengthen trade flows throughout the region. At the time, the ACP said that the agreement would 'allow the Panama Canal to further reinforce its role as a regional logistics leader.'

'The enhancement of the port's relationship with the Panama Canal Authority plays a very important role in linking our port with ports in Asia and the rest of the world as we continue to develop strategic business partnerships with countries in the Eastern Hemisphere,' explains John P. LaRue, executive director of the Port of Corpus Christi.

In June 2011, the ACP and the Port of Houston Authority renewed a MoU and partnership, which was originally formed in 2003, was extended for five years until 2016. It aimed to boost trade along the 'all-water route' between Asia and the US Gulf Coast via the Panama Canal and the Port of Houston Authority. 'As a result of the Panama Canal expansion project, the anticipated increase in

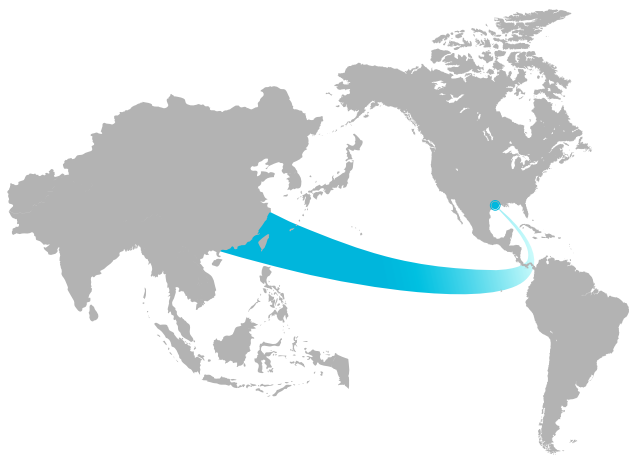
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Chiwan	27
Ningbo	27
Hong Kong	28



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Port Everglades

containerised cargo going to Houston could grow by 15% in the next few years, with a projected 150% increase to a total of 4.5m teu by 2030,' says Ricky W. Kunz, the Port of Houston Authority vice president for trade development and marketing.

At the port of Everglades, the US Army Corps of Engineers released its draft feasibility report approving the deepening and widening of Port Everglades' channels to accommodate deep draft post-Panamax cargo ships and facilitate global trade at the South Florida port. The total cost for deepening and widening Port Everglades' navigational channels is estimated at \$313m, and will be funded by a combination of federal funds, port user fees and possibly state funds.

The total project will deepen Port Everglades' channel from 12.8mtr to 14.6mtr and widen the channel entrance so that cargo ships can safely pass cruise ships docked along the Intracoastal Waterway inside the Port. When constructed, the project will include an additional 0.6mtr of allowable over-depth for a total of 16.24mtr. The Port Everglades expansion will include deepening, adding new berths and building an on-port freight rail facility.

Even if the inauguration of the Panama Canal third lane is not scheduled before mid-2015, some ports already notice growing demand and increased cargo volumes.

'We are already experiencing a growing demand that has been the driver of the expansion of our terminals. Our container volumes continue to increase. The Port of Houston is poised to be a significant beneficiary as a result of several inherent strengths and advantages: Houston is the fourth largest city in the US, growing at almost three times the national rate. From the 2000 census to the 2010 Census, the Houston MSA's population grew 26.1%,

Texas' grew 20.6% and the nation's grew 9.7%,' says Kunz.

Texas' strong state economy, the second largest in the US and the 12th largest single economy in the world behind Brazil, will benefit directly from the Canal expansion as the Port of Houston Authority is the largest container port on the US Gulf Coast, the seventh largest in the nation and close proximity to the Panama waterway. Its strategic location, at the centre of the US Gulf Coast, serves 25m people in the State of Texas and reaches America's heartland by easy and fast connectivity of network of highways and first-class railways making of Texas, the top US exporting state. For the past eleven years, Texas has outpaced the rest of the country in exports. In 2012, Texas' exports totalled \$265bn.

Texas will benefit directly from the Canal expansion as the Port of Houston is the largest container port on the US Gulf Coast.

'The Panama Canal connects Houston Port Authority with growing markets in the Pacific Rim, primarily East Asia, and the west coast countries of South America. Currently, these trade regions represent 25% of the containerised cargo handled by the Port Authority. These specific canal transit routes continue to show steady growth. East Asia trade showed an increase of 19% during the period between 2008 and 2012. West Coast South America, another key trade

route utilising the Panama Canal, showed a 23% increase in total trade growth during the same period,' explains Kunz.

In the Gulf, the Port of Houston Authority has 65% share of the trade with Asia and 77% share of the trade with West Coast South America. A 15% increase in trade in the next few years is estimated as a result of the canal expansion. The Port Authority is preparing for this exceptional business opportunity through further capital improvements at its Bayport and Barbours Cut container terminals, as well as other infrastructure investments.

The projected increase of cargo will not depend only on the global economy 'but also on the growth of the local consumer demand and the petrochemical industry. The Houston Ship Channel is home to the second largest petrochemical complex in the world. The shale revolution driven by the hydraulic fracturing of shale rock formations in Texas is boosting the supplies of natural gas at low prices,' he comments.

The Panama Canal serves more than 144 maritime routes connecting 160 countries and reaching some 1,700 ports in the world. 'The expanded route will modify trade patterns in the region with the Canal as a driving force for global and regional trade,' says Panama Canal administrator, Jorge Quijano.

Shipping lines have not waited to inaugurate new services and brought significant new business to Texas and particularly to Houston as demand for direct services have grown as a result of a strong regional economy and a fast-growing population. A new all-water service connecting Asia and Houston via the Panama Canal, was introduced by COSCO Container Lines Americas Inc. and Hanjin Shipping America LLC in 2012. This new service, designated as Gulf of Mexico Express (GME) by COSCO



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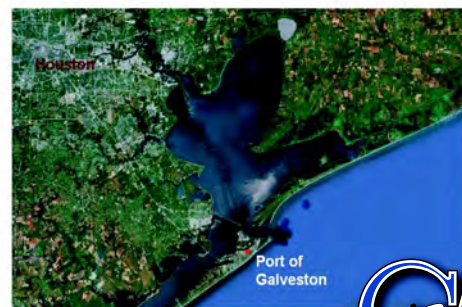
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and All Water Texas (AWT) by Hanjin, has Houston as its only US port of call. 'COSCO and Hanjin's new service is an example of the impact of the Houston's fast-growing cluster of import distribution centres. Shippers using the all-water route from Asia through the Panama Canal and into the East and Gulf coasts are able to bypass congested West coast ports via the Panama Canal,' Kunz says.

The Houston Port Authority expansion is ambitious with \$700m investment to expand and upgrade the Barbour's Cut Container Terminal that will include the rehabilitation of wharves; increase channel dimensions to provide more berthing area; replacement of pavement and utility infrastructure and implementation of technologies and processes that optimise the terminal to include larger wharf cranes, in addition to \$1bn investment to build out Bayport Container Terminal, which is nearly 50% complete. It currently has 1,000mtr of dock; nine Post-Panamax STS cranes; 27 RTGs and 64 hectares of cargo staging. The maintenance and administration buildings as well as the four-lane port road improvements and a new truck entry gate have been completed. Next phase of dock expansion and container yard have been designed.

But the plans include also a \$184m investment to modernise the break bulk facilities including the Turning Basin City Docks that handle project cargo, steel products and dry bulk; new re-development plan for obsolete facilities at the Turning Basin City Docks include the demolition of existing buildings, some of which are nearly 70 years old, explains Kunz. 'The properties at the Turning Basin have channel frontage and rail service, which are very desirable in today's market,' says Kunz.

At the port of Corpus Christi,

improvements are underway to match the future demand since the port as well as other Texas ports are well positioned to take advantage of the Panama Canal expansion and 'other opportunities to increase the export of dry bulk, liquid bulk, general and break bulk cargo, and containers to existing and new markets. Commodities in these general categories include agricultural produce, coal; value added manufacturing products,

With competitive, low-cost, safe and reliable multimodal and environmentally sustainable logistics, Port of Corpus Christi is well prepared for an increase of imports and exports from existing and emerging global markets.

petrochemical and chemical products, military cargo, paper products, consumer goods, and other products,' says the port executive director, John P. Larue.

As the ACP administrator, Jorge Quijano, pointed out that the expansion will be a 'game changer' for the shipping industry in particular for the liquefied gas sector as 'LNG may become the source of energy of tomorrow, replace nuclear energy and even be a substitute for bunker C on vessels.' Corpus Christi port's, John P. Larue agrees commenting that 'the emerging

LNG export market resulting from energy developments in the [Texas] state represents a major opportunity for VLGC to transit via the canal to the Far Eastern markets.'

'We have a channel improvement project, approved and authorised, to deepening and widening the Corpus Christi ship channel from 13.7mtr to 15.8mtr and the total project costs, shared by the Federal Government and [Corpus Christi] Port is estimated at \$350m,' explains Larue. 'We are developing a multipurpose facility that will support the growth of cargo through the port. The La Quinta Trade Gateway Terminal project is a major component of the Port of Corpus Christi Authority's long-term strategic plan.' La Quinta Trade Gateway Terminal will provide a state-of-the-art multi-purpose dock and container facility.

'The Panama Canal expansion, along with sustained population growth and energy development in the state, represents opportunities to expand the port's role as a global gateway. With competitive, low-cost, safe and reliable multimodal and environmentally sustainable logistics, Port of Corpus Christi is well prepared for an increase of imports and exports from existing and emerging global markets,' says Larue.

The port anticipates having several shipping lines servicing it on a regular basis handling containers and general cargoes. The continued growth in South Texas' population will influence global trade. 'More people means more demand for the production of goods, which in turn means more demand for imports, which means more container shipments coming into Texas ports and our port is well position for it. Most of the growth will occur in the urban areas such as San Antonio, Austin, and the Dallas-Fort Worth-Metroplex but it is also forecasted for communities along the Gulf Coast,' he explains.

The port continues the diversification of its cargo base developing important infrastructure projects, such as the dredging of the extension of the La Quinta Channel and the expansion of the port's rail capabilities, 'which will enable the Port to better serve its customers. These projects, as well as several others, continue to attract new international private investments to the port, helping to create new jobs for the region and to open new shipping trade routes opportunities through the Gulf of Mexico. By taking advantages of the opportunities the Panama Canal, Port Corpus Christi will become South Texas' strategic shipping link to the world through the Gulf of Mexico,' says Larue. •

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Dynamic maritime sector

Bridge of the Americas



The Panama Maritime Authority (AMP) (www.amp.gob.pa) oversees the maritime sector being the government's regulator body of the industry, including the Panama Ship Registry through the directorate of merchant marine. The AMP issues the registrations, licences and tenders of ancillary activities of the private sector as well as the compliance of international regulations, navigation controls, the obligations of Panama as a flag state, and the implementation, in co-ordination with other government agencies and the private sector of the national maritime strategy.

The maritime sector is one of the most dynamic sectors of the economy comprising ports and auxiliary services that have received several billions of dollars in investments. After years of trying to get approval for developing the auxiliary maritime industry, the sector received the good news that the AMP had approved a concession for the construction of two multipurpose berths, on the Pacific and Atlantic sides respectively, which would provide services to ships transiting the Panama Canal, barges and launches. On the Pacific side, the pier is located near the Bridge of the Americas in a sector called Mystic Rose, and is being developed by Port & Harbour Marine Service Corp. with an investment of \$17m.

The concession is for 20 years. The government, through the AMP will receive around \$9.4m during the period of the concession. The 9.3 hectare area will be used to provide transfer services and fuel supply, freight and passenger transport, repair and maintenance of ships, services for approach and landing

boats, construction and repair depots and workshops to service auxiliary maritime industries. Also the pier would be authorised to supply water services to ships, collection, transportation, treatment, handling, disposal, incineration of solid and liquid waste arising from ships, supplies and supply services to the boats and all services required by the auxiliary maritime industry. Furthermore, on the Atlantic side, a multipurpose dock will be built in the area between Pier 3, inside the compound of the Port of Cristobal, in the next 18 months and will also serve the auxiliary industry.

In addition, the AMP granted a sea concession for the construction of a container terminal on the Atlantic side, next to Evergreen's Colon Container Terminal.

Another positive development for Panama's maritime sector was the award in 2012 for the concession of the former Braswell Shipyard. The new operator,

Panamanian consortium MEC Balboa Shipyard, reopened the facility in late January 2013. The concession calls for payments to the government, through the AMP, of \$3m a year plus 5% on sales.

The shipyard – which cannot handle ships larger than the current Panamax size – is booked until the first few months of 2014. MEC Shipyard had to invest \$6m in equipment and an additional \$4m on infrastructure. 'To modernise the shipyard, built during the Panama Canal construction, we had to buy three tower cranes of 10 tonnes capacity and one 30 tonne-RTG to accommodate our first customers,' Marvin Castillo, MEC Shipyard ceo says.

'MEC Shipyard has been paying since the very first day. The previous concessionaire's annual fee was only \$300,000, so we believe the government did the right thing,' says AMP administrator, Roberto Linares.

Before the end of 2013, most of the



MEC Shipyard



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AMP offices, presently hosted in a building in Albrook, will move to its historic location in Diablo Heights. 'We have improved and renovated the buildings while keeping the old style-architecture typical of the area,' says Linares. The compound will have five buildings with two stories, as well as a new three-story construction. Refurbishment will cost \$14m, below the previous administration's \$32m budgeted expenditure for constructing a new building that would house over 1,000 employees, he explains. The complete transfer of the AMP will conclude before end-2014. 'We will save around \$1m per year in rental costs,' he says.

Although in 2011 the AMP completed the digitisation of its internal operations by creating an electronic network that connects AMP offices with its bureaus in London, New York and Manila and with Panama's 80 Consulates around the world. The digitalised seafarers IDs, the 'seafarer passport' is now implemented with the digitising of all the documents related to the vessels registered under the Panama flag (over 9,000 vessels files) giving ship owners and ship managers access online for viewing and processing requests for licences, modifications, patents, certifications, exemptions and others. 'The contract with the original company coming near its end, we want to improve the system which has three components, the hardware and two versions of software; one for seafarers and the other for the ship registry and it is likely that we will a tender if necessary,' explains Linares. 'But we definitely need to combine the two software systems, for a better use by our consulates worldwide.'

The AMP has opened several technical offices round the world, since Roberto Linares took the helm of the Maritime Authority. The measure has pleased ship owners and law firms dedicated to maritime affairs since the technical offices work on a 24-hour basis. Segumar's offices and Japan, Tokyo, and Greece, Piraeus, provide ship owners with a quick response as they can process all documents 24 hours and Segumar New York had been reopened under the supervision of



Roberto Linares

Before the end of 2013, most of the Panama Maritime Authority offices will move to its historic location in Diablo Heights. This will save around \$1m per year in rental costs.

Segumar Panama. Additional technical offices were inaugurated in 2012 in Seoul and Singapore.

Today ancillary companies wanting to operate, must register at the AMP and obtain a licence given by the AMP which is required for every company wanting to enter the maritime business. Although the system is simplified it remains a somewhat complicated process.

The Bunker 2001 Convention entered force in January 2009 following Panama's ratification of the Bunker 2001 Convention. All ships registered under the Panama flag have to be covered and must present an insurance policy for any environmental contamination caused by accidental fuel leakage or hydrocarbon discharge. They, therefore, require additional insurance to cover fuel contamination. In addition to the ship owner, the company or person that

charters the vessel, ship manager and the registered owner have to pay compensation in case of accident or negligence on their part for damages to the environment caused by lubricants and fuel.

The AMP decided to move forward to June 1, 2012 the limit date for all tankers operating with a single hull and navigating in Panamanian waters, according to the International Convention for the Prevention of Marine Pollution (MARPOL) Regulations 20 & 21. From that date on, all tankers navigating in Panamanian waters are required to have a double hull. The entire fleet of bunker barges and vessels is now double-hull, a measure that has provided safety and security to the sector which has been growing substantially in the past two years and which has attracted many new players for a market estimated at around 4m tonnes.

Panama's storage bunker capacity has increased considerably in recent years thanks to fresh investments and because several bunker companies have expanded their facilities in preparation for the inauguration of the Panama Canal third set of locks that will allow the passage of post-Panamax vessels. 'This is a sector that is attracting investors and many projects are in the pipeline,' says Linares.

The \$80m-Melones Oil Terminal began operations at the end of 2012 with a 2m barrels- latest-spec tank farm. Decal that operates bunker tanks in Taboguilla Island, at the Pacific entrance of the Panama Canal has doubled its capacity to 2.4m barrels and other bunker projects are under construction such as Telfer Tanks, located in the Atlantic port of Cristobal. The project, a \$60m joint venture of international and domestic investors will conclude the construction of 1.3m barrels of tank capacity and berthing facilities to accommodate larger tankers, in the first half of 2014.

Panama was the fourth major shipping country to ratify the Maritime Labour Convention, MLC2006, which means that seafarers working on more than 40% of the world's merchant fleet are now covered by the decent work requirements of the Maritime Labour Convention, 2006, as it came into force August 20, 2013. •



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PORTMIAMI



Maintaining leadership

Despite a gloomy global maritime industry and many ship owners confronting hardship, the Panama Ship Registry continues to grow in tonnage and quantity and maintaining its leadership it gained in 1993 when it became the world's largest flag state. Average figures show tonnage rising by 7m-8m tonnes a year.

At the end of June 2013, the registry had grown to 230.1m tonnes, up from 220.44m tonnes in December 2012 with 8,261 vessels over 500gt, up from 8,144 registered ships at end-June 2012, according to Lloyd's Register statistics. Panama's Ship Registry, which is under the Panama Maritime Authority's department of merchant marine, represents 21.9% of the world's total merchant fleet.

The flag state's marketing strategy has targeted new-construction vessels with high tonnage to boost the registration of groups of vessels aiming at reducing the age of the fleet that has been lowered to 16 years, down from an average of 19 years in 2009. 'This has been the result of a series of measures to improve quality, a successive number of incentives to ship owners and numerous visits to our customers,' says the head of the Register and Panama Maritime Authority's Director of Merchant Marine, Eng. Alfonso Castillero. In addition 'the flag has strengthened its inspections and quality standards to comply with international conventions on maritime safety,' he explains.

In July 2013, the Ship Registry created a new series of economic incentives, in addition to those existing, giving exemptions up to 50% of the top of annual consular taxes and 50% on

top of initial registration fees for every vessel of more 15,000gt and less than 15 years, for groups of vessels already benefitting of incentives in Law 57 and the Resolution issued in 2009. Those incentives are mostly for new registrations aiming at giving some respite to ship owners because of the global economic situation. They will terminate at end 2014, says Castillero.



Alfonso Castillero

The entry of Panama in the White-List designation of the Paris MoU in January 2011 has immediately attracted more new builds to the registry. Looking back, getting into the Paris MoU White-List 'has been one of Panama's greatest achievements and it worked as the best marketing tool ever for the flag state,' comments Castillero. 'It has pinned another star on our tradition of excellence that we have maintained since 1925 we began to register vessels as an open registry.'

In 1998, the Panama Maritime Authority's (AMP) through the Merchant Marine Directorate issued a Resolution in

August of the same year, requiring vessels more than 20 years old to submit to a check by an inspection from a Recognised Organisation (RO) before docking at a port within the Paris MoU and failure to do could result in 'being deleted from the registry or subject to a fine,' the flag warned at the time. In addition, any vessel of that age that has been detained twice in six months will be cancelled from the register. Given this measure, the register deleted a number of vessels and others left the Registry for other flags most of them being over 20 years old and with bad records, explains Eng. Castillero. And though the measures were seen as 'drastic', they would lead to the White List inclusion in the next three years.

The procedure for the registration of vessels allows the registration of all types of vessels whether they are of cargo, passengers or dredges, barges or any other type. The law does not require that the owner of the vessel be a national of Panama or an entity established in the Republic of Panama and offers fiscal incentives such as tax exemptions on earnings.

Furthermore, there are no minimum tonnage requirements for the registration and ship owners are allowed to hire crews of any nationality. Applications for the registration of a vessel may be filled, through an attorney, in any of the Panama Private Marine Consulates around the world or at the AMP's merchant marine offices in Panama and in the new Registrar's offices and Segumar offices in Tokyo, Piraeus and Segumar-New York which was launched again in 2011. Segumar offices offer technical support on a 24/7 basis.

In addition, technical offices were inaugurated in Seoul and Singapore,



which have become very important markets as Panama flag presence in Asia is increasing. The Segumar-Tokyo office has the largest number of employees and by the end 2013, service will be upgraded since 'we have been giving great support to the office,' says Castellero. Japan's share of the registry is increasing and 'we have been improving the services we offer in Tokyo while reducing costs,' said Castellero. 'Japan is very important to us. We have also increased travelling to Japan to three or four times a year, bringing new ideas and the market has been very responsive,' he says.

The Shipping Law (Law 57 of August 6, 2008) eases administrative and legal procedures. The legislation also grants incentives for registering new buildings and to users that register fleets, depending of gross tonnage and type of ships and with non-detention for consecutive 24 months in PSC inspections. A Resolution of February 9, 2009 increases discounts given in Law 57 to new construction vessels, loyalty to the Register and transfer of fleets.

In addition, the Merchant Marine Law provides incentives to vessels not detained in any MoU during a period of two years. This provision proved highly successful in improving the quality of the Register and reducing detentions, says Eng. Castellero. Law 57 gives incentives for innovations related to the reduction of CO2 emissions and those incentives were highlighted in the promotion of the new law. In addition, the Panama Flag has received the Certification ISO 9001:2008 given by Lloyd's Register Quality Assurance.

All Panama registered vessels must comply with the requirements and most importantly the International Conventions and Codes, established by International Maritime Organisation

(IMO), such as the rules of the International Maritime Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Marine Pollution from ships (MARPOL), regulations from the ISM Code and ISPS Code, among others.

All Panama registered vessels must comply with the requirements set by the IMO.

In addition, the Panama-flagged vessels are also required to comply with the International Convention on Standards of Training Certification and Watchkeeping for Seafarers, 1978, as amended (STCW 78, as amended) and its inserted Code. Governments have to provide relevant information to IMO'S Maritime Safety Committee which will judge if the country meets or not the requirements of the conventions. The 2010 Manila Amendments to the International Convention on Standards of Training, certification and Watchkeeping for seafarers (STCW 78), is also enforced as well as SOLAS and Load Line Protocol 88 and the Convention on Facilitation of International Maritime Traffic (FAL) 1965.

Panama is also member of the Permanent Commission for the South Pacific (CPPS) and thus, provides a much beneficial link between the Caribbean and South East Pacific Regions.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004 (Ballast Water Management Convention, 2004) has been currently approved by 33 contracting parties, thus complying with

the number required by the Convention but Panama to date has not ratified the Convention as it would like to see a series of guidelines regarding operations and inspections on board the ship to be issued before it enters into force. Such guidelines are still being developed by the State Members of the IMO.

The Panama Maritime Authority has provided its inspectors with a tailor-made system to facilitate the work of more than 300 Panama nautical surveyors worldwide that helps centralising all the inspection results in real time. The \$3.7m-system is a mobile device with wireless network connection that will optimise the Annual Safety Inspections (ASI) of Panamanian vessels around the world. Data [of the inspection] are electronically sent to the Ship Registry's offices at the Panama Maritime Authority while on-board, the inspection report will be printed on thermal printer and delivered to the Captain of the vessel being inspected. Panama is the first country to use this modern mobile device. 'This new tool has proved very valuable for the safety security and control of the fleet while keeping the registry updated and aware of possible problems,' explains Castellero.

A new electronic Ship Register has been installed easing vessel registry procedures, as well as issuance of a new digital seafarer identity document issued by the Directorate of Seafarers. Access to the data centre, for authorised users of the Registry, consuls and lawyer bearing public key infrastructure (PKI) with their respective user identities, are granted further access onto an electronic page (www.panamaregistry.com) for required document inputs and consultation. The system, praised by its users, saves AMP clients' time by accessing AMP's data

centre interconnected worldwide via Internet.

On August 20, 2013, the Maritime Labour Convention 2006 (MLC2006) which was ratified by Panama, entered force. The AMP through its departments of merchant marine and seafarers has delegated the implementation of the MLC2006 to the Class Societies and Recognised Organisations (ROs). Both Class Societies and ROs are in charge of issuing the certifications required by the Convention. The Directorate General of Merchant Marine [the Ship Registry] as the entity responsible for the Control and Application of the MLC, 2006 and aware of its obligations as Flag State and Port State Control, has trained around 200 collaborators and certified the technical personnel as Maritime Labour Surveyors. In addition it has published Merchant Marine Circular MMC-248 by which the authorised Recognised Organisations were allowed to begin the issuance of



the Document of Compliance to vessels of the Registry with the purpose to achieve compliance with the regulations established on the MLC, 2006 on board Panamanian flagged ships.

The Panama Ship Registry has given ship owners a six month grace period starting with the implementation of Maritime Labour Convention (MLC). Under the grace period, as per ILO Resolution XVII, owners will be able to continue to operate without the MLC certificate and declaration, provided that inspectors have

no evidence that the ships do not conform to the requirements of the convention. The vessels not duly certified before MLC 2006 comes into force may voluntarily request a 'short term' certificate for a period of six months to any authorised Recognised Organisation (RO) duly authorised to issue the Maritime Labour Certificate.

The ROs, before issuing such certificate, will conduct a documentary review while the necessary registries are

generated for the detailed inspection, the verification of the DMLC Part II and the definitive certification of the vessel. The 'short-term' certificate will annex the report of the documentary revision so that it is available to the corresponding authorities.

'Panama is the first flag to issue a 'short-term' form giving ship owners this kind of grace period, mainly to help the industry and offer vessels a comprehensive treatment,' says the head of the Panama Ship Registry, Alfonso Castillero. •

AMTS – a Pole Star company

The merger of Pole Star and Absolute Maritime (AMTS) in October 2011 brought together two leaders in the Long Range Identification and Tracking (LRIT) of vessels business. The enlarged global business, headquartered in west London, provides monitoring and security related services to close to 40,000 vessels – half the world's international fleet.

Combining Pole Star's award-winning expertise in tracking systems for commercial fleets, flags and maritime administrations, with Absolute's proven credentials in fisheries monitoring, together with services to flags and maritime administrations, the expanded organisation offers innovative and reliable systems to the maritime industry as a whole. The Pole Star group's increased technology resources enable it to deliver superior, cutting-edge products more quickly to its customers.

Pole Star operates LRIT data centres for 46 maritime administrations and ship registries including four of the top five flags: Panama, Liberia, Marshall Islands and Singapore. The Panama Ship Registry is the world's largest register with over 8,200 vessels. The company also provides LRIT Conformance Testing and Certification services for more than 90 flags.

Pole Star is expanding its Panama regional centre as the hub for its operations in the Americas, adding to the regional centres of London and Hong

Kong. 'Panama provides us with an opportunity to expand our operations in the Americas and to continue to provide 24/7 customer support to our clients around the world,' said Andrew Peters, ceo of Pole Star. As Pole Star's regional centre for the Americas, Panama offers a platform for the company to continue growing its market share. In addition, Panama will serve as a complement to its sister-centres in London and Hong Kong, Peters said.

Pole Star also operates two technology innovation centres in London and Boston that have been developing a 'new generation of products which will be launched in Asia in late 2013,' Peters explained. 'These products will bring new technology to commercial shipping with new software and hardware integration options to enhance our renowned safety, security and efficiency services,' he added.

'Recognising Panama's advantages as a maritime, logistics and services centre, Pole Star has been investing in Panama and expanding the scope of its vessel monitoring centre located at the City of Knowledge adjacent to the Panama Canal,' said John Ramsauer, coo of

Pole Star. 'We have a diverse, talented and innovative workforce, whose passion for excellence has enabled us to become one of the leading maritime security service providers in the world.' Pole Star has committed to further direct investment in Panama in order to provide a stronger base to support the 40,000 plus vessels that depend on the company for their safety, security and technical support requirements.

Pole Star continues to experience very strong growth and sustained profitability in what has been categorised as one of the most challenging years for the shipping industry. Pole Star is widely recognised as the safe harbour provider of vessel safety and security services, and the shipping industry continues to call on Pole Star for its needs.



John Ramsauer, Pole Star coo

To-Do List (Updated!)



Construct 50-foot deep container berth



Install four super Post-Panamax cranes

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Colon Container Terminal (CCT)

Increased cargo volume

Panamanian ports in 2012 enjoyed, for the third year in a row, an increase in cargo volume although growth of container volume was small and only 3.44% to 6.85m teu, compared to the 18.1%, 6.62m teu, registered a year ago. Two terminals passed the milestone of 2m teu; Balboa with 3.25m teu and Manzanillo International Terminal (MIT) that registered 2.05m teu.

Evergreen's Colon Container Terminal (CCT) was the winner by far, in terms of growth percentage, logging a substantial 24% increase to 608,906teu that compensated for the sluggish performance of the previous years. MIT container volumes grew by 8.45%, Cristobal posted negative results with less 13.3% than in 2012 to 849,999teu and Balboa's growth was marginal with 0.6% mostly due to a week-long strike that affected the Pacific terminal.

But the first half of 2013 brought down all expectations of a continuous uptrend as cargo volumes fell by 6.2% to 3.26m teu compared to 3.48m teu during the same period in 2012. This marked the first time since 2009 that Panamanian ports have recorded a fall in cargo volume. Whether the global economy slow-down or the regional 'dizzy turn' created by a serious contraction of Venezuela purchases, and Colombia's additional regulations related to cargo coming from the Colon Free Zone, the results were a significant reduction of cargo moved in Panamanian ports. This shows how transshipment is sensitive to

the global and regional economic situations,' a port operator says.

CCT, located on the Atlantic entrance of the Panama Canal, posted a true year-on-year gain, and was the only terminal in Panama to do so during the first half of 2013 with a 19.2% increase to 263,450teu compared to the same period in 2012. MIT, like most of Panamanian ports during the first half of 2013, saw a reduction of cargo volume by 1.3% to 998,341teu compared to 1,01m teu in 2012. The ro-ro sector was particularly affected, decreasing by 16.6% while the number of vessels fell by 4.1%. Balboa registered a decrease of 8.3% with 1.51m teu compared to 1.67m teu during the first six months of 2012 while Cristobal fell by 26.9% to 355,420teu compared to 486,290 for the same period in 2012.

PSA-Panama International Terminal (PPIT) began to report container statistics

only during 3Q 2012 but posted 60,213teu in the first half of 2013.

Forecast for the whole 2013 year remains cautious as most port operators do not anticipate great improvements in cargo volume because of the difficult situation the Colon Free Zone is facing with a reduction of trade with its major customers, Colombia and Venezuela and slow-down in neighbouring economies.

The Panama Canal expansion is already impacting the US East Coast ports which have embarked into dredging and expanding their terminals to allow New-Panamax vessels to dock at their berths where the vessels cannot call because the majority of US East Coast ports have low draught (see chapter on US ports preparation for the expansion). In Latin America, ports, particularly in Colombia, are undertaking expansion to receive larger



PSA-Panama International Terminal (PPIT)

vessels. In the long-term, the expansion will benefit global trade and Latin American countries whose commodities are particularly sought for in Asia.

New-Panamax vessels, according to the Panama Canal Authority (ACP) definition, have been a constant feature in Balboa since the first vessel of that kind docked at Manzanillo International Terminal (MIT) in 2005. Panamanian terminals have been the first to lead the way in preparing for 2015 hoping the expanded Canal will bring, when it begins operations mid-2015, an increase of cargo volume for transshipment. In the meantime, Panamanian terminals have seen cargo volumes grow in the past three years as project cargo for the waterway expansion and numerous

government infrastructure projects such as the construction of a subway, brought dredgers, heavy trucks and all kinds of heavy equipment arriving for the companies that were awarded contracts for the works on both the Atlantic and Pacific sites. Project cargo bonanza is likely to return as companies begin to schedule dismantling operations and send back their equipment, heavy-lift cargoes to include batching plants, rock crushers and other heavy equipment that have been shipped in general cargo or projects vessels, to their place of origin.

The most recent terminal to be built, PPIT, which is positioned next to the site where the Grupo Unidos por el Canal (GUPC) consortium is building the future Pacific Post-Panamax locks, received its first

vessel on December 23, 2010, the 12,777dwt Beluga Festival carrying 10,000 tonnes of steel bars for the GUPC consortium. Since then, the terminal began full container operations in July 2011 and has continuously provided GUPC with its own project cargo for the construction of the Pacific locks.

'In the short to medium term there is a need for additional port capacity on the Pacific side. The case for the Atlantic is less clear. The success of future terminals projects, is likely to hinge on the desire of a line or alliance to have their own dedicated hub, rather than pure volume terms,' says maritime consultant, David Taylor.

There are several projects for new terminals in the pipeline, the best known and most awaited is the ACP project of

Manzanillo International Terminal (MIT)

Manzanillo International Terminal (MIT) is always seeking ways to innovate, such as the implementation of a remote control crane system among other projects. 'Most modern ports are focusing heavily on automation and process improvements,' says MIT gm Stacy Hatfield. At MIT 'we are working on some exciting projects which will increase efficiency and ultimately reduce costs,' he says.

Cost reduction and streamlining operations is mentioned constantly in the conversation, since MIT, like most of Panamanian ports during the first half of 2013, has seen a reduction of cargo volume by 1.3% to 998,341 teu compared to 1.01m teu during the first half of 2012. The ro-ro sector was particularly affected, decreasing by 16.6% while the number of vessels fell by 4.1%.

Although cargo grew by 3.4% in 2012 to 2.05m teu with 18% of it accounting for Venezuela cargo volume;

a 14% decrease in 2013 in container movements to and from this country appeared to be a primary factor in the fall, says Hatfield. MIT is not alone in this situation which is similar in many ports of the region.

'The situation in Panama has an external component as cargo demand is negatively affected by the conditions in Colombia, Venezuela and Brazil, and an internal component which is the capacity issue within the Panama bridge system that must improve its ability to cope with contingencies,' he explains. 'The external demand's future behaviour will depend on the development of the political, fiscal and customs issues in those countries,' Hatfield adds. 'Few shipping lines are optimistic there will be significant growth during the last half of 2013, but MIT should close the

year with 2m teu again'.

Meanwhile, the Atlantic terminal is continuing with its expansion to increase capacity for 2015. In 2012, it received two additional Post-Panamax STS cranes, one Super Post-Panamax crane and six RTGs. The relocation of the turning basin was completed in August 2013 to allow for the construction of berth 8, while dredging of the future berth 8 and 9 should be completed by end of August 2013.

More works are scheduled for this year with the pavement of additional seven-hectares of container yard, the relocation of the motor pool and main cargo gate and the continued development of an eight-hectare off-dock parcel for empty storage. The construction of 400mtr of quay for berth 8 and new ro-ro dolphins should start before the end of this year, explains Hatfield.

'We do not anticipate big improvements [in cargo volume] during 2014, as we remain cautious because of the difficult situation the Colon Free Zone is facing with a reduction of trade with its major customers, Colombia and Venezuela. Competition is now quite aggressive in the region and we see local costs increases that could potentially affect our competitiveness,' he comments. 'Although difficult times may lie ahead, we're optimistic about the future – with US and other regional FTAs, more regional companies setting up distribution centres in Panama – and our expansion project is concrete proof of that.'



Stacy Hatfield



Panama Ports Company (PPC)

In preparation for the inauguration, by mid-2015, of commercial transits in the expanded waterway, Panama Ports Company (PPC) began in early 2010 the expansion of its facilities to increase capacity and therefore cargo volumes. PPC – a subsidiary of Hong Kong based-Hutchison Ports Holdings that administers the ports of Balboa on the Pacific side and Cristobal on the Atlantic entrance of the Panama Canal – has invested in a \$1.1bn programme for Balboa and Cristobal with an additional \$200m in execution during the next two years. The expansion, to double the capacity of both terminals, led to volumes never seen before, passing the 3m teu for Balboa and nearly closing the million teu for Cristobal.

Balboa received an additional 450mtr of pier to a total of 1,720mtr of quay and a total of 25 quay cranes that have transformed the Pacific terminal into the largest craneage of the Americas, in addition to 83 RTGs. The container yard has grown to 50 hectares with the completion of Phase 4 of Balboa's expansion. More than \$200m investment gave Cristobal a total of 13 STS cranes, including Post-Panamax and Super Post-Panamax and 47 RTGs.

In 2012, although Balboa volumes reached 3.25m teu, growth was 0.6% while Cristobal registered 849,999teu, a



fall of 13.3% compared to the year before. The first half of 2013 was marked by general decrease of cargo volumes in most of Panamanian ports, Balboa and Cristobal not being the exception with 1.67m teu and 486,290teu respectively while cargo volumes in both terminals declined by 8.3% and 26.9% respectively. The contraction of Venezuela purchases, due to a sustained devaluation of the Bolivar currency, coupled with a

reduction of trade with Colombia and global economic slow-down, were responsible for the 1H, 2013 results.

However, the third quarter of 2013 saw a general cargo volume rebound. Balboa is the only terminal in Panama receiving five weekly calls of Post-Panamax vessels or the New-Panamax, of those that will transit the expanded waterway in 2015, with services from Maersk and MSC, CMA-CGM and CSAV.

building a 5.3m teu-container terminal at Corozal, on the east bank of the waterway, next to Miraflores locks, on the Pacific side. 'Panama definitely needs to expand container capacity on the Atlantic and Pacific sides and bring more competitions between terminal operators,' says ACP evp for planning and business development, Rodolfo Sabonge.

The ACP owned 67 hectares of land and also bought an adjacent 45 hectares from the government for \$89.7m, bringing total space available for the Corozal terminal to 112 hectares, which would have access to the Panama Canal railway, facilitating container moves to the Atlantic. As the landlord, the ACP is reviewing options of how to develop the Corozal project. 'Upon completion of the studies, the ACP would call for tenders for either a concession or a contract to design construct and operate the new terminal for the ACP or somewhere in between,' says ACP administrator, Jorge Quijano. Meanwhile, all seven feasibility studies on conceptual design, costs, demand, legal status, environmental impact, geological assessments and traffic are ready and have been presented to the ACP board, which will then make a decision whether or not to proceed. At the time, the Panama Maritime Review goes to press, the ACP

board of directors was still studying the different options to determine what would be the best and more feasible to execute.

The ACP is also studying the possibility of building a station for bunkering LNG on the Pacific side and a ro-ro facility on the Pacific West bank, next to the site of the future set of locks. The heavy equipment and vehicles terminal 'has created lots of interest amongst dedicated liners and Canal customers,' he explains. The ACP has accessible lands on the Western bank of the canal, made available by the reclaimed areas in former US military installations that had been cleared of unexploded ordnances during the canal dry excavations works. 'This type of project requires lower investment and we have started to promote this project amongst Japanese and Korean car and heavy equipment manufacturers,' he adds.

Another development that has been in the making for the past year is Panama Canal Colon Port (PCCP) to the north of Evergreen's CCT on an area of land known as Isla Margarita. The land is owned freehold, and as such, schemes for other types of land use have been proposed at this site over the past 10 to 15 years. 'After carrying out feasibility and market studies, the land-owners appear to have agreed

that a container terminal represents the best value use of the land. Designs have thus been developed for constructing a new terminal with around 1.5m to 2.0m teu throughput and issued to contractors for pricing. Developers are known to have had detailed negotiations with several potential operators,' explains a port expert. PCCP has received permits from the Panama Maritime Authority for the development, estimated to cost \$600m. The project is expected to feature four berths and 1,050mtr of wharfage, including a 159mtr multipurpose berth, with a draught of 16mtr. Tenders have been called for dredging and construction but were delayed until the landowner received all permits from Panamanian authorities, which were given in 1Q1 2013. At the time the Panama Maritime Review goes to press, the tender for operations was still opened.

Most of Panama's terminals are in process of expanding their facilities. PSA-Panama officials have received authorisation from the Panama Canal Authority (ACP) for leasing an adjacent land within the canal operating boundaries to dredge and build two new piers to welcome New-Panamax vessels. ACP officials have confirmed that the Canal Authority has agreed on a 20

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COLON CONTAINER TERMINAL, S.A.



Manzanillo International Terminal

hectare area of which 10 hectares would be used for dredging the premises, with the rest used for building the new berths. The construction of the new berths and container yard will begin early 2014.

The 450,000teu facility was the first Panamanian terminal to begin operations in the last 15 years and is the fifth major container terminal in the country. Located at the former Rodman US Navy base, at the Panama Canal's Pacific entrance, PSA Panama is built on a 22.5 hectare site, with

a 14 hectare container yard, a 330mtr long container and roll on-roll off- berth with 14.5mtr water depth. It also has a nine hectare area available for development with logistics partners.

On the Atlantic side, MIT has approved 'an additional \$200m-\$300m investment to prepare for the inauguration of the third set of locks in 2015, to build new piers and purchase equipment for the future Post-Panamax vessels,' says senior vp of Carrix, Carlos Urriola. Carrix is the

holding company of SSA Marine, co-owner with Panamanian investors of MIT-Panama. The draught of the access channel to the bay of Manzanillo, where MIT and Colon Container Terminal (CCT) are located, must be increased to 16.5mtr from 14mtr. 'The Atlantic terminal is continuing with its expansion to increase capacity for 2015.' In 2012 it received two additional Post-Panamax STS cranes, one super Post-Panamax crane and six RTGs. 'The relocation of the turning basin

Colon Container Terminal (CCT)

Colon Container Terminal (CCT), located on the Atlantic entrance of the Panama Canal, has logged a true year-on-year gain, and was the only terminal in Panama to do so during the first half of 2013 with a 19.2% increase to 263,450teu compared to the same period in 2012. In fact, CCT registered this astonishing growth for the second year in a row when cargo volume increased by 16.9% in the January-June 2012 period, according to the Panama Maritime Authority statistics.

The Atlantic terminal finished 2012 with a remarkable growth, the largest in all Panamanian ports, with 24% and 608,906teu, thanks to new services

calling CCT, including the weekly COSCO new GME. The all-water weekly joint service with vessel-sharing partner HANJIN, transits the Panama Canal before calling the terminal, in addition to the weekly COSCO AWE2 and the COSCO feeder to the Caribbean region with two vessels per week. Also, the weekly PWS service is now back to normal calling two to three times a month CCT.

CCT specialises in handling containers but also general cargo and rolling stock, for a fast and efficient cargo transhipment, providing Custom-made like services to all shipping lines with gatehouse with governmental offices of Customs, Aupsa and

Quarantine and an adjacent rail intermodal connection served by Panama Canal Railway Company and 984 reefer plugs.

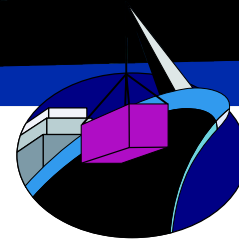
China Harbour Engineering Company (CHEC) has been awarded the contract for the \$66m expansion of CCT, the third phase of the Evergreen terminal. The works began on 1 July to build 347mtr of additional quay and a 8.5-hectare-container yard and should be completed in 23 months.

This new expansion phase will increase the terminal capacity by 500,000teu, to 2m teu up from the present capacity of 1.5m teu and includes doing reclaiming land works and dredging to a draught of 16mtr.



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MIT's Crane Remote Control Station

Manzanillo International Terminal-Panama S.A. (MIT) was the first terminal in the world to successfully prove a Remote Control Station for STS (Ship-to-shore) Crane operation and was the first prototype of its kind.

The concept of a stationary cabin for the STS cranes was proposed in 2005 by ABB Sweden and after discussions between MIT and ABB, 'we decided to materialise the idea,' says MIT director of Crane, Engineering and Maintenance, Ken Chang. A series of cranes was ordered from China's ZPMZ and one of the cranes arrived in 2006 with a stationary cabin attached at the left landside leg at the height of the conventional cabin under trolley. After the stationary cabin concept was proven in real operation, the controls were moved down off of the crane and into a modern console in an office environment, explains Chang.

The system is still at the research/pilot project which is operating with one crane only that has its console in an office located in the terminal crane department. The results have been positive as the crane can have similar productivity with this remote control as if the operation was in the conventional operator's cabin under the trolley, says Chang. 'Under



ideal circumstances we made more than 40 moves per hour and were able to keep up with the productivity of an adjacent conventional crane with operator's cabin under trolley.'

But it took more than two years to carry out the tests and improvements before it became fully operational.

The RCS-STIS operation offers several advantages. The first one is that it improves the social environment for the crane operator who feels physical stress. He sits in an air-conditioned room with his coffee at hand and can move easily around. Another is that it can potentially reduce the trolley

weight on the crane; reduce the size of the trolley motor which means a smaller drive and less energy consumption. At the same time, the trolley can be accelerated or decelerated faster, allowing for more aggressive tuning of electronic anti-sway and can make faster cycle times.

The good association between ABB and MIT and the good relationship MIT maintains with the labour force were the reasons for choosing MIT for the experiment. MIT labour force 'has a positive attitude towards new technologies. Something you cannot get in every terminal,' says Chang.

was completed in August 2013 to allow for the construction of berth 8, while dredging of the future berth 8 and 9 should be completed by end of August 2013,' says MIT gm, Stacy Hatfield.

More works are scheduled for this year with the pavement of additional seven

hectares of container yard, the relocation of the motor pool and main cargo gate and the continued development of an eight hectare off-dock parcel for empty storage. The construction of a 400mtr quay for berth 8 and new ro-ro dolphins should start before the end of this year,

explains Hatfield.

On the Atlantic side, Colon Container Terminal (CCT) is also expanding its containers but also general cargo and rolling stock facilities. China Harbour Engineering Company (CHEC) has been awarded the contract for the \$66m



Cristobal, MIT, CCT ports and Colon Free Zone

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expansion of CCT, the third phase of the Evergreen terminal. The works began on 1 July, 2013 to build 347mtr of additional quay and a 8.5 hectare container yard and should be completed in 23 months.

This new expansion phase will increase the terminal capacity by 500,000teu, to 2m teu up from the present capacity of 1.5m teu and includes doing reclaiming land works and dredging to a draught of 16mtr.

Panama Ports Company (PPC), a subsidiary of Hutchison Port Holdings that administers both Balboa, on the Pacific and Cristobal on the Atlantic side, had embarked in expanding its facilities to increase capacity and therefore cargo volumes. Panama Ports has invested \$1.1bn programme for Balboa and Cristobal with additional \$200m in execution during next two years. The expansion to double the capacity of both terminals led to volumes never seen before, passing the 3m teu for Balboa and nearly closing the million teu

for Cristobal.

Balboa received an additional 450mtr of pier to a total of 1,720mtr of quay and a total of 25 quay cranes that have transformed the Pacific terminal into the largest craneage of the Americas, in addition to 83 RTGs. The container yard has grown to 50 hectares with the completion of Phase 4 of Balboa's expansion. More than \$200m investment gave Cristobal a total of 13 STS cranes, including Post-Panamax and Super Post-Panamax and 47 RTGs.

While the Panama Canal Railway has had some huge economic losses due to port congestion in Balboa in April 2012, which impacted the normal flow of cargo between ports of the Atlantic and Pacific, road carriers are living through a golden age on the Panama – Colon route. An average of more than 400 containers a week are being moved between the Atlantic and Pacific by highway, according to

shipping lines, with better time than by rail, although this is more expensive. The railroad moves 35% of cargo between Panamanian ports and is considered a link in the logistics chain of the country.

Transport companies said freight movement by road has grown more than 40% this year. The second section of the Panama – Colon toll-highway was inaugurated in mid-July 2012, and allows safe driving between the Atlantic and Pacific in just 40 minutes. With this second phase of the highway completed, moving containers by road has speeded up, becoming another option for quickly moving cargo between the two sides of the Panama Canal and helping transshipment on both entrances of the waterway.

The ACP is also considering developing a container-barge system to move boxes from the Pacific to the Atlantic and alleviate the rail and road system transport. •

PSA Panama International Terminal (PPIT)

PSA Panama International Terminal (PPIT), fully operational since July 2011, has posted an increase of cargo volume of 86.4% during the first half of 2013 to 60,213teu, compared to a year before and finished 2012 with its first reported statistics at 53,460teu, according to the Panama Maritime Authority department of statistics.

Located next to entrance of the construction of the Pacific new locks, PSA-Panama has 'an on-going agreement with ArcelorMittal and GUPC [the consortium that builds the locks] for the discharge of steel for the Pacific project. Our contract calls for two more years of work and 50,000-80,000 tonnes per year,' says Ahern. Those moves had been the core of PSA-Panama business for the first months of operations but beginning of its but since then PSA-Panama has signed a contract with Hamburg Süd, which started weekly calls this year, explains PSA-Panama general manager, Robert Ahern (pictured). Hamburg Süd uses the terminal as a homeport for the Pacific Coast, adds Ahern.

Panamanian customs have removed any supposed limitations for trucks moving containers between terminals which now permits transshipment 24/7 increasing cargo movements from the Pacific to the Atlantic side.

The 450,000teu facility is the first Panamanian terminal to begin operations in the last 15 years and is the fifth major container terminal in the country. Located at the former Rodman US Navy base, at the Panama Canal's Pacific entrance, PSA Panama is built on a 22.5 hectare site, with a 14 hectare container yard, a



330mtr long container and ro-ro berth with 14.5mtr water depth. It also has a nine-hectare area available for development with logistics partners.

The terminal was PSA's first in Latin America and has developed a close relationship with the economic zone Panama-Pacífico, located in the former Howard Air Force base, moving containers from Panama-Pacífico to different destinations.

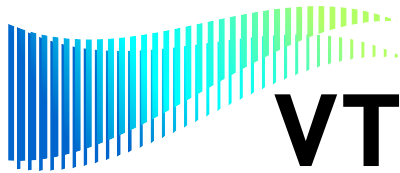
While the West Coast Central America and West Coast South America markets have grown in volume in the past couple of years, PSA-Panama which is well positioned to participate in the growth of Panama's transshipment, has offered a new port of calls for shipping lines covering the region.

Because of this recent activity and the future cargo volume growth forecast when the Panama Canal expansion is completed opening new routes to larger vessels that cannot transit the existing locks, PSA-Panama officials have initiated negotiations with the Panama Canal Authority (ACP) for the lease of adjacent land within the canal operating

boundaries to dredge and build two new piers to welcome larger vessels. ACP officials have confirmed that the Canal Authority has agreed on a 20 hectare area of which 10 hectares would be used for dredging the premises, with the rest used for building the new berths.

PSA International Pte Ltd is a leading global port operator handling 60.6m teu in 2012. The Group's performance increased by 5.2% over 2011 on the back of contributions by the flagship Singapore Terminals with a new record of 31.26m teu, up 6.4%, and PSA terminals outside Singapore that increased by 3.9% to 28.8m teu.

In addition to its flagship operations PSA Singapore Terminals and PSA Antwerp, PSA participates in 29 port projects in 17 countries across Asia, Europe and the Americas. In 2008, the group boosted its presence in the Latin American market by taking a stake in Exolgan, the second largest terminal in Buenos Aires. PSA recently secured a management agreement for the port of Mariel, which will replace Havana as the main port of entry into Cuba when completed.



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Attracting important investment

Panama's bunkering sector has attracted important investment in recent years with the construction of new terminals, expansion of the existing facilities and the purchase of modern barges to respond to the double-hull legislation that was implemented in Panama June 2012. Experts of the trade estimate that over \$1.5bn has been invested in the sector since Panama started its preparation for 2015, when the third lane of the Panama Canal will begin operations.

It has been ten years since the opening of the market – with new regulations including the creation of petroleum free zones for tank farms and suppliers and the institution of operational licenses for delivery barges – that brought in domestic and international new players. Storage capacity reached 20m bbls in 2013 and will increase next year with the inauguration of new projects.

Panama bunker sales grew by 1.78% to 3.45m tonnes in 2012, servicing 5,163 vessels compared to 3.39m tonnes in 2011 and 4,810 vessels, according to statistics published by the Panama Maritime Authority (AMP). For the period January to May 2013, sales increased slightly by 0.69% to 1.49m tonnes with a decrease of 1.92% in the number of vessels taking bunker to 2,089 compared to 2,130 a year before with an average of 26 barges operating on a monthly basis. There was a substantial increase, 19.58%, of vessels taking bunker on the Pacific side and sales grew by 8.16% to 1.59m tonnes while the Atlantic sector saw a fall of 37.89% in the number of vessels and sales also decreased by 15.53% to 395,502 tonnes.

The growth of sales and number of vessels on the Pacific side was largely due to the implementation in October 2012 of US regulations on low sulphur products which are now available in Panama. Vessels awaiting transit of the Panama Canal and sailing to the US East coast, are starting to take advantage of waiting times to lift LSFO, which are likely to become 'star products,' says VT Ships

About one-third of all ships transiting the waterway take bunkers on both entrances of the Panama Canal.

gm, Jose Digeronimo. 'Sales of LSFO saved Panama bunker sales figures in the first half of 2012,' he adds. On the other hand, the decrease in Atlantic sales reflects a reduction of Panama Canal transits since October 2012.

Bunker operators forecast a slow-down in sales for 2013 as a consequence of less vessel transits through the Panama Canal, mirrored also in the fall of vessels calling Panamanian ports, 'which definitely will influence the market, the sales and prices,' says one operator.

'Most of us are selling products at cost, with no margin and the war on prices is unbearable,' he explains. 'The market is very small for so many players. Many operators are trying to keep a presence in Panama awaiting 2015 to see if sales will

improve with the transit of post-Panamax vessels. But there is great uncertainty about the future,' he says. 'Nowadays, there is over supply and less demand. The situation may change though if the international situation varies accordingly. At the moment, we are all in a kind of standing by position until 2015.'

'The war on price has taken us to very competitive prices and though companies are barely making ends meet, the product has benefitted from it,' says Digeronimo.

Although Panama is not the only port offering LSFO, most terminals have special tanks for those products distributed now by the major suppliers. CEPASA-Panama is supplying LSFO since August 2012 and 'we have had very good performance as we can segregate three different products, LSFO, HSFO and LSGO, on one barge and attend three products delivered in one time and with just one barge charge,' says CEPASA gm, Javier de La Rosa.

Sales of LSFOs will profit the new and expanded terminals, Melones, Decal, Oil Tanking, Petroport and Telfer Tanks when this later begins operations in 2014, explains Digeronimo.

Panama's major bunker suppliers are Chevron, BP Marine, AEGEAN, Chemoil, CEPASA, Ow Bunker, Bominflot, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel.

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, says Digeronimo. The extra price premium is very attractive for the suppliers and Panama, having improved the quality of both its terminals and bunker barges, makes a new offering of products to



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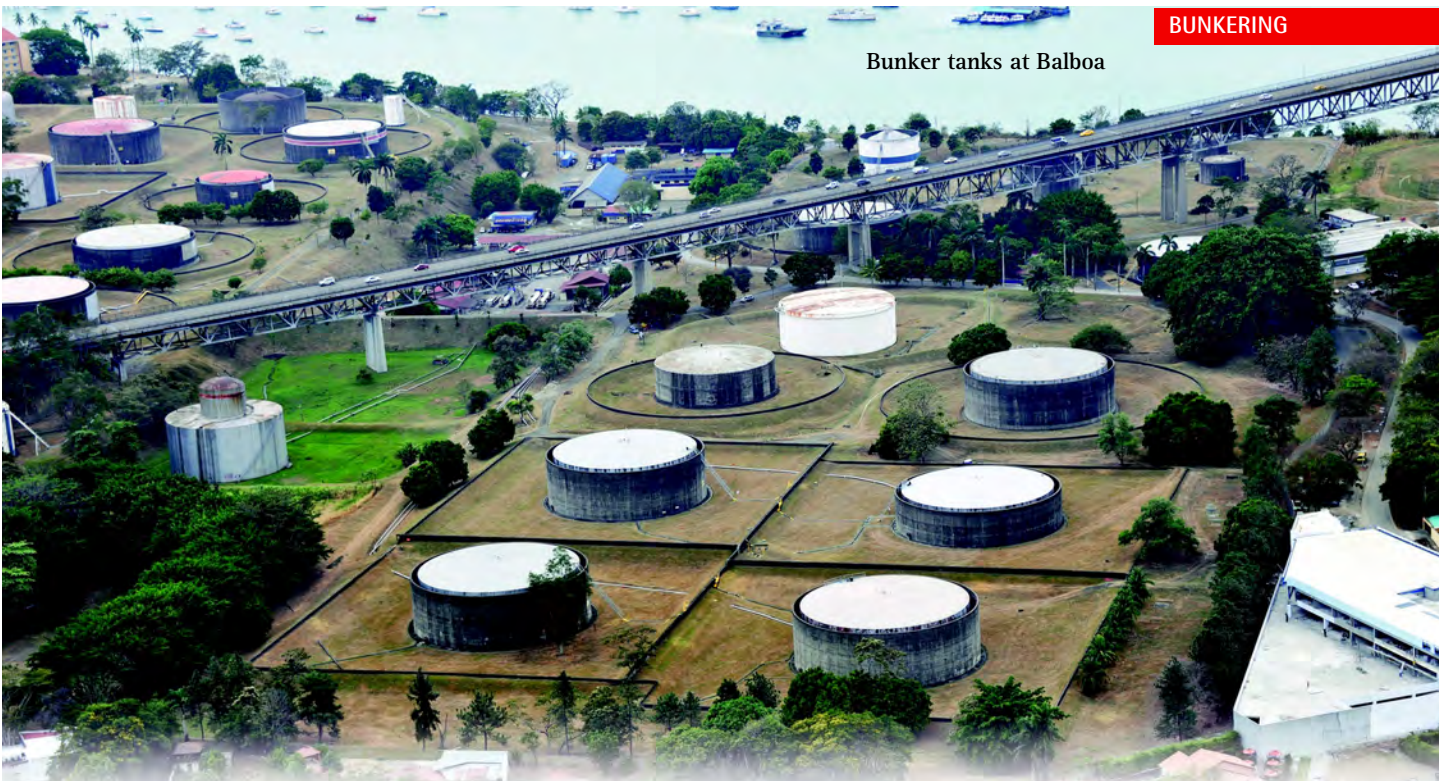


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Bunker tanks at Balboa



the ships before entering US waters.

In August 2013, the California Air Resources Board (ARB) has fined three international shipping companies a combined \$440,250 for failure to switch from dirty 'bunker' fuel to cleaner, low-sulphur marine distillate fuel upon entering Regulated California Waters, as required by state law.

About one-third of all ships transiting the waterway take bunkers on both entrances of the Panama Canal, with an average to date of between 4,500-5,000 vessels being served every year. Most of the bunker traded in Panama comes from Houston, Ecuador, sometimes Venezuela and the Caribbean.

The National Assembly passed in July 2013 Law 41 that limits the participation of foreign investors in certain maritime operations. The law stipulates that ships engaging in maritime auxiliary services must belong to a company in which 75% of the shares are in Panamanian hands. Critics of Law 41 say that it can affect seriously the market if foreign companies become reluctant to come to Panama, which 'may turn Panama into a second category market as major players will fear from more nationalising laws' says Digeronimo. The law 'acts upon the legal

stability and the investment companies have already made, dragging down the image of Panama,' he adds.

'In terms of general legislation, we think [Panama legislation] is standard. However, there is a lot of room to improve the bylaws, administrative procedures and licensing,' says Oiltanking gm, Alvin Amaya.

The international market is also suffering changes. 'Over the next few years we will see shifting dynamics in North America, in addition to other global economic and regulatory influences, which we already anticipate will impact the bunkering market,' Adrian Tolson, gm, OW Bunker North America, told a shipping newspaper. 'While many assume that the developments in Panama will see a major increase in local bunker consumption, there are still a considerable amount of unknowns, particularly as the widening of the Panama canal will see fewer transits. This could impact the volume of Canal bunkering, a significant amount of which is draft-dependent, as well as time-dependent,' he said.

'Panama must import all of its petroleum products so it will generally be priced higher than say the US Gulf.

Having said that, with state of the art facilities in place in Panama, cost difference will be less as vessels receive their fuel efficiently and without delay,' says Waleco Corporation president Steve Walling, who is also project manager of Telfer Tanks, the Atlantic terminal under construction. 'However, the cost of product is not the only factor that the ship owner must consider. For the shipping company crossing the canal, he must balance the revenue gained from taking on more cargo versus saving a few dollars on fuel. Most decide to maximise cargo, reduce fuel, transit the Canal, and then top off with fuel.'

On the Pacific side, the \$80m state-of-the-art Melones Oil Terminal, built on a 38,700sq mtr island 15km from the Panama Canal Pacific entrance, began operations in April 2013. The terminal, the first of its kind in the country, is a privately-owned company with a storage capacity of 2.1 million barrels for heavy fuel oil and diesel and it operates within a Tax Free Zone (OFZ). This state-of-the-art facility will increase the country's potential as a leader in the maritime industry, with

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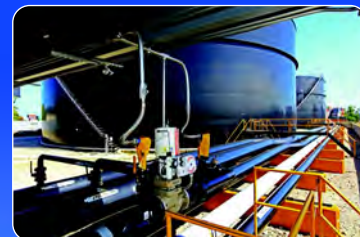
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the unique capability of handling Low Sulphur fuel oil (1%S) with a segregated system to cope with the demand of this new quality. Melones Oil Terminal, Inc. signed an agreement with SGS Panama Control Services Inc., a subsidiary of SGS S.A., to operate the facility.

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 2.23mbbls (356,500 cu 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. The present loading capacity has been boosted up to four x 750 tonnes per hr with PD pumps for IFO's and four x 350cu mtr per hr centrifugal for MDO. This will permit a loading capacity up to four barges at a time with maximum 3,000 tonnes per hr.

Tank storage provider Royal Vopak plans to build and operate 655,000cu mtr of independent storage capacity for oil products in Bahia Las Minas on Panama's Atlantic coast and construction is expected to begin soon.

In December 2010, Colon Oil and Services SA (COASSA), a 300,000bbls-

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. Oiltanking owns and operates 73 terminals in 22 countries and is one of the world's leading storage partners for oils, chemicals and gases.

'Currently our terminal has 300k barrel capacity and it's being expanded by adding 450k barrels. So, the total capacity will be 750k barrels, for fuel oil, marine gas oil, cutter and diesel, with a segregated system for LSFO. The expansion will be inaugurated on the 1st of October 2013,' says Oil Tanking terminal gm Alvin Amaya.

On the Atlantic side, Telfer Tanks, located in the Atlantic port of Cristobal, is a \$60m joint venture of international and domestic investors. It has begun construction of a 400mtr pier and 1.2m barrels of tank capacity, with a four-island-16 position, automated loading rack for truck delivery, which should be completed by end of April 2014.

'We are about 65% complete on the pier and about 70% complete on the tanks. Construction is scheduled to be complete by the end of April 2014 with a projected

opening for operations in July 2014,' says Steve Walling, Telfer Tanks project manager and president of Walesco Corporation. 'We have 775,000 bbls of marine fuels storage (fuel oil, marine diesel/gasoil, and cutter stock); we also have 400,000 of domestic fuels storage (auto diesel, gasoline, and jet fuel),' explains Walling. 'With our dedicated pier and state of the art facilities, we will be able to offer the bunker storage customer the best facilities at a competitive price,' he says.

'The next five years will be a period of consolidation as the old and inefficient facilities that cannot compete will be converted to other use. The longer term situation is bright for a company like ours that exceeds customer expectations and can quickly adjust as conditions change,' explains Walling.

In July 2011, NYSE-listed Aegean Marine Petroleum Network (AMPN) was granted 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. The company promised to invest \$7m over the next five years, but in 2013, AMPN ceded the concession to Panama Oil Terminal SA (POTSA). •



Bunker tanks at Gatun locks



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International logistics hub

Just a couple of years away from the inauguration of the Panama Canal's third set of larger and longer locks, Panama's maritime executives are pooling their efforts to make Panama an international logistics hub.

It is not easy since many components of the logistics sector are still absent or not well developed. 'It is something that can be achieved but will require government support,' says maritime consultant, David Taylor. It demands 'developing a coherent national plan for cargo logistics to include both the Atlantic and Pacific coasts, as well as all modes – road, rail, air and sea,' he explains.

The new government that will be elected in 2014 will have no time to spare addressing many of the issues involving the logistics sector, in particular the 'development of logistics space to support the opportunities available from so much traffic passing through Panama. A perceived shortage of land on the Pacific side needs to be addressed. For example, the government will have to consider the relocation of Albrook airport and connecting Panama-Pacifico (the former Howard Air Force base that is been developed by UK's London Et Regional) and the Canal West Bank by rail,' says Taylor. The problem of skilled labour is one of the hurdles that urgently need to be cleared.

While canal expansion is seen as a magnet attracting foreign companies wishing to set up regional headquarters in Panama, it seems necessary to go to the next step and improve the quality of maritime professionals, because companies have had a difficult time recruiting people across all areas of business: commercial, finance, technicians, and others.

The Panama's maritime industry is not only the Panama Canal, but an economic cluster that includes auxiliary services,

transshipment and suppliers. The maritime sector – comprised of the canal, terminals and ancillary businesses – represents 24% of Panama's GDP and weighs heavily on the country's economy, with some 200 companies registered in the sector.

In July 2013, the Panama Maritime Authority awarded concessions to develop berths for the auxiliary maritime industry on both the Atlantic and Pacific coasts. 'This will help this industry grow tremendously,' says Panama Chamber of Shipping president, Willis Delvalle. The Chamber of Shipping is 'very hopeful that once these new piers are built, the sector of auxiliary services will be able to expand significantly,' he says.

The new government that will be elected in 2014 will have no time to spare addressing many of the issues involving the logistics sector.

The Panama Pacifico economic zone, which is being developed with a master plan by London Et Regional-Panama has already seen some \$270m in investments. Panama-Pacifico is implemented in four phases and each keeps a balance so that the development residential, commercial, and industrial and tourism is balanced and meets the objectives of the master plan. The first phase of the project is executed in a period of eight years, five of which will include: The logistics park, residential development south of Farfan,

first stage of Business Park, a convention hotel and internal road improvements and infrastructure. Panama Pacifico is running within the system of strategic guidelines previous study prepared by the World Bank and the Panamanian government between 2001 and 2004, aiming at creating a platform to lead the country to a higher level of development.

To date, some 164 companies are operating in Panama Pacifico. The service and retail sector represents 30%; the maritime industry, 18%; and logistics companies account for 15%, of which 13% are high value-added industries and the remaining percentage corresponds to other economic activities. So, Panama Pacifico has recorded an estimated 20% advance in global development with the project having a life-time of 40 years, the implementation strategy must be achieved on 25-30 years.

The developer and the state's counterpart have set the goal to bring in the regional and international markets the brand 'Made in Panama' and are focused on attracting manufacturing companies with high added value.

The manufacturing cluster has companies such as Samtec, Caterpillar and 3M, among others. Samtec, global manufacturer of all kinds of high-speed connectors and power products for electronics, established in Panama Pacifico in 2010 as part of its overall strategy to strengthen its position in Latin America. Founded in 1976, the company occupies an area in the PanAmerica Corporate Centre South, located next to the Boulevard of the Americas.

Meanwhile, on 14 June 2103, the multinational 3M opened its distribution centre and manufacturing hub for Central America and the Caribbean with an investment of \$52m, of which \$13m



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were in various manufacturing processes. With over 40 years in Panama, the company has a four-year aggressive expansion plan that has led to establish its regional offices in Panama Pacifico.

The services cluster includes storage companies, distribution, land and sea transfer, money orders and cold chain inventory, among other activities, in addition to medical, pharmaceutical and food companies. And companies that provide services to ships, such as catering, cargo and repairs.

The Panama Pacifico Logistics Park is divided into two areas, logistics and light manufacturing with spaces ranging from 1,500sq mtr to 3,000sq mtr and meets the needs of businesses. In addition, the infrastructure has the capacity to meet all electricity needs.

In 2009, Caterpillar began the construction a \$25m regional training centre in Panama which is in its final stages of construction.

In the next three years, say logistics experts, Panama's logistics parks will require all kind of technicians to



operate warehouses, equipment and inventories. Many companies' managers believe that local universities giving diplomas in logistics, form students without a minimum of experience who require immediate training and practice when they are contracted. But without skilled personnel and fluent in English, the sector cannot grow, say Daniel Isaza, president of the Logistics Business Council.

As international and regional competition are fierce, Panama 'must

present an attractive logistics package which has to include, ports, integrated logistics parks, an adequate custom legislation and proper quarantine to develop an international logistics hub,' says one expert. It is not sufficient to have space in logistics parks administrated by the private sector, cargo in the terminals and the connectivity; the government also must do its part and quickly to take advantage of the 'window offered by the expansion.' The boat cannot be missed, he concludes. •

IIASA Maritime – Caterpillar dealer

IIASA started operations in 1924 in Ecuador, becoming the first Caterpillar dealer of Latin America and Canada. Since its beginning, IIASA has concentrated its business in products and services oriented to the development and infrastructure for several industry segments such as construction, oil, marine, mining, electric power generation, agriculture, amongst others, and an active player in the development of Panama. Its outstanding product support has allowed the company to be market leaders in each industry segment. In September 2011, IIASA began operations as a Caterpillar dealer for Panama and moved its headquarters to Panama City.

Showing its commitment to Panama, IIASA has invested in the new facility located in Panama City with a total area of 10 hectares. In addition, it has operating branches in David, Aguadulce, Arraijan and Coclesito and also has a compact equipment branch that operates in Via Tocumen, Panama City.

IIASA has an extensive experience in the marine market and has been a key player in the development and growth of the fishing and marine tourism industry in Ecuador. As for Panama, IIASA is a true believer that the country offers great opportunities in the marine market, which has not yet been attended properly.

As Caterpillar's exclusive dealer for Panama, IIASA offers a wide range of Caterpillar marine products for all sectors:

commercial, government, pleasure craft, etc. The typical applications, though not limited, are: freighter, tugboats, bottom trawlers, deep river tugboats, mid water trawlers, crew and supply boats, tow boats, offshore patrol boats, commercial fishing boats, displacement yachts boats and yachts.

The main propulsion marine diesel engines are available on Cat portfolio from 125 Brake Horsepower (BHP) up to 6,598 BHP; marine diesel generator sets starts from 13.5 Kilowatts (kW) up to 4,840 kW; auxiliary engines for diverse applications are also available on Cat's product line portfolio.

IIASA's marine strategy aligns with its mission: To become an engine for the development of the country by providing the industries; the best equipment; the best product support and the best product training. IIASA's commitment is to provide innovative solutions that add most value to products and services.

Thanks to a stock of over \$16m, the company has a parts-availability of 91%. In addition, some 130 specialised technicians provide the knowledge needed to keep the equipment operational and productive. IIASA is constantly increasing the number of its technical human assets in order to provide a 24/7 technical service.

As a world-class Caterpillar dealer,



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IIASA operations are based on the following pillars: quality processes that will ensure greater efficiency and effectiveness in daily operations; environmental protection to ensure sustainable and responsible growth; and occupational health & safety of its employees, which helps minimise risks and improving quality and productivity. For this and much more, IIASA is the 'Team of Progress.'



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A number of companies have initiated operations in the economic free zone of Panama-Pacifico

Stable and growing economy

Panama's cluster of maritime services – from the Panama Canal and container terminals to its business-friendly environment attracting logistics companies and shipping services of all kinds – has grown constantly contributing 24% of Panama's GDP and substantially to the country's economy.

For more than a century, the maritime sector has benefitted from the nation's geographical position as many companies established during the construction of the waterway will later offer supplies and services to the vessels transiting the Canal. More recently, logistics firms lured by Panama's transshipment hub have come to the Isthmus to profit from a stable and growing economy.

The government has also formed legislation to give tax incentives to multinationals establishing regional headquarters in Panama, while a great number of companies 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. Since 2000, the former US military installations 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.

Currently, the Panama Canal is exploring new business opportunities that will add value to the Panama route. The Panama Canal Authority (ACP) is completing studies for the construction and operation of an additional container

port facility on the Pacific side. This new port in the Corozal area would have a capacity of five-million teu. 'We are also studying the possibility of building a roll-on roll-off (ro-ro) facility and logistic park on the Pacific side,' says ACP administrator,

New business endeavours seek to strengthen Panama's logistic capacity, maintaining the competitiveness of the route and making the waterway more attractive to our customers as a one-stop gateway to multiple services.

Jorge Quijano
ACP administrator

Jorge Quijano. 'Additionally, we are also initiating studies of a container-on-barge service across the canal, ship repairs for New-Panamax vessels, and even establishing an LNG Bunkering station to service those vessels, which eventually will

convert to LNG fuel systems. These new business endeavours seek to strengthen Panama's logistic capacity, maintaining the competitiveness of the route and making the waterway more attractive to our customers as a one-stop gateway to multiple services,' he explains.

The Panama Chamber of Shipping (Camara Maritima de Panama, www.camaramaritima.org.pa) is an important actor on Panama's 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.

Its membership with more than 180 companies is in constant growth because of a number of new companies, foreign and national, that have opened shop in Panama in recent years. The Chamber of Shipping includes companies all related to the maritime-port activity and comprises the largest shipping lines in the world and main users of the Panama Canal, such as Maersk Line, COSCO, Evergreen, MOL, APL, China Shipping, Seaboard, CSAV, Crowley Liner Services, CMA-CGM among others having offices in Panama and operating Panamax vessels, tankers, reefers and bulk carriers. Not only all the ports companies administrating terminals in the country are members of Chamber of Shipping but also foreign members such as the Ports of Houston and New Orleans.

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



election in July 2013, brought back almost the same board of directors than the previous, formed by president Willys Delvalle, general manager of APL-Panama. He is accompanied by Javier Ortiz, first vice president, from Decal-Panama; Daniel Isaza, second vice president, Interoceanic Cargo Carrier; Jose Digeronimo, treasurer, VT Shipping; Juan Carlos Croston, secretary, Manzanillo International Terminal; Jocelyne Anchor, International Repair Services, director; Capt. Orlando Allard, RTI Latin America, director; Vikash Deepak, MERCANSA, director and Nicolas Vukelja, director for Terramar.

The AMP has awarded concessions to develop berths for the auxiliary maritime industry on both the Atlantic and Pacific coasts.

Its membership has been in constant growth because of a number of new companies, foreign and national, that have opened shop in Panama in recent years. 'We have worked hard on strengthening the image of the Chamber of Shipping and hopefully it has paid off. We have more than 212 members which we never thought could be possible. The members are getting more involved than ever in the different committees and providing their expertise in their respective areas. Our relationship with the ACP and other Government institutions is very strong and we're working closely with them in various areas of mutual interest,' says its president, Willys Delvalle.

The cluster is thriving and many new and more sophisticated services are offered to transiting ships and to ships calling on ports on the Atlantic and the Pacific terminals than ever before.

'Our work [as president] in Education is what I am more proud of,' says Delvalle. 'The Education committee did excellent work participating in various workshops as speakers and promoting the maritime industry at Colleges and schools around the

country. We have also signed agreements with the Ministry of Education, the Maritime University, the Panama Canal Authority and others to promote and work on education programmes with emphasis on shipping. The great news is that this committee (Alexei Oduber, Hamburg Sud; Luciano Fernandez, CMA-CGM; Bradle Bingham, King Ocean; Juan Price, TOPLIS) continues for another year with the same members, all highly motivated,' he explains.

The Panama Maritime Authority has finally awarded concessions to develop berths for the auxiliary maritime industry on both the Atlantic and Pacific coasts. 'This will help this industry grow tremendously,' he adds. The Chamber of Shipping is 'very hopeful that once these new piers are built, the sector of auxiliary services will be able to expand significantly. We have a committee that is meeting with both companies in order to make sure that they build the right infrastructure for the needs of this industry.'

The Chamber of Shipping's goals are to 'continue working hard on education, continue working with the government on the Logistics Council (Consejo Logistico), promoting the creation of a governmental figure that knows, sleeps, eats, drinks and lives 'logistics' with a presence in the Cabinet Meeting that will help consolidate this industry, which we believe is the only opportunity for Panama for the future.' At this stage it is of utmost importance to have logistics services in place that are attractive to the retail business and other major industries to expand the domestic maritime sector once the Panama Canal is expanded in 2015.

An issue is still pending between the Chamber of Shipping and government authorities, which is the use and cost of scanners. At the time Panama Maritime Review goes to print, the Customs Authority will be debating how much should be charged, for the use of scanners, to each container arriving in Panama and who should accept the cost. Many consider that the government should bare the costs and it not be charged to a third party. 'Any additional expense to the cargo affects the logistics chain. This is a very sensitive service and any expenses scares away customers. We need to look for ways to be cheaper than other locations in order to attract this business,' says Delvalle.

Every two years, the Chamber of

Shipping, together with the Panama Maritime Law Association (PMLA), co-organises the successful Panama Maritime Conference. Panama Maritime XI took place February 27 to March 1, 2013 at the Megapolis Convention Centre. The president of the organising committee was lawyer Tomas Avila, a former president of the Panama Maritime Law Association. Panama Maritime XII will be organised by the Chamber of Shipping in 2015 in co-operation with the Panama Maritime Law Association, with Capt. Orlando Allard presiding the Organising Committee.

Bunkering

Panama bunker sector has grown in storage capacity equipped with modern installations, to be ready for the first commercial transits of the expanded Canal in 2015. It has also become an important sales centre as new players have arrived on the market.

Bunker delivery in Panama is 98% barge delivered. A few firms engage in spot deliveries.

Panama's bunkering sector has attracted substantial investment in recent years with the construction of new terminals, expansion of the existing facilities and the purchase of modern barges to respond to the double-hull legislation that was implemented in Panama June 2012. Experts of the trade estimate that over \$1.5bn had been invested in the sector since Panama started its preparation for 2015 when the third lane of the Panama Canal will begin operations.

It has been ten years since the opening of the market – with new regulations including the creation of petroleum free zones for tank farms and suppliers and the institution of operational licences for delivery barges – that brought in domestic and international new players. Storage capacity reached 20m bbls in 2013 and will increase next year with the inauguration of new projects.

Panama bunker sales grew by 1.78% to 3.45m tonnes in 2012, servicing 5,163 vessels compared to 3.39m tonnes in 2011 and 4,810 vessels according to statistics published by the Panama Maritime Authority (AMP). For the period January to May 2013, sales increased slightly by 0.69% to 1.49m tonnes with a decrease of 1.92% in the number of vessels taking bunker to 2,089 compared to 2,130 a year before with an average of 26 barges operating on a monthly basis. Bunker delivery in Panama is 98% barge delivered. A few firms engage in spot deliveries.

Panama's major bunker suppliers are Chevron, BP Marine, AEGEAN, Chemoil, CEPESA, Ow Bunker, Bominflot, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel.

New investors have concentrated on building new facilities. Decal, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr), is being increased by 181,500cu mtr, to a new total capacity of 2.23mbbls (356,500cu mtr) in one tranche. The on-going expansion consists of the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions. The present loading capacity has been boosted up to four x 750 tonnes per hr with PD pumps for IFO's and four x 350cu mtr per hr centrifugal for MDO. This will permit a loading capacity up to four barges at a time with maximum 3,000 tonnes per hr.

New investors have concentrated on building new facilities.

In December 2010, Colon Oil and Services SA (COASSA), a 300,000bbls-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. Oiltanking owns and operates 73 terminals in 22 countries and is one of the world's leading storage partners for oils, chemicals and gases. 'Currently our terminal has 300k barrel-capacity and it's being expanded by adding 450k barrels. So, the total capacity will be 750k barrels, for fuel oil, marine gas oil, cutter and diesel, with a segregated system for LSFO. The expansion will be inaugurated on the 1st of October 2013,' says Oiltanking Terminal gm, Alvin Amaya.

On the Pacific side, the \$80m state-of-the-art **Melones Oil Terminal**, built on a 38,700sq mtr island 15km from the Panama Canal Pacific entrance, began operations in April 2013. The terminal, the first of its kind in the country, is a privately-owned company with a storage capacity of 2.1m barrels for heavy fuel oil and diesel and it operates within a Tax Free Zone (OFZ). This state-of-the-art facility will increase the country's potential as a

leader in the maritime industry, with the unique capability of handling Low Sulphur fuel oil (10%S) with a segregated system to cope with the demand of this new quality. Melones Oil Terminal, Inc. signed an agreement with SGS Panama Control Services Inc., a subsidiary of SGS S.A., to operate the facility.

Tank storage provider **Royal Vopak** plans to build and operate 655,000cu mtr of independent storage capacity for oil products, in Bahia Las Minas on Panama's Atlantic coast. Construction is expected to begin soon.

On the Atlantic side, **Telfer Tanks**, located in the Atlantic port of Cristobal, is a \$60m joint venture of international and domestic investors. It has begun construction of a 400mtr pier and 1.2m barrels of tank capacity, with a four-island-16 position, automated loading rack for truck delivery, which should be completed by end of April 2014.

'We are about 65% complete on the pier and about 70% complete on the tanks. Construction is scheduled to be complete by the end of April 2014 with a projected opening for operations in July 2014,' says Steve Walling, Telfer Tanks project manager and president of Walesco Corporation. 'We have 775,000 bbls of marine fuels storage (fuel oil, marine diesel/gasoil, and cutter stock); we also have 400,000 of domestic fuels storage (auto diesel, gasoline, and jet fuel), explains Walling. 'With our dedicated

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pier and state of the art facilities, we will be able to offer the bunker storage customer the best facilities at a competitive price,' he says.

In July 2011, NYSE-listed **Aegean Marine Petroleum Network (AMPN)** was granted 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. The company promised to invest \$7m over the next five years, but in 2013, AMPN ceded the concession to **Panama Oil Terminal SA (POTSA)**.

Tesoro Corporation executed a throughput agreement on December 16, 2008, for the transportation of crude oil in the pipeline owned by **Petroterminal de Panama (PTP)**. Tesoro will ship 107,000 barrels per day of crude through the pipeline under a seven-year agreement. In addition PTP has agreed to build new dedicated tanks for Tesoro on both sides of the Isthmus of Panama.

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. **Shell Marine** products has entered the bunkers market along with Singapore-listed **Chemoil Energy Limited**, and

Star Tankers entered the market in 2011 and provides customers with double-hull barges

Canada-based **Triton and CEPASA**.

Although Panama is not the only port offering LSFO, most terminals have special tanks for those products distributed now by the major suppliers. CEPASA-Panama is supplying LSFO since August 2012 and 'we have had very good performance as we can segregate three different products – LSFO, HSFO and LSGO – on one barge and attend three products delivered in one time and with just one barge charge,' says CEPASA gm, Javier de La Rosa.

Mexican government-owned **Pemex International** entered the Panamanian market in 2007 by forging an alliance with local storage. The Mexican company stores 1.32m barrels of fuel oil at **AEGEAN /PATSA** facilities on both sides of the Panama Canal, from which it will provide marine fuel to major distributors in the region. Also two new companies **PetroBunker** and **Petroport** have entered the market in 2008 and have built storage tanks.

Panama established June 1, 2012 for the limit date for all tankers operating with a single hull and navigating in Panamanian waters, according to the International Convention for the Prevention of Marine Pollution (MARPOL) Regulations 20 & 21.

Trading Tankers and Interoceanic Supply Services (ISS) are now trading bunkers in the region.

VT Ships entered the market in October 2009 and operates two double-hull barges for BP on long time charters, the 4,198 tonne **Venray** and the 2,900 tonne **Vaals** (Clean MDO/Black HFO).

Compañía Marítima de Panama S.A. (CMP) (www.cmpgb.com) provides oil to its customers abroad the Caribbean, Central and South America, giving **Compañía Marítima de Panama** the experience on international oil trading as well.

Star Tankers entered the market in 2011 and provides customers with modern double-hull barges.

Interoceanic Supply Services Corp (ISS) entered Panama's market in December 2007. The company has five barges, situated on each side of the waterway. The vessels are, at the moment, the fastest in Panama delivering 600/tonnes per hour when Panama's bunkering fleet averages 300 tonnes/per hour. In 2013, ISS bought two new barges. **Great Portobelo** with 40,000 bbls and a very successful loading capacity was bought this year to renew the fleet and it was converted double hull in Cartagena, Colombia. **Great Darien Supply Boat** with 5,000 bbls capacity is expected to be sent to **Astivik Shipyard** in Cartagena soon, for intermediate dry dock. This supply boat will only transport



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MGO (Marine Gas Oil). In addition, ISS owns Great Balboa (double hull); Great Gatun (double hull); and Great Panama (double hull) as well as the supply boats or tugboats: Great Darien- Great Diablo-Great Coiba.

'In 2013, the market has being affected negatively and the bunker sales have diminished this year. That was the reason why ISS purchased only two barges this year, the 'Great Portobelo' and the 'Great Darien', mainly to replace barges that went to Cartagena for dry dock. ISS is the fastest growing company in the market and has being steadily growing since it began operations in 2008. But it is true to say that 2013 has not been one of the best years in bunker fuel deliveries,' says InterOceanic Supply Services (ISS) gm, Hugo Torrijos Dajer.

'However, we feel confident that providing a quality services and a client-oriented-service we will keep our steady growth in the local market and by the end of 2013 and for 2014 we expect bunkers sales to grow,' he adds.

Chandlery

Several new companies have entered Panama's chandler market attracted by future opportunities with the Panama Canal expansion, transforming the sector into a very competitive market where chandlers have had to 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 second market while the supply of materials to make small ship repairs on board is leading the sector. There are still a few shipping agencies that maintain the tradition of supplying provision and stores, but the number is decreasing every year leaving the agencies to attend strictly maritime affairs.

Chandlery 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.

The cruise market is 'very competitive and demanding' ship chandlers say, as most

cruise vessels buy the large majority of their products in the US. However, 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.

As it may be remembered from earlier years' submission of the Panama Maritime Review, Centralam Panama, S.A. is amongst the oldest and most recognised players in the chandlery business, and undoubtedly also one of the most experienced and well consolidated trend-setters when it comes to improved standards and benchmarking within this segment of the maritime service industry.

The company is still strategically and conveniently located inside the processing zone at Corozal West with less than a 10 minutes' drive to the gate at the Port of Balboa and five minutes from the toll-road connecting the Pacific side of the Isthmus with the Caribbean entrance of the Canal and the many different port and terminal facilities in the Colon area. In addition to its main base at Corozal West, Centralam Panama, S.A. still maintains a down-scaled operation in the Colon Free Zone as an emergency front post enabling them to attend urgent ad-hoc requirements for the customers on the Atlantic side.

'After a single year with reduced sales and a couple of years with stagnation and limited growth, the business seems to be gaining momentum,' says Centralam Panama, S.A.'s general manager, Erik Moller Nielsen, a graduated Danish Master Mariner, who has been at the helm of the company for 14 years and as such survived the recent roller-coaster years. 'Our main base of very-very loyal and long-term customers, many European, seems to appreciate our efforts and business philosophy. Their continued support combined with a highly skilled and hard-working team of key-employees has certainly helped us weather the storm in a way whereby our position as one of the market leaders has been maintained, and we are for obvious reasons most obliged to see the continued support from old and new customers has even

increased in a way whereby our recent mid-year book closure ended well above the same period of 2012,' he explains.

Capt. Nielsen continued to explain the diversified crew of different ethnic origin and multi-cultural heritage sometimes makes it quite challenging to meet the individual vessels' demands nowadays, when it comes to the different products to be supplied to a single vessel, where a client for instance asks for supply of both kosher products and halal slaughtered meat plus good and genuine pork-chops and the shared fish for today's multi ethnic crew combination on-board a single vessel.

'It must indeed have been easier back then, when the cook could satisfy the taste of each and every crew member by serving roast pork and potatoes with ice-cream as dessert for Sunday dinner,' Capt. Nielsen says, with a smile.

'Panama still has a lot of brilliant opportunities to be developed within the maritime sector,' he continues. However, and according to Capt. Nielsen, 'it remains to be seen if these opportunities can and will be developed to full extend in order to capitalise as much as possible, because although Panama tries to promote itself as a hub for any type of maritime services, the fact is, the country is still unable to provide the wide range of required services and associated facilities at the required levels without third-party investments and expertise from abroad. Due to lack of complete transparency and straight forward business practices, this situation forces a wide range of foreign investors to keep Panama as a 'maybe' with regards to investments and expansion of their activities, because the relevant government authorities are unable to give the required guarantees and also unable to provide the associated facilities, which are certainly 'a must' if the country really wants to take full advantage of its vast potential with close to 14,000 Canal transits and vessels' calls at the different port installations.'

With regards to the future of Centralam Panama, S.A., Captain Nielsen is indeed confident the company will still be around next year and probably a few more to come. As a closing remark, when jumping

Ship chandlers say the cruise market is very competitive and demanding





Colon Free Zone houses Mercansa's 7,000sq mtr warehouse

on the fork-lift to assist the employees with the loading of 12 pallets shrink-wrapped assorted provision, deck and engine stores to a vessel at Balboa Roads, he says: 'Everyone nowadays promotes themselves as one-stop-shopping providers, which indeed is fantastic. In order to maintain our competitive advantage, we have taken a slight distance from this common philosophy, and instead concentrated our efforts on being innovative and more importantly to just try to be the best.'

MEC Stores is one of the companies of the holding company MEC Group, dedicated specifically to ship chandlery. The company came to existence seven years ago, when the need to supply stores and equipment to vessels was identified as a legitimate need for regular customers.

With the technical background of the ship repairs, MEC Stores build very quickly a reputation of reliability in the industry, gaining ground on older, more established competitors with their commitment to quality and speed. The company became a breath of fresh air in the industry, thinking outside the box, providing bilingual boarding officers, complementary launch service and cold chain improvements, among many other features.

Along the way, MEC Stores expanded its business spectre and became the preferred choice for the largest catering companies around the world, but mainly in Germany, UK and India. This new venture increased the company's popularity, which at one time, found it making between 100 and 120 supply calls per month on all ports and anchorage in Panama.

The success that MEC Stores had brought with it several representations, including CSMEC, the largest Chinese company of supplies for the shipping industry, Thordon Bearings, International Paints, along many other foreign companies. This year, since the opening of the Balboa Shipyard, the company started focusing on the needs of the vessels arriving at the facilities, therefore changing the scope of supplies from general ship chandler, to technical marine stores

distributor, giving the shipyard clients a true one stop shop for all their needs.

All vessels coming to the dry dock have taken full advantage of a technical supplier on site, sorting all sorts of chandlery through MEC Stores. This new approach has been met with rave reviews of purchasing and technical managers alike, as the supplies take mere minutes to occur from the moment the purchase order is placed, to the moment it is delivered. This is thanks in large part to the ample stock of items available – almost 4,000 different stock keeping units – from a great variety. Basics stores like working gloves, boiler suits and washing powder are on stock among the very popular grating plates, zinc anodes, life rafts and mooring ropes, giving the company one of the largest, most complete stocks in the area.

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. In 2012, MERCANSA joined the International Marine Purchasing Association (IMPA).

To better cope with their growth, MERCANSA has expanded their facilities in Panama, moving into a brand new MERCANSA building in Panama City and had simultaneously opened a new show room in the Panama City meant to complement their warehouses. The MERCANSA Panama City show room offers a place to showcase and market the company's variety of products and customers can visit and see for themselves the numerous products on display. It basically serves for exports of the brands MERCANSA represents in Latin America.

MERCANSA holds over 4,500 references in a 7,000sq mtr warehouse in the Colon Free Zone 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. 'We also have signed a new exclusivity for the brand DRAEGER for the marine and industrial sectors. This brand offers everything from gas detection systems to life safety products,' says MERCANSA ceo, Vitash Deepak.

As the company has increased sales into the South America and Caribbean marketplaces, MERCANSA brings the following services throughout two recently formed 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 suits 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 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.

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

Tagaropulos International was the first ship chandler business in Panama and its creation dates to the opening of the waterway in 1914. From a small operation at that time, it has become today one of the largest ship suppliers with a 1,500sq mtr, three-story building in the Colon Free Zone where this company works on a 24-hour basis.

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 are looking for, at the colonial-style building in Balboa near the Panama Canal. Islamorada International is

now a landmark for nautical bookstores in Latin America. The company, created some forty years ago by the present owner, is a treasure trove, 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

selling well,' said Critides.

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,' explained the owner.

Islamorada International, classified as an International Chart Agent (UK Hydro Graphic Office) and appointed distributors of US (NIMA and NOS) and New Zealand hydro graphic products, has a staff of fully



Islamorada's Jason Critides

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,' explained 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 option for vessel entering US waters, where there are stringent regulations on keeping your chart folios up to date. They have been

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 explained. In recent years, the Admiralty launched

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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. 'We work closely with the UK Hydrographic 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.

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.

Dredging

Dredging International (DEME Group/DI) from Belgium has been involved in the Panama Canal expansion projects since its beginning.

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

Royal Boskalis Westminster N.V.

Royal Boskalis Westminster N.V., a leading global maritime services company operating in the dredging, offshore energy and inland infra sectors, has been continuously present and active in the isthmus with dredging projects since 1989. Through its subsidiary company Boskalis Panama SA they have won a series of contracts and works for the private port concessionaries, port operators in Panama during the last decades, but has also executed a couple of dredging works in the past for the Panama Canal Authority (ACP) and more recently completed the construction of the first artificial island in the Americas for Grupo Los Pueblos.

In particular, Boskalis won the one-year ACP tender for chartering a mechanical dredger with the backhoe Cornelius fully equipped with crew that finished in November 2011 and was awarded another charter contract that ended January 2013. 'The ACP rented the equipment including crew, instructed us where to dredge and we did it,' says Boskalis Panama gm, Bart Roeleveld, a civil engineer with 15 years of experience with Boskalis.

Boskalis wrote history with the design, build and finance of the first artificial residential island in the Americas. The project began early in 2011 and that was concluded 'on schedule' in February 2013. Currently, Boskalis and their client are optimising the design and work method for the second island in order to reduce costs by improving the loading, transport and installation of the rock in combination with the sand supply works for the second island. 'We are optimistic about the second island and hope to commence with the construction early 2014. Since our client is responsible for the rock production it is of utmost importance to optimise the design and work method together with our client.

Especially since at least five different types of rock grading will be used. The rock will be produced in Vacamonte and will be transported by split hopper and flat top barges to the Island. This method has been selected to reduce the inconvenience to the already congested roads in Panama City to an absolute minimum.'

The entire project created by the Panamanian renowned real estate company Grupo Los Pueblos, consists of two artificial islands located offshore next to the residential neighbourhood of Punta Pacifica, in the bay of Panama and will be completed with a marina. The first island features approximately 75 lots already practically sold out and is linked to the shore by a bridge. 'The island's sale of lots is a success and now palm trees are being planted which will

submarine sand concessions and the second island will have similar characteristics of construction.

Meanwhile, Boskalis is working for Panama Ports Company in the port of Balboa. These works are expected to be finished by August 2013. In January 2013, Boskalis was awarded a contract for the soil treatment of a four hectare container yard as part of the port expansion Phase 4 Civil Works. 'First we levelled the four hectare area and installed our containment dikes. Meanwhile we mobilised the 12,000cu mtr capacity-hopper dredger Gateway from Trinidad in order to supply some 150,000cu mtr of sand' explains Roeleveld. In order to shorten the consolidation time of the existing layer of clay underneath the supplied sand,



give the green touch,' says Roeleveld. The second island is slightly smaller, its construction will take around two years.

The concluded 10 hectare first tranche of the project consisted in dredging of soft material and the placing of a surrounding rock dike to retain the sand for the island. The dike was formed by 700,000cu mtr of rock and filled with 1.4m cu mtr of sand compacted by vibroflotation. The sand has been borrowed from existing

wick drains were installed by Boskalis' COFRA, which is a company specialised in soil treatments like wickdrain installation and dynamic compacting techniques.

'There is a lot of commercial activity and big projects coming on in the region. In Panama and the Caribbean most of the container ports are planning to expand in preparation for 2015, when the Canal expansion is concluded. We are very interested in these expansion contracts,' says Roeleveld.



Dredging Gatun Lake

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 currently under execution in the Americas. The scope of work includes dredging 9.1m cu mtr from 14.2km of the canal, from its entrance at the Amador Causeway up to the Miraflores and new locks sites, making of Dredging International's scope a vital part of the \$5.25bn expansion programme. DI's split the project into eight sections that would be 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 has deployed nine 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 include 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. Built at a cost of \$25m by Chinese blast company Yuan Dong, at Ningbo shipyard, the vessel has ten integrated towers and the capacity to blast up to 60,000cu mtr of rock a week.

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.

In June 2010, the Panama Canal 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 is one component within the ACP Fresh Water Dredging and Excavation Project for the Canal expansion, which includes the dredging and/or excavation of about 30m cu mtr in the 425sq km Gatun Lake and Gaillard Cut.

Belgium-based Jan de Nul n.v. is one of the companies that form the consortium Grupo Unidos Por el Canal (GUPEC) which was awarded the \$3.2bn contract for the

construction of the third set of locks.

Jan de Nul was awarded by the Panama Canal Authority the Atlantic entrance channel dredging with a bid of \$89.6m to remove about 14.8m cu mtr, plus dry excavations of 800,000cu mtr. The area extends 13.8km and the Belgium Company will have to deepen the existing entrance to -15.5mtr and widening it to a minimum of 225mtr from the present 198mtr width, while the north approach channel to the future new locks will also be widened to a minimum of 218mtr. JDN has also been awarded an option to dredge another 2.3m cu mtr to increase the depth from -15.5mtr to -16.1mtr. The dredging of the Atlantic entrance was concluded in 2013.

All the dry excavations on the Atlantic side were carried out by Jan De Nul-Constructora Urbana (CUSA) acting as subcontractors for Grupo Unidos Por el Canal (GUPEC) which called a tender in September 2009 and awarded it in March 2010. The works require excavating 14m cu mtr after having filled the excavations made by the US Corps of Engineers in 1939 on the Pacific side, over which the water saving basins will be built, and 5.2m cu mtr for dredging the approach channel of the Atlantic side. The design changed slightly in proportions but the total amount remains the same.

The Panama Canal Authority (ACP) Dredging Division. The dredging work for the canal modernisation programme is

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being performed simultaneously with the expansion dredging and should be completed in 2014. Meanwhile, the ACP completed deepening the Gaillard Cut, the narrowest part of the waterway, which is being done by the ACP as it is most experienced to safely work around transiting vessels.

In addition to the dredging work in Gatun Lake, the Gaillard Cut-Gatun Lake expansion dredging project, which is to deepen to an elevation of 9.14mtr above sea level and widen the navigation channels in Gatun Lake and Gaillard Cut to a minimum width of 218mtr, is expected to be concluded by the third quarter of 2014. As part of the expansion programme, the Gatun Lake level will be raised by 0.45mtr to 27.1mtr and will provide additional water storage capacity to make nearly 800 additional lockages a year.

The ACP has added over 300 employees to its Dredging Division to perform the remaining dredging with the existing and

new equipment.

In house-works are aided by a backhoe excavator, new dredge ALBERTO ALEMÁN ZUBIETA, which arrived to the Panama Canal on January 2013, and the 11,787kW stationary cutter suction dredger QUIBIAN I, which arrived in the year 2011. Both dredges were built at IHC Merwede shipyard in the Netherlands and were put immediately to work on the Expansion Programme.

The addition of the new backhoe dredge in 2013 to the ACP existing fleet has increased the ACP ability to effectively dredge as part of the Expansion Programme and future maintenance projects.

Rotterdam-based, Netherlands, Van Oord (www.vanoord.com) took the strategic decision to locate a permanent office in the region three years ago 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 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 for 2011-2015 has included a 1bn euros 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.

'We believe that the future for dredging in Central America in the short to medium turn is bright, albeit somewhat hard to

Intercoastal Marine Inc. (IMI)

Intercoastal Marine Inc. (IMI) (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.

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.

Additionally, IMI partners have brought tremendous depth to the organisation on the field by providing access to qualified civil, safety and environmental engineers and as well specialised crane and equipment operators and mechanics. By combining years of regional experience with the views of its parent companies, IMI continues with a recipe of successful performance to its clients.

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.

In terms of work, IMI recently completed the supply and installation of the remote beach landing facility for our client Minera Panama S.A. The Minera Panama Project is considering a priority for the country and IMI has



Melones Oil Terminal

done its part and will continue its commitment. This project represented a real challenge due to the adverse weather conditions of the area. As of today, IMI continues the administration of this port facility in Punta Rincon to the level of client satisfaction.

Additionally, during the last 15 months, IMI has successfully accomplished the task of a new ocean freight project for Minera Panama that consists on moving approximately 2,000 tonnes of heavy equipment, explosives, ported camps, fuel and construction materials of all kind from Samba Bonita to Punta Rincon, Colon. IMI operated and supplied all the landing crafts, tugboats, barges and rafts.

Another project for the IMI organisation to be proud of recently is the completion of the Melones Oil Terminal on Panama's Pacific coast. This project consists on the construction of 345mtr pier with a 127mtr connecting trestle to the island. The water depth in the area was over 30mtr with a solid

rocky bottom creating a challenged to drive the 77 pre-drilled pre-stressed concrete piles.

IMI is an equipment intensive company. It offers a large series of heavy cranes that range from 12 tonnes to 300 tonnes and recently bought our sixth 2,100hp, 25 tonne bollard pull-tug boat that just arrived in Panama.

IMI has the commitment to continue with the best safety practices in the industry by employing safe and proper training procedures for its workers in a continued basis. Its safety officers, which report directly to the general manager, are very proactive on reviewing all the safety procedures and updated them on a regular basis.

As part of its values, the IMI family has always devoted some of its time by contributing actively and voluntarily to non-profit organisations. By combining social responsibilities, great team work spirit and professionalism, IMI continues to deliver the best value for its clients and the society.



predict. Upon completion of the expanded Canal, throughput will undoubtedly increase exponentially. In turn this will attract a lot of new business both in Panama as well as in its neighbouring countries,' says Mark Roelofs, Van Oord area manager. 'This business in turn will require the appropriate infrastructure and Van Oord as a leading international contractor specialising in dredging, marine engineering and offshore projects, is very capable of designing and constructing that required infrastructure,' he explains.

In his previous positions as commercial manager for Mexico and -more recently - as director of the Madrid-based Mediterranean dredging company Dravosa- he obtained both know-how and fluency in the Spanish language. Roelofs moved to Panama in April. He praises Van Oord's

decision to install an office in Panama because 'it is a secure country with an excellent view towards facilitating regional headquarters and with a fair share of business opportunities for Van Oord.' And 'Panama has got truly excellent connections with all the countries in Central, South and North America.'

'Apart from expanding business associated with the Panama Canal there are great expectations in the development of marine infrastructure, closely related to the Van Oord main market drivers: maritime transport, global energy consumption, climate change, urbanisation and tourism,' he says.

In addition, there are also a number of opportunities outside Panama, just to mention: In Mexico, President Enrique Peña Nieto, recently unveiled his 2013-

2018 National Infrastructure Plan, which is set to allocate 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, comments Roelofs.

Meanwhile, Van Oord is one pursuing various interesting opportunities in the region, amongst other by participating in a large tender for a container terminal development in Costa Rica and a tender for improvement of waterways in Colombia.

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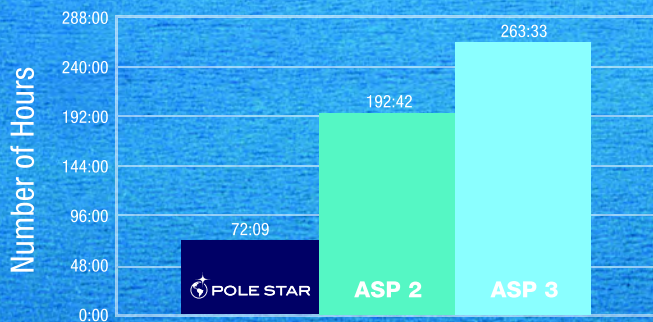
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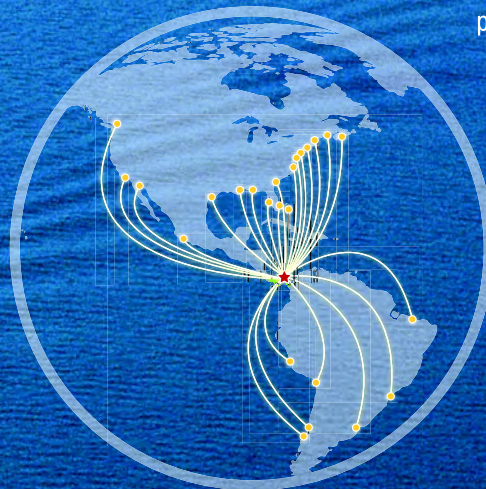



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The Inter maritime Group

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) 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. 'Our vast experience and large network within the industry has allowed us to maintain the highest quality standards and customer's satisfaction,' says Santiago Torrijos, president of Inter maritime Group.

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.

ICS Class was approved by Ecuador's Directorate of Aquatic Spaces of the Naval Forces to act as Class Society for ships under Ecuador Flag and is a company certified by Bureau Veritas as per requirements of ISO 9001:2008 Standard 'Following our priority to guide our

clients and surveyors timely in order to comply with all relevant International Conventions, our technical manager obtained an important title as Certified Training of Trainers by the International Labour Organisation (ILO) in the Maritime Labour Convention (MLC, 2006) and we have certified a team of specialists from ICS Group for the MLC, 2006,' says Torrijos. 'We are now offering two training packages of courses related with MLC, 2006 addressed to marine surveyors, auditors, flag state/port state surveyors, representatives of seafarers, lawyers, owners, operators, to be familiarised with the Convention requirements and obtain the qualification for the MLC, 2006 surveys and certifications,' he adds. Now that the Maritime Labour Convention has come into Force 'we are well prepared to ensure our customers compliance and correct smooth implementation.'

Inter maritime Group has a training centre, Panama Maritime Training Services (PMTS), with more than 15 years of experience since being certified by the Panama Maritime Authority and IMMARBEL (International Merchant Marine Registry of Belize), as well as the Panamanian Ministry of Education, to conduct STCW78/95 courses 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

firm has great expertise in its core business Maritime Affairs covering Vessel and Yacht Registration, Shipping Finance, Admiralty and Shipping Litigation and Regulatory Compliance for the Panama Maritime Authority and Panama Canal Authority namely Operation License and Authorisations.

The Group represents, as Deputy Registrars and Maritime Registrars, the following Maritime Authorities: Panama, Belize, Bolivia, Honduras, Vanuatu and Sierra Leone.

Three years ago Inter maritime 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. 'The acid test of any insurance policy is the claims responsiveness, handling and management and with two recent high profile salvage cases we are proud to be judged by the efficient appointment of saviours, their strength of delivery and the partnership of our insurers in putting up sizeable guarantees enabling us to act quickly and effectively to the unfortunate situations,' says Torrijos.

provide auxiliary services; from to inspection and survey companies for the Ship Registry, to port construction, security and consulting firms and many more.

Today, the 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 10 staff members, one office with two services: the Andean Service covering US East Coast and Panama and the West Coast of South America, serviced by three vessels.

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.

The China Shipping Agency (Central America) provides services from the Far East, the US and Panama with vessels fully

owned or operated by China Shipping Container Lines Cy. Ltd, affiliated to the China Shipping (Group) company. The company's Far East-North America service operates 13 vessels out of the company's 98 container vessels and a total of 120,000teu, also cooperates with CMA-CGM, ZIM, and P&O lines on a service - US East Coast to Asia and vice versa.

CMA-CGM, a global carrier which operates on all the world's oceans, started operation in Panama on January 1, 2006





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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.

China Ocean Shipping Company (COSCO) has opened offices in Panama in the late 1990s and is among the Panama Canal 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.

Chile's **Compania Sud Americana de Vapores (CSAV)** and **Crowley** have also opened offices in Panama while Taiwan-based **Evergreen** operates its liner services and agencies for the region from its subsidiary in Panama located in its own 'green' building.

MOL (Mitsui O.S.K. Lines), one of the oldest Panama Canal customer, through a re-organisation in 2003, the liner opened its own commercial office in Panama and relocated the Vessel Operation Centre from Concord, Ca, to centralise the planning of all vessels movements and cargo stowage in North America, Central America, South

America, Canada and the Caribbean.

SC Line started operation in 2008 as the only present Panama-registered shipping line. The lure of growing regional shipping business convinced Spanish entrepreneur Jose Maria Sola Freixa that Panama was an ideal location to base a shipping company and began Silkton Corporation headquartered in Panama. The company operates three vessels in tramp business, all flagged in Panama.

Diesel Engines Services (Panama) S. A. (DES) (www.dieselenginespanama.com), is an Authorised Service Centre for MAN PrimeServ, Woodward, among other well-known brands in the marine and stationary industry. DES offers a complete package of services including: technical support, repair solutions, preventive maintenance, spare parts, exchange programmes, as well as an entire range of after sales features for marine and stationary units.

DES is strategically located in the Panama Canal area, the shipping, transportation and services hub of the Americas. DES offers a wide range of solutions, taking advantage of its position, within minute-access by land to either the Atlantic or Pacific coasts of Panama and providing 24/7 services.

It is estimated that at least 50% of the vessels trading in the region carry a Man Diesel Engine, and 90% of the electricity in Panama is power generated by the German engine maker MAN DIESEL. The company only carries originals 4 stroke engine parts,

and MAN turbocharger spares in its workshop facilities. DES takes pride in its representation while training, coaching, and developing the DES team. Service engineers, technicians, mechanics, and staff continuously find new ways to ensure that customers around the world receive the quality of work deserved from a MAN Authorised workshop.

Absolute, a Pole Star company (www.polestarglobal.com) – Pole Star merged with Absolute Maritime Tracking Services Ltd and Absolute Software Corp. and became the world's leading provider of remote fleet management, ship security, Long Range Identification and tracking (LRIT) and fisheries monitoring services.

Pole Star is a privately owned company headquartered in London, with offices in Panama, Boston, Hong Kong and Sydney. Its presence in over 90 countries, state of the art products, industry acclaimed 24/7 customer care, global footprint and solid financial foundations, have enabled the company to become the provider of choice to the world's shipping community.

Under its Purplefinder® brand, Pole Star develops innovative and reliable systems that enable commercial shipping customers to monitor and manage their assets worldwide. These products provide ship owners and managers with the information they need to maximise operational performance and safeguard their assets and crews. Over 15,000 vessels are managed by the company's Fleet

ABCO Global

As reported in the last issue of Panama Maritime Review, the former administrator of the Panama Canal Authority (ACP), Alberto Aleman Zubieta, was not going to disappear from the maritime scene. One of his goals was to contribute with his knowledge in making of Panama a regional logistics hub. Only few months after having left the Balboa Administration building, he is 'back in business' having set up a consulting firm for business developments, ABCO GLOBAL, with founding partners Alvaro Restrepo and Jose Barrios Ng, the ACP former deputy administrator. 'We had talked about it for many years [with Jose] but now it is a reality,' says Aleman, accompanied by Barrios, in their new office.

'We have started to advise a number of companies in the logistics sector for developing projects related to distribution centres, and foreign investors interested in developing logistics parks; companies that wanted us to set up a back office with support and technology to operate regionally and locally,' says Aleman. 'Some of our clients –because of our expertise—are

international shipping lines not present in Panama but who want to look closely at new projects,' explains Barrios.'

Another promising sector is 'the area of multilateral agencies to support innovative projects in maritime transport and logistics in Mexico, Central America, the Caribbean and Colombia,' where both Aleman and Barrios have a renowned experience.

The company, with still a small staff-only six but 'the best and the brightest

of many sectors and mostly young people' – also produces financial models and statistics.

It is difficult to catch up with Aleman and Barrios at the same time since they do travel a lot participating in international conferences on public contractions and mega projects. The paint on the office walls has barely dried and some paintings are waiting to be hung up, but ABCO is already having a strong presence in the maritime sector.



Former ACP administrator Alberto Aleman Zubieta (left) with Jose Barrios

Management (FM), Ship Security Alert System (SSAS), and Marine Asset Tracker (MAT) product range.

Pole Star operates LRIT data centres for more than 40 Flags including Panama, Singapore, the Marshall Islands, Liberia, Australia, and Canada- as well as providing LRIT Conformance Testing and Certification for more than 90 Flags. The company's substantial technological resources enable the rapid delivery of superior quality, innovative products to governments. Over 18,000 vessels are managed by the company's LRIT DC & ASP product range.

Through its **Absolute Software™** brand, Pole Star provides Fisheries Vessel Monitoring Solutions (VMS) to fisheries authorities in more than 30 countries, allowing them to monitor compliance effectively over large, remote areas. Specialised features include the calculation of fishing activity catch reporting and quota data to support environmental programs for the sustainable harvesting of fish stocks. Over 6,000 commercial fishing vessels, operating under 35 flags, are managed by the company's VMS systems.

Pole Star's user-first business

philosophy drives operational and technical strategy and underpins the company's consistent delivery of innovative, robust and reliable products. Pole Star's cutting-edge technologies are used to develop the most advanced, user-friendly products of their type available. All the company's products are supported 24/7 by a dedicated team of 80 professionals. Fluent in over 20 languages and located in offices in London, Boston, Panama, Hong Kong and Australia – 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.

Operating the world's largest vessel monitoring centre, Pole Star has committed to establishing Panama as its hub for the Americas and is making major investments in increasing the scope and coverage of the centre's operations – recognising the talent pool available in Panama as well as the fundamental logistical advantages that the country offers, 'we have committed to Panama as our base in the Americas and look forward to growing side by side with Panama,' said

Pole Star coo, John Ramsauer. He further stated: 'The shipping industry has recognised the contributions Panama has made to enhancing safety at sea and providing secure shipping. Panama's secure direct link to naval forces operating in the Horn of Africa is among the counter piracy contributions the Vessel Monitoring Centre has provided to enhance safety at sea.'

Panama is playing a central role as Pole Star provide value added services and innovative solutions across the maritime market – to the commercial marine sector, governments, maritime administrations and fisheries. The company has a unique understanding of the industry and its customers.

Increased piracy attacks and the threat of terrorist incidents have focused attention on the need for effective risk management and reliable Ship Security Alert Systems (SSAS) that enable operators to plan for security situations and respond to them rapidly. The company's vessel surveillance teams in Panama monitor the security situation of the flag's vessels on a 24/7 basis and provide incident response support to the

Alvarado & Düring

The origin of the company goes back to 1963 when Eng. Jorge Alvarado Canyon founded Alvarado & Düring (A&D), a Colombian civil construction company specialised in the port sector.

One of the company's first projects was building piers for Manaure County, in La Guajira department, Colombia. The works consisted of constructing a viaduct and pier of 154mtr, two 65mtr runways and eight dolphins for the berth, which received Colombia's National Award for Engineering Company in 1966.

The story of the company has been full of challenges. In 1974, A&D won again the National Award for Engineering with the covered-Coliseum El Campin in Bogota. And years later, in 2002, the construction of the Suspended Bridge in Envigado, department of Antioquia, Colombia, won them their third National Engineering Award.

In 1999, the company ventured into the Panamanian market through Alvarado & Düring International (A&D I) with the construction project at the DECAL's Marine Terminal on Taboguilla Island. From then on, A&D International developed activities such as the design and construction of Corozal floating dock for the Panama Canal Authority (ACP) and the review of the design and



Taboguilla

construction of the new container terminal for PSA-Panama International Terminal. Alvarado & Düring built also a gravel yard for empties and did the conceptual design for the development of the container yard for PSA-Panama International, amongst others.

In addition, in Panama, the company performed works like the construction a small-boat-dock for Petroamerica Terminal, and for the Panama Canal Authority the company will initiate in 2H2013 the slope reinforcement and improvements of the Limon pier, Pier Mindi, as well as improvements to Paraiso's launches and tugboats pier.

In 2011, comfortable with its experience in design and construction of civil works, A&D decided to go a step forward and created DC-PORT, a group division specialising in port design,

consulting and auditing, focusing on the development of conceptual engineering- basic and detailed, in master plans, advising on structuring and port concessions, management and monitoring of projects, and finally, studies for operations and logistics.

Currently, the company has expanded its portfolio with diagnosis, pathology, maintenance and rehabilitation of ports in order to continue to offer more and better services

for the port sector.

Today, Alvarado & Düring is a world-class engineering company with local market costs, at a time when Latin America is looked with interest for the investments and opportunities it offers for an infrastructure of excellence and quality.

The 50-year-old company, as of now, has more than 300 projects throughout the region with developments in specialised ports and terminals, in hydrocarbons, bulk, containers, general cargo, gas, coal, fisheries and others. In addition, their customers come from the public and private sectors with such notable examples as the companies mentioned above and others such as Colombia's Ministry of Transport, Trafigura, Emgesa Gepsa, Oiltanking, Cerrejón, Ecopetrol, Group TCB, amongst others.

flag, naval forces and ship owners. The Automated Mutual Assistance Vessel Rescue System (AMVER) recognised Pole Star's contribution to maritime safety with an award for its invaluable support of this important maritime search and rescue programme.

The company's social responsibility programme has been funded to support Panama's Maritime culture by providing scholarships to outstanding cadets, professional practice programmes for Panama Maritime University cadets, and incident response support services to the world Search and Rescue organisations.

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 near the Panama Canal, is comprised of a small group of professional marine engineers and ships officers that are graduates of the US Merchant Marine Academy. 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.

Class IBS – Isthmus Bureau of Shipping (www.ibs.com.pa) was founded in May 1995 in Panama. Class IBS was established as Classification Society in order to promote the regulation and development of the shipping and shipbuilding industries. The principal work of the Society's expert technical staff is to undertake surveys to ensure that the rules that apply to new constructions and existing ships are followed, in order to guarantee the safety of these vessels and the prevention of marine pollution.

Although Class IBS 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, Class IBS 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

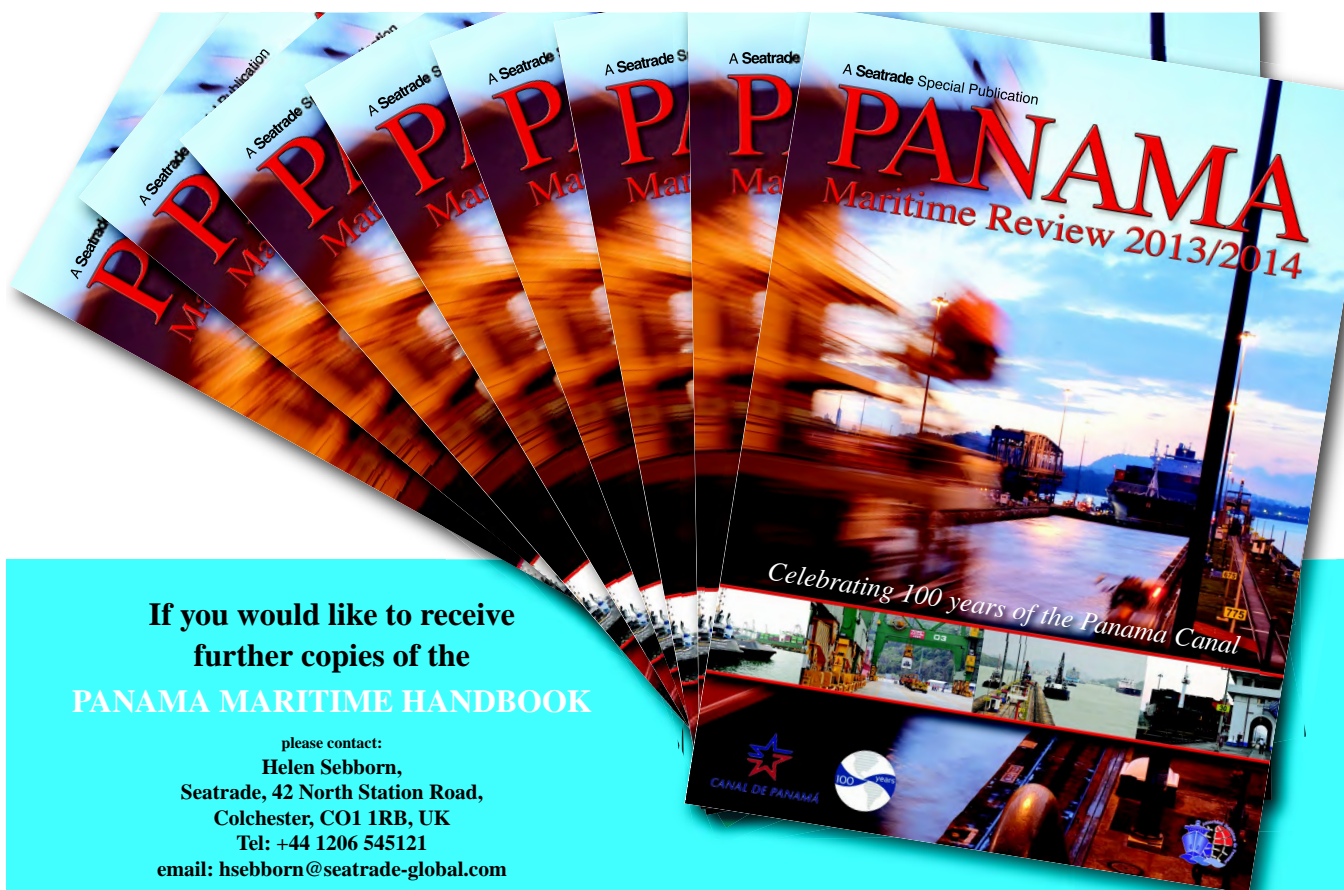
Facility Security (ISPS) Code and Maritime Labour Convention 2006 (MLC 2006).

MEC Group (www.mecpanama.com) is made up of four companies and eight Divisions, all related to the maritime sector. The group comprises MEC Shipyards, for new building and shipyard repairs, MEC Repairs for afloat maintenance and ship damage repairs, MEC Stores, for ship chandlery and ship supplies and **Under Water Services**, a commercial diving company, that keeps the best safety record on the area with over 6 years of immersions, with no accidents.

During 2013, MEC Group have continue with the new building projects, having completed two cargo barges for a dredging company, and with several inquiries on the pipeline for new buildings. In addition to that, their facility in Veracruz, have become a feasible option for large outfits of vessels under 60mtr in length.

MEC Repairs with the largest tonnage on service ships for afloat repairs, have increase their service boats that now includes the MEC Salvage (4,000 HP), MEC Tug (1,600 HP), MEC Diving (600 HP), MEC Repair (1,600 HP), MEC Barge 1 (5,000 tonne-capacity with a 90 tonne-crane), the company has focus their efforts to service during the 2013, the demand on the Pacific Side, but an expansion plan is underway to offer the same strength on the Atlantic Side as well.

With the acquisition of the Balboa



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Ships waiting to enter the Canal on the Pacific side

Shipyards, the group has integrated all the different services rendered to the vessels into the new organisation MEC Group, where Peikard International, from the Kardonski family, as well as the original founders expect to create value in the coming years, by means of consolidating the strategic logistic position of Panama, as a hub for new building, ship repairs and ship services at the Panama Canal.

MEC Group's executive vice president, Marvin Castillo, has turned the group into one of the leaders on the Panama maritime industry thanks to a strategy of diversifying and expanding the companies forming MEC Group. 'We see the group growing in the next five years into the largest logistic marine group of the area, exporting its services to other markets and leading the incipient ship new building industry of Panama,' says Castillo.

National Shipping Adjusters (NASHA) (www.nashapanama.com) was founded in 1985, as one of the first Recognised Organisation (RO) and Classification Society, duly authorised by the Panamanian Government to conduct statutory surveys, class and certification. It offers a reliable, flexible and cost effective service, without compromising its great concern dedicated to ensuring the safety of life at sea, and the prevention of pollution of the marine environment. For the above mentioned, 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.

In addition, NASHA has established a network of qualified and experienced surveyors located in major ports of the world. NASHA also provides certificates under the following IMO Conventions: Panama and Belize Flags, SOLAS, MARPOL, ISM, ISPS, Class (hull and machinery), Non Convention, CICA – Certificate of Inspection of Crew Accommodation, Cargo Ship Safety Certificate (for vessels under 500gt) cargo ship Safety Radiotelephony Certificate (for vessels under 300gt), Fishing Vessel Safety Certificate, minimum

Safe Manning, exemptions, authorisations, and provides ship registration, training courses – basic and advanced and licences.

Panama Maritime Group (PMG) headquartered in Panama, has over 203 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. Dr Hugo Torrijos, one of the architects of Panama's maritime boom, passed away in December 2010 and his widow, Mrs. Magali de Torrijos has been successfully managing PMG to maintain his legacy.

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 and opened a T&A new Representative Office in the US, in New York City.

In 2010, PMDS received confirmation that it was approved by China's Maritime Safety Administration (MSA) as Recognised Organisation (RO) to operate in China. Chinese regulatory approval allows Panamanian ROs to conduct surveys at Chinese ports. In 2012, a PMG delegation made its visit to **PMDS China** and its members, where they discussed the company's growth in its fifteen months of

operations and the quality control of inspections insisting on improving PMDS rate of detentions. During the visit in Beijing, PMG delegates met with the leaders of the Maritime Safety Administration of the People's Republic of China (MSA China).

During its marketing campaign, PMG visited in 2012 several Asian countries, including Singapore and India which offers an enormous potential for maritime business, Philippines and Vietnam, one of the strongest, large and strategic markets in Asia, where PMG is working to establish a presence.

Pelican Corp S.A., (www.pelican.com.pa) the well-known marine contractor has experienced rapid growth with the purchase of marine transport vessels. The company was founded in 2004 by two commercial divers, Arie Lammerts Van Bueren and Jonathan Jones as a marine construction and marine equipment rental company.

The acquisition of two landing craft enables the company to meet the recent demand for the transportation of construction materials and heavy equipment. The largest vessel is M/V Macallan, an LCU (Landing Craft Utility), an ex-military vessel designed for carrying tanks and heavy equipment or 300 troops. In civilian mode she can carry 180 tonnes of cargo in good weather. M/V Macallan is 115ft long and 34ft wide and draws six feet at the stern fully loaded with usable deck space of 52ft by 30ft wide and has an additional 22ft available towards the bow. She is powered by three Detroit Diesel 671s at 250 hp each, which makes her very safe.

Pelican Corp barges have worked on both the Atlantic and Pacific Coasts of Panama as well as in the Panama Canal on a variety of projects from dock building to dredging, diving and boring core samples and have successfully assisted in a variety of port projects. In 2002, Pelican built its first deck barge, by more vessels to meet the demand for small floating work-platforms. Pelican Corp's many clients include Tecnilab, S.A., Ingenieros

Geotécnicos, S.A., Trevi Galante, S.A., Odebrecht, Alvarado & Doring.

RTI Latin America

(www.rtiforensics.com) is a subsidiary of RTI Group, a global company with headquarters 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.

In the area of marine accident investigations, RTI has assisted Panamanian maritime authorities in determining root causes and lessons learned, as well as recreating, through the use of multimedia animation and reconstruction tools, casualties that have occurred involving Panamanian flag vessels. RTI provides professional advice and assistance to petrochemical and hydroelectric companies in Panama and the region on the design

and implementation of risk-based safety management systems, including the development of occupational health, industrial safety, environment and community plans and programmes. RTI has also helped Panamanian ports and oil terminals implement integrated risk-based industrial safety management systems that include security and occupational health, as well.

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.

Pilotage

Caribbean Pilots was created at end-2007 to provide pilotage services to the ports established in the bay of Manzanillo,

Colon and shipowners and liners calling Colon Container Terminal (CCT), Manzanillo International Terminal (MIT) and Colon Port Terminal (CPT). The company has 11 eleven, 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 having been created in 1994 and has been providing pilotage services for all vessels that arrive to the bay of Manzanillo. PPSC has 32 pilots, 11 of whom also work at the Panama Canal Authority (ACP).

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

Meyer's Group

Meyer's Group is a consortium formed by an interdisciplinary group of companies in the maritime and land transportation areas, heavy machinery rentals for the construction business and agro-industrial production, all operating under the highest quality policies and continuous improvement to ensure the satisfaction and economic benefits of its customers, employees and shareholders.

Meyer's Group, as a consortium, began operating in Panama in 2008 looking to expand its international businesses in Latin America and the Caribbean providing services to the maritime auxiliary industry, specifically tugs boats, launches, and supply boat services.

'We chose Panama because of its geographic position, connectivity and logistics infrastructure, the quality of its labour force and the opportunities this country offers for business expansion,' says Meyer's Group business unit general manager, Dimas Rios.

Meyer's Group strength is in its management, administrative and operational team conformed by successful professionals who have worked both internationally and domestically within Panama for more than 15 years. The maritime operations is carried out by the

tug boats company 'MMG Tugs, Boats and Barge Services (KTK Panama)' and the launch services company 'Marine Transport', on main ports in Panama at the Pacific and Atlantic sides.

'Beretta Supply' as part of Meyers Group is the company that operates on land transportation with a fleet of more than 30 trucks, working in all the national territory. At the same time, 'Constructora Meyer's' offers heavy equipment for rental to construction projects.

MMG Tugs, Boats and Barge Services (KTK Panama) operates five tugs in

Balboa and Colon. On the Pacific side, the tug company works under contracts with PSA-Panama, Melones, Taboguilla, PATSA, and on the Atlantic side with Evergreen's Colon Container Terminal, Colon 2000 and Bahia Las Minas.

Marine Transport operates four crew boats (launch services), two on the Atlantic Side [Balboa], and two on the Pacific Side [Colon].

'We are prepared for the Panama Canal expansion and hope that port activity will increase and with it, the maritime auxiliary sector,' says Rios.





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.

Port Services

The creation by Panama Maritime Group of **Port & Cargo Company**, in 2004, which 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. The company is considered the first labour outsourcing company in Panama. Since then and to respond to growing demand of similar services, the group formed a separate company, in December 2006 **Port Outsourcing Services**, to provide identical services to Panama Ports Company (PPC)'s port of Balboa on the Pacific side and Cristobal on the Atlantic entrance of the Panama Canal. POS has a warehouse and a 32-mechanic workshop working 24/7 at Balboa's Pier 13.

Today, Port & Cargo has grown to 270 workers, while Port Outsourcing Services has 600 employees. The benefits for the ports are substantial. Not only giving independent contractors the management of their workforce has considerably reduced the ports' departments of personnel and increased productivity. Outsourcing has reduced the cost of personnel and the pressure to find skilled personnel due to the great turn over in stevedoring, said port operators. Port operators can concentrate exclusively on moving containers – which is their business – and not on

administrating the labour force.

Port Outsourcing Services has teamed up with heavy machinery companies Capacity Trucks and Cummins Engines in order 'to offer full-service contracts for equipment maintenance,' said Port Outsourcing Services president, Hugo Torrijos Dajer. Capacity Trucks, from Longview, Texas, has provided the majority of trucks operating in Panamanian ports and Cummins Engines is the leader provider of port engines. In addition to the outsourcing services for containers, Port Outsourcing has created a subsidiary **Tecniport** that now offers 'full outsourcing for trucks,' he explains. Techniport is the first company of its kind providing rate by container and everything related to moving a container from one point to another. The company has grown into managing trucks, truck drivers and dealership for trucks spare parts and 'the response has immediate and amazingly successful,' says Torrijos Dajer. 'However, as we have sold a great number of trucks and equipment, the market has somewhat slowed down but created a spare pieces market,' he adds.

Shipping Agencies

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, and although several shipping lines have opened their own Panama office in the past 10 years, 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.cbffenton.com) is one of the oldest shipping agencies established in Panama. It represents more than 150 shipowning companies throughout the world, with agents in Europe, the United States 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 to Panama-Pacífico, at the International Business Park, Las Brujas Ave. Building A, Suite 210, the former Howard Air Force base transformed into an economic development area.

Inchcape Shipping Services-Panama (ISS) (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.

ISS 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

expense and is available 24/7.

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.

JD Maritime Services, whose director Jurgen Dorfmeier, a former managing director of Boyd Steamship Corp. has a long experience in the shipping business. The agency is the only shipping agency to have been created in Panama in decades and the company provides consulting in addition to the traditional attendance to shipping lines and services related to the shipping industry.

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 Panama Canal Authority (ACP) for vessel transit purposes. PSAP 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.

Roza & Cia (Panama) S.A.

(www.therozogroup.com) is part of the Roza Group which is composed of Jaime Roza Gomez & Cia Ltda, ship chandlers founded in 1961, Roza & Cia Ltda, maritime agents (1989), Roza 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 shipping agency and supply services in Cristobal and Balboa, Manzanillo International Terminal, Chiriqui Grande, Almirante and Bahia Las Minas.

The Roza 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 Roza & Cia (Panama) S.A. to perform an excellent service and easier handling of port operations from vessel's arrival to departure.

Since its establishment in 1961 with its first company Jaime Roza Gomez & Cia in Cartagena de Indias, 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 Roza Group has gained a reputation as reliable agents and ship chandlers for a variety of vessels, offering a 24/7 service.

Other shipping agencies established in Panama include **Agencias Anchor**, **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

Although international ship repair companies are looking at Panama to install shop and companies already in place are hunting for land to build new facilities, the problem is a lack of space to expand their activities. And beyond the existing players, there have also been major newcomers attracted by canal expansion, such as Wärtsilä that opened shop in Panama in 2007. The company, which has recently moved to Panama-Pacific, in the former Howard US air force base, is servicing its main customers, which include the Panama Canal tugboats and other private companies.

The Panama Canal Authority (ACP) Fleets and Equipment Maintenance Division executes all repairs to the Panama Canal's tugboats, barges, launches, dredges, floating cranes, spillway and locks gates and mechanical flow control devices, land based heavy equipment, and machinery and vehicles at its shipyard, and other industrial and marine repair facilities throughout the Canal's operating areas.

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, 142mtr long; and dock 15, 270mtr long. Both docks can handle vessels with a draught up to 10.5mtr. In addition, the division has a synchrolift 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 synchrolift space are rented to maximise the facilities utilisation and support the local commercial emerging ship repairs industry.



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MEC Shipyard

Panama's MEC Shipyard, formerly Braswell Shipyard, and the largest on the Pacific coast from San Diego to Chile, has reopened following two years of inactivity after the end of the dry-dock concession in 2011.

A new 20-year concession was formally awarded in July 2012 to the Panamanian consortium MEC Shipyard, formed by Panama's Marine Engineers Corporation and MEC Balboa Shipyard that made the best offer. The concession calls for payments of \$3m a year plus 5% on sales.

The shipyard, located on the Panama Canal Pacific entrance close to the port of Balboa, was built last century by the US Panama Canal Company and is considered a very important asset for the maritime industry. The shipyard consists of three dry-docks; one having the same dimensions as the Panama Canal present locks chambers, accommodating Panamax-size vessels. The yard includes wharf age and workshops that comprise 12,000sq mtr and the shipyard is able to conduct dry dockings and surveys as well as emergency and damage repairs on both the Balboa (Pacific) and Cristobal (Atlantic) sides of the canal.

The yard, operated by the Panama Canal Co since the early 1900s, was transferred to Panama's government in 1979 after the Panama Canal Treaty was implemented. In 1991, Braswell International was awarded a 20-year concession to operate the ship repair facilities, which was later sold to another company that operated the shipyard until 2011.

However, MEC Shipyard did not enter the premises until January 2013 and had to invest \$6m in equipment and an additional \$4m on infrastructure. 'To modernise the

shipyard that was built during the Panama Canal construction and closing on its 100 years, we had to buy three tower cranes of 10 tonnes capacity and one 30-tonne-RTG to attend our first customers,' MEC Shipyard ceo, Marvin Castillo said.

The shipyard consists of three dry-docks. 'The Panamax dry-dock, which is 330mtr long by 33mtr, is fully booked until the mid-February of 2014, while the second dry-dock of 130mtr by 25mtr is committed until end of 2013,' said Castillo, a 39-year old nautical engineer with a speciality in transport. The small dry-dock, generally used for repairs of tug boats and tuna fishing vessels keeps an occupancy of 50%, 'which gives an overall average booking of 70%, in less than a year of operations,' Castillo added.

'We are trying to develop part of the shipyard into an economic processing free zone for the maritime sector,' he says. The good thing is that MEC Shipyard has space and 'one hectare available for vessel repairs that are not done by the shipyard and we want to attract companies that service vessels

with new technologies that are not [yet] present in Panama,' he explains. The consortium has already invested \$6m in equipment but there are more investment coming along as the concessionaires want to take maximum advantage of the yard location which is unique. 'It is a first class operation that can service over 100 vessels and more, a year. We had received two cranes, two forklifts, one high-pressure washing machine and hydro-blasting equipment but we have purchased, in addition to that, three new Potain Tower Cranes, seven CAT Forklifts, four Lifters, two HP washing Machines, seven new Pumps, five New compressors, etc.'

The Group wants to build a brand where ship owners will bring their vessels not based on the price but on the value-added service, explains Castillo.

'MEC Shipyard has been paying through and through since the very first day. The previous concessionaire's annual fee was only \$300,000 and we now receive ten times this amount, so we believe the government did the right thing,' says Panama Maritime Authority administrator, Roberto Linares.



The Mount Hope shipyard, in addition to providing primarily repair and modification services, also gets involved in new construction. In 2004, it built a 16.2mtr 24-person aluminum launch for Canal's personnel transport; in 2005, it completed the construction of the 51mtr long drill barge "Baru", equipped with four drilling rigs that can bore holes 30mtr deep in a single pass; and has constructed four spillway gates as well as two lock's vehicular bridges.

With the Canal expansion and the construction of a third set of locks, the Division's infrastructure, including the shipyard, may be expanded, in a near future to continue providing the necessary support to the on-going expansion project and the expanded

Canal, well into the future.

Astillero Bayano, (www.astillero bayano.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 eight 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 woodwork, 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.

International Repair Services (INREPSA) (www.anchorpanama.com) located in the outskirts of Panama City, in Alcade Diaz, is a division of the Anchor



Group of companies established in 1976. International Repair Services, S.A. (INREPSA) commenced operations in 1990 as ship & industrial repairers and have since diversified into civil, electrical and mechanical engineering including marine offshore construction.

INREPSA workshop is situated 15 minutes from the port of Balboa and 45 minutes from Cristobal. Workshops consist of enclosed machine shop, equipped with lathes, milling machine, drill press, steel rolling machine, metal cutting machines, diesel & electric ARC welding machines, coil baking oven, compressors etc., covered welding/steel fabrication shop, sandblasting & coating shop and carpentry shop.

INREPSA has facilities for rewinding any size DC/AC electric motors and generators; Main engine and auxiliary generator repairs performed alongside berth or at anchorage. All types of certified welding work including deck, hull shell plating internals, steel structures, pipe fitting, tanks and barges. INREPSA also represents the following companies in Panama: Alaska Diesel Electric, Lugger Marine Diesels, NorthernLights Generators, Lister-Petter, Inc (Diesel engines) F.G. Wilson Engineering Ltd., Marol Steering Gear.

Talleres Industriales Internacional (TII) (www.talleresindustriales.com) was established in 1969 in Colon where its headquarters are located. TII has heavily invested during the last decade in technology and infrastructure.

At Cristobal, Talleres Industriales has more than 12,000sq mtr of facilities which include workshops, bonded area, storage space and office centre. The new 4,000sq mtr, state-of-the-art workshop is equipped with overhead cranes and CNC steel cutting equipment, balancing machines, robotic welding equipment, industrial oven, hydro blasting equipment, heavy duty lathes and milling machines. And at

Cristobal inner anchorage, it has the supply boat Gustavo Castro with deck space and capacity up to 13 tonnes and workboat Don Rafael.

At the Pacific entrance of the Panama Canal, it has also a 2,000sq mtr operation centre to deploy its personal equipment and gears to the vessel at Balboa anchorage in a quick and reliable manner. The company, ISO 9001:2000 certified, is the exclusive service station and distributor for Central and South America for TurboNed Holland (turbochargers) and Wesfalia (separators), Germany.

The company reach has expanded much beyond Panama's borders, having created a customer base in most of Latin American countries where Talleres Industriales has performed major ship repairs works in Ecuador, Peru, the Caribbean, and Central America.

For underwater inspections, cleaning and repairs, the company is member of American Divers Contractors and certified by LRS, ABS, NK, RiNA, BV and GL. Lifeboats and davits inspections are carried out under certifications obtained from Hyundai, Nishi, Shigi, Norsafe and Watercraft Hellenic.

Towage

Boskalis Westminster N.V. (www.boskalis.com) subsidiary SMIT Harbour Towage has a proud tradition of nearly 170 years of service in the maritime sector. The company has earned an excellent reputation by combining expertise and experience with high-quality materials and equipment in the nearly 50 locations around the world where SMIT is active. SMIT aims to provide its worldwide services in the main to shipping companies, producers in the energy industries, (offshore) construction companies, insurers, governments and shipyards. SMIT maintains the highest standards in

respect of Safety, Health, the protection of the Environment and Quality.

Since 1986, SMIT Harbour Towage Panama Inc has operated in Panama until 2011 and now Boskalis-SMIT continues to work through the affiliated company named **Virtual Logistic Marine Services Inc**. Virtual Logistic Marine Services started its operations at the Manzanillo International Terminal, expanded to the Colon Container Terminal and now also works in the Port of Balboa and most of the international ports of the Panama Isthmus.

Working on the largest fleet of modern harbour tugs in Panama, 'our crews are proud to deliver this important service to the international shipping community. Day after day the safe handling of vessels in the harbours depends on their ability to make swift and sound decisions, based on extensive training and backed by their experience. Every year over 10,000 vessels are assisted. Our fleet is an essential contributor to life at the Panamanian ports where we operate. Our dedicated staff, in combination with our modern equipment, training standards and resources offered by us as a world leader in towage and salvage, makes the difference for our clients. That is how we can deliver reliability and safety year round,' says gm, Walter van der Dussen.

'As a global provider of professional harbour towage and port services, we constantly monitor our quality levels and our customers' special wishes. Our working relations with both large and small parties, such as ship owners, freight forwarders, brokers, pilots and port authorities, acknowledge our consistency and continuity of quality and service. These parties know that they can rely on our staffs and crews for a round-the-clock service in every port in which we operate, in all weather conditions,' he says.

In 2013, Chile's largest logistics company SAAM, that operates tugs, ports

and agencies, has signed an agreement with Boskalis Holding BV parent company of SMIT, creating two joint ventures for the joint ownership and operation of the tug businesses in Canada, Brazil, Mexico and Panama.

SAAM, formerly part of the CSAV Group, was separated in 2012 from the shipping line and listed on the Chilean Santiago Stock Exchange. SMIT was acquired in 2010 by Boskalis.

SAAM is now the largest tug operator in the Americas, and the fourth worldwide, with 126 units. With the closing of these two alliances, SMIT and SAAM operate a modern fleet of 96 tugs in various countries.

In Brazil, where both companies currently operate, following the merger of their operations, SMIT would have a 51% stake with SAAM the remaining 49%. The alliance will leave the new entity as a leading tugboat operator in the country, with 41 vessels.

The second joint venture incorporates business assets of SAAM tugs and SMIT in Canada, Mexico and Panama. In this organisation, the participation of SAAM will be 51% and the remaining 49% held by SMIT. It will have a fleet of 55 tugs. The joint venture between SMIT and SAAM will create a leading provider of towage services in Central and South America. Besides operational synergies, the joint ventures will strengthen the market position of the combined companies.

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.

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

more spot vessels to the Caribbean region, where the company is expanding operations with the 'SVITZER KESTREL' and 'SVITZER OWL' currently performing spot work in the region and the 'SVITZER NEREID' in Mexico.

The 65 TBP 'SVITZER KESTREL' and its sister vessel, the 'SVITZER OWL', are new builds based on the proven S65/31 in-house design. The last vessel is the 'SVITZER NEREID' with its 88 TBP it will be one of the strongest harbour/coastal tugs available in the Caribbean. Svitzer Americas is pleased to bring these vessels from their worldwide fleet into the growing region.



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 the needs of clients in the Americas region.

In Panama, Svitzer Panama with a contract with Petroterminal de Panama, serves both the Atlantic and Pacific coast terminals with three tugs, the 'EGIL', the 'SVITZER AMAZONAS' and the 'SVITZER HAWK' and has recently brought in three

Svitzer's fleet size in the region always guarantees back up vessels in close proximity to its operation, which is crucial for continuity for its customers. The latest three mobilisations underscore Svitzer's commitment to the Caribbean and Latin American market by continuing to be at the forefront of supplying advanced and high-powered tugs to provide tailor-made solutions to their clients. •



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Pillar of the country's economy

Panamanian law firms are an important pillar of the country's economy, boosting a solid maritime sector and contributing to strengthen the Ship Registry through their main offices in Panama and branches in the world's major financial and maritime centres, mostly thanks to two initial legislations enacted in the 1920s, Law 8 of 1925 creating the Ship Registry and Law 32 of 1927 establishing the organisation and management of corporations. Today, Panama is renowned for the excellence of its legal and offshore services which are now associated with the position of Panama as an important regional transshipment centre and home to the largest open ship registry in the world.

Many Panamanian law firms have opened offices in the main capitals of Europe, Asia and the US, offering services from maritime to corporate business. The demand for legal services has grown similarly with the expansion of ancillary activities related to the maritime sector and to corporate business as multinational firms have headquartered their regional activities in Panama benefitting from a series of legal and tax incentives as well as a number of transport companies including shipping, ports and cargo companies that have been established in Panama attracted by the Panama Canal expansion.

The Panama Maritime Law Association (PMLA, Asociación Panameña de Derecho Marítimo, www.apademar.com) was created at the end of the 1970s by a group of lawyers specialising in maritime law. PMLA's board of directors is elected every year and for the period 2013-2014, the association has recently elected its new board which will be presided by Iria Barrancos, Abogados Marítimos & Asociados (AMYA); vice president Belisario Porras, Patton, Moreno & Asvat; secretary

Rosalina Zambrano, Arosemena, Noriega & Contreras; deputy secretary Francisco Linares, Morgan & Morgan; treasurer Ricardo Eskilsen, Eskilsen & Eskilsen; deputy treasurer Giovanna Avedano, Avedano Law Firm and outgoing president Jazmina Rovi, Morgan & Morgan.

The association participates in a wide range of activities both on the international and domestic scenes. Every two years, the PMLA alternates with Panama's Chamber of Shipping in



Iria Barrancos, PMLA president

'It is time for Panama to be able to offer an alternative to resolve maritime disputes privately at low costs with renowned national and international referees.'

organising the bi-annual conference-exhibition Panama Maritime World Conference & Exhibition. In 2013, it was the turn of PMLA to take the helm of Panama Maritime World Conference and Exhibition – Panama Maritime XI – that took place February 27 to March 1, 2013 at the Megapolis Convention Centre.

'Panama Maritime XI received 321 delegates from Germany, Argentina, Brazil, Colombia, Costa Rica, Denmark, Dubai, Ecuador, Spain, US, Philippines, Finland, French Guyana, Greece, Guatemala, The Netherlands, Italy, Mexico, Peru, Puerto Rico, UK, Dominican Republic, Singapore, South Africa, Turkey and Venezuela. Of course, Panama represented 66% of the attendees, but we had a good turnout from the US, UK, The Netherlands and Spain,' says former PMLA president and president of Panama Maritime XI organising committee lawyer Tomas Avila. The exhibition was a success with 65 exhibitors in 98 reserved spaces, almost full capacity of the Megapolis Convention Centre. 'At least 12 companies were foreign, not to mention the Dutch pavilion which was one of the main centres of attraction,' he adds. 'We had a wonderful line-up of speakers from all over the world related to our industry. The latest issues of the industry were thoroughly discussed by the speakers and the interacting public and at the end recommendations were being given out.'

'I would like to personally highlight the presentations made by David Chin of the Singapore Maritime Foundation and Alberto Alemán Zubieta, the Panama Canal Authority's former administrator. These were enlightening to the public, but especially to the local crowd which concluded that the integral development of the maritime and logistics services in Panama is the way to go,' says Avila. The next Panama Maritime XII will be



organised by Panama's Chamber of Shipping to take place in 2015 and promises to be a remarkable event as the Panama Canal Authority expects to begin commercial transits in the third set of locks by mid-2015.

Many PMLA members have participated in drafting some of the most important maritime legislation of the sector and of the Ship Registry and most recently, the PMLA has contributed to the writing and review of the four main maritime laws which were approved by the National Assembly in the third quarter of 2008. The reforms, which entered into force in August 2008 and February 2009, were: a new Maritime Commercial Law (Law No.55 of August 6, 2008) which replaced the Second Book of the Commercial Code of Panama, a new General Ports Law (Law No. 56 of August 6, 2009) regulating future national and international port concessions, a new Merchant Marine Law (Law No.57, of August 6, 2008) replacing the old Law 8 of 1925 and Law No. 12 of January 23, 2009 which reforms to the Code of Maritime Procedures.

PMLA members have also assisted in the move by the department of ships of the Public Registry Office to the Panama Maritime Authority (AMP) building working around the clock since January 2011, a change that has been praised by most international shipping lawyers as it made it much easier to deal with Asian and European ship owners. The role of the PMLA has been and is essentially to assist and serve as an intermediary with the maritime authorities in simplifying matters to lawyers, ship owners, consular and public officials, in a business where time is of the essence.

In August 2013, the Maritime Labour Convention 2006 (MLC 2006) enters in

force and Panama has ratified the Convention. The AMP through its departments of merchant marine and seafarers has delegated the issuance of MLC 2006 compliance certificates to the Class Societies and Recognised Organisations (ROs).

The Directorate General of Merchant Marine has published the Merchant Marine Circular MMC-248 by which the authorised Recognised Organisations are allowed to begin the issuance of the Document of Compliance to vessels of the Registry with the purpose to achieve compliance with the regulations established on the MLC 2006 on board Panama-flagged ships.

Law 8 of 1982, as further modified by Law 11 of 1986 and more recently by Law 12 of 2009, details the mechanisms of the Maritime Courts, the Maritime Courts of Appeal, the Arbitration Centre, on maritime procedures and establishes the bases for modern and friendly procedures.

The newly created Panamanian Arbitration Centre (Maritime Centre for Conciliation, Mediation and Arbitration of Panama – CECOMAP) has elected a new board of directors, as of June 2012 which is chaired by Iria Barrancos, PMLA's current president. 'The goal of the Board of Directors is to launch the Centre's operations before the end of 2013. The Centre has its arbitration rules approved since 2011, but they need to be revised and updated. Therefore, we have contracted the services of a consultant and law expert on maritime arbitration, and that should lead us finally to the opening of the Arbitration Centre,' says Barrancos.

'We have managed to reduce the number of provisions, streamline and modernise its rules to offer an arbitration model that is easy to understand, avoiding

too many references to underlying Panamanian law in order to simplify for foreign arbitrators. So, we have worked with a more simplified version of the rules, which could be offered to certain maritime interests in minor cases.'

'We have also made a comparative study with five other arbitral institutions in the world: The London Maritime Arbitrators Association, LMAA, Paris International Court of Arbitration, ICC, New York's Society of Maritime Arbitrators, SMA, Singapore Chamber of Maritime Arbitration, SCMA and the Arbitration Court in Madrid (CAM). We have achieved very competitive costs. Both the ICC and LMAA are by far the most expensive and only the New York SMA is cheaper [than Panama Arbitration Centre],' says Barrancos.

'Also, the proposed scale is up to the amount of \$250,000, which represents a high ceiling for disputes in the port and auxiliary industry, and is down to any amount of \$10m or higher in order to attract the major disputes on cancellations of contracts and hopefully including the building and ship repair market. The tables are simple and can allow the arbitration solution to a hypothetical case of amount of \$1m with costs situated between 1.8% for equity option and 4.3% for the arbitration of law (thus including the attorneys' fees),' explains Barrancos. 'For the maritime industry, the Arbitration is always attractive because it reduces time and offer cheaper costs.'

'Every day that passes, the need for a specialised Arbitration Centre becomes more important for conflict resolution in Panama. After so much delay, we aim to start up the Arbitration Centre and be ready for our first case. It is time for Panama to be able to offer an alternative to resolve maritime disputes

privately at low costs with renowned national and international referees,' says the PMLA president.

In December of 2012, the position to choose the three judges for the Maritime Court of Appeals was opened to competition with the participation of some 16 professionals. However, such appointments were suspended due to lack of funds.

Since the establishment of the Maritime Courts in 1982, sentences are appealed in the Civil Chamber of the Supreme Court. The same law 8 of 1982, which created such courts, stated that there would be a Maritime Court of Appeals, consisting of three judges, chosen by the Plenary of the Supreme Court (nine justices) to exclusively serve the sentences appealed at First Instance. The delay in the decisions of the judgments under appeal in the Civil Chamber of the Supreme Court, make maritime justice a burden. The only solution to the Chamber of the Supreme Court Civil and maritime jurisdiction is the designation of the judges of the maritime Court of Appeals as soon as possible in order to give life to the long awaited Marine Court of Appeals, appointing judges who meet the requirements required by law 8 of 1982.

The Court of Maritime Appeals is expected to strengthen the maritime judicial system and provide greater speed in solving maritime cases that have been clogging in the system. The Court of Maritime Appeals under a Magistrate, who among other requirements must be a lawyer with specialised studies in maritime law, be fluent in English and have no less than ten years of professional practice in the field of maritime law, teacher or member of the Judiciary system-whereas the Judge of the Maritime Court only requires five years of similar professional experience.

But even after 30 years, this Court has



Belisario Porras, PMLA vice president

The PMLA has presented ideas to the Ship Registry to help improve some procedures and boost the enrolment and efficiency of general registration services.

not materialised. It is a frustrating reality. However, 'the Panama Maritime Law Association will continue to press for the long awaited Maritime Court of Appeals,' says Barrancos.

The PMLA has presented ideas to the Ship Registry for discussion to help improve some procedures and boost the enrolment and efficiency of general registration services, says PMLA vice president lawyer Belisario Porras, from the law firm Patton, Moreno & Asvat.

'Amongst them are the creation of additional tax incentives to the registration of ships; facilitate the registration of mega yachts under the flag of Panama; a reform of Law 55 to accept the registration of additional commercial and/or financial contracts at the registry of ships (ie: bareboat charter) in order to be considered as a lien on the ship; the possibility to register documents in the register of ships in the English language without the need for translation or simplification of such a requirement; the creation of more regional technical offices in strategically important markets; the improvement of the Ship Registry IT system provided at the moment by INDRA; the upgrading to the extent possible, of the organisational structure of the Panama Maritime Authority (AMP) to make it more efficient, seek new ways to market the registry's advantages and services to the international shipping community; and removing the recently imposed new requirements on the legalisation of documents from China,' says Porras.

There is a commitment from the PMLA to the Ship Registry – Directorate General of Merchant Marine (DIGEMAR) – in order to establish a more direct contact to review, in conjunction with that institution, the daily challenges it encounters, says Porras. Now, more than ever, there is external pressure for Panama's ship registry to make it more competitive and efficient against the onslaught of competition from other flags. It is necessary to consider economic incentives, as well as to examine the technical mechanisms, the customer, the process of the paperwork and the marketing strategy, explains Porras.

At the time we go to press and according to sources at the ship registry, a package of new incentives – although temporary – is in the making and should be presented to the AMP's board of directors within weeks. •





Rapidly expanding economy

Panama was one of the world's fastest growing economies in 2012, registering a second consecutive year of double-digit GDP growth and extending its position for a second year as the fastest expanding economy in Latin America, a distinction that it has now enjoyed for five out of the past six years. Panama's economy grew by 10.7% in 2012, just slightly below the 2011 growth rate, underscoring its return to the rapid growth witnessed before GDP slowed to a seven-year low of 3.9% in 2009 amid the global financial crisis. Growth has exceeded 10% in all but two of the past six years. Prior to 2009, economic expansion was driven largely by the private sector taking advantage of increased investment opportunities and incentives. Companies using Panama's geographical advantages as a regional base and a residential construction boom in the past three years, has created record levels of public-sector capital investment.

The construction and mining sectors posted the fastest rates of expansion in 2012, both expanding by around 30%, reflecting the acceleration in public investment in infrastructure that has taken place in the past two years. Major public-sector works under way include the expansion of the Panama Canal, due for completion in 2015, major sanitation works, road construction and renovation, and the construction of new hospitals and of the first subway in Central America.

A rapidly expanding economy and prospects for long-term growth tied to infrastructure megaprojects, like the canal expansion and private investment in government-created economic zones, such as Panama Pacifico, have also continued to

attract private investment in infrastructure including port expansion, new hotels and residential buildings.

GDP growth eased to 7% in the first quarter of 2013, owing to slowing public investment and weak global conditions, which hit canal, port and free-trade zone activity. The transport, storage and communications sector, which accounts for almost a quarter of GDP, grew by only 6.4% year on year, a rate not seen since mid-2009. Several sub-sectors such as port activity fell by 13.8% and Canal activity contracted by 2.2% but a strong performance by telecoms and air transport prevented a sharper downturn in this sector as a whole.



Alberto Vallarino

Shrinking port activity was related to a decline in trade experienced at the Colon Free Zone, Panama's large free-trade area, which caters for markets in Central and South America. As a result, the commercial sector, which includes retail, wholesale and CFZ trade, contracted by 2.2%. The slowdown in

other major sectors of the economy was less pronounced, with the financial sector, construction and mining, helped by demand for building aggregates from the canal and other megaprojects, all performing strongly, albeit below their peak levels of recent quarters.

The slow economy in 2013 was expected but 'I continue to be bullish about the growth of the Panamanian economy during 2013 and 2014,' says former Minister of Economy and Finance, Alberto Vallarino. 'Although there are continued signs of sluggish recovery in the developed economies, slower growth in China, and trading and collection issues with Colombia and Venezuela respectively, the negative impact will be offset by the dynamism of others sectors of the economy, including both private sector and public infrastructure investments. GDP growth will not be in double digits but it will hover around 7%,' adds Vallarino, who is a member of the Panama Canal Board of Directors.

The Panama Canal expansion construction has helped Panama's economic performance and put some 10,000 new positions on the job market, helping to reduce unemployment to a record 4%. The Canal alone has contributed to Panama's coffers \$1.03bn in fiscal year 2012, just a little less than in FY 2011 when the ACP gave the Panamanian government \$1.04bn, the highest sum ever since the waterway administration was transferred to Panama in 2000. The ACP contribution includes the government percentage on net tonnage, public services and net profits made by the ACP, which by law, must be transferred to the government. The Canal's accumulated contribution since

2000 totalled \$7.6bn, compared to \$1.88bn given by the US to Panama during the precedent 85 years.

However, the government will have to address some issues that are important for both the standard of life of Panamanians and the development of some sectors of the economy. The problems remain 'high inflation and outdated labour regulations and the lack of skilled labour for increased productivity and sustained growth,' explains Vallarino. 'Imported labour has helped some companies, but sectors like tourism, financial services and logistics continue to be affected, by the shortage of a skilled labour force,' he says.

Panama has continued to attract private investment in infrastructure including port expansion, new hotels and residential buildings.

'We have not created the Panamanian economy alone. We have allowed nationals of more than 17 countries to come and work and make their home here reducing the process,'



says Minister of Foreign Affairs Fernando Nunez Fabrega. In May 2012, Panama adopted a new regulation that facilitates citizens from 20 countries, permanent residency when they enter the country 'for the exercise of economic or professional activities.' According to Fabrega, 'legal security, political stability, good relations with its neighbours and Panama's economic outlook' encourage foreigners to settle in the country. To obtain permanent residency through the new rules, immigrants must demonstrate that their purpose is to exercise 'economic or professional activity' specifically in

Panama, financial solvency, and have no criminal record in the country of origin or residence

In its first venture into the global bond market since 2009, excluding a privately placed Samurai bond in 2011 and debt refinancing operations, the Panamanian government completed on April 22, 2013, its most successful bond issuance to date – a \$750m, 40-year bond maturing in 2053, its longest maturity ever. It was priced to yield 4.3%, a spread of only 140 basis points over benchmark US Treasuries – Panama's lowest ever and 90 bps lower than the spread on its 2009 10-year bond.





At Events

India Shipping
Summit 2014

India Shipping Summit
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Mumbai, India
www.indiashippingsummit.com
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Seatrade
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Maritime

Seatrade Middle East Maritime
28 – 30 October 2014
Dubai International
Convention & Exhibition Centre
Dubai, UAE
www.seatrade-middleeast.com

المؤتمر السعودي للقطاع البحري
SAUDI MARITIME CONGRESS

Saudi Maritime Congress
24 – 26 November 2014
Kingdom of Saudi Arabia
www.saudimaritimecongress.com

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17 – 20 November 2013
Park Regis Kris Kin Hotel
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25 – 28 November 2013
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Awards

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Atlantis, The Palm
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Seatrade
ASIA
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Seatrade Asia Awards
7 April 2014
Singapore
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Seatrade
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2014

Seatrade Awards
14 April 2014
Guildhall
London, UK
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The issue was almost six times oversubscribed by investors from the US, Latin America, Asia and Europe, reflecting investors' frantic search for yield in a context of abundant global liquidity and exceptionally low OECD interest rates. Panama also benefited from the investment-grade credit rating it has held since 2010. With the Global 2053 issue, Panama extended the average maturity of its sovereign external bond stock from 15 to 17 years and lifted the average maturity of its total debt stock from 11.6 to 12.8 years. The average interest rate on its external bonds was reduced by 25 basis points to 7%.

The bond placement coincided with cabinet approval for a total of \$1.75bn in bond emissions this year, the proceeds of which will be split between deficit financing and debt amortisation. The new external bond comes after a

period when policymakers tried to develop domestic capital markets through local issuance. Nevertheless, external debt still represents the lion's share of sovereign liabilities accounting for 75% of total public debt.

Foreign Direct Investment (FDI) grew by 10% in 2012, to \$3.02bn, up from \$2.75bn the year before, and FDI per capita remains one of the largest in the region.

Panama capital market saw record total issues of \$637m in corporate debt for the period January-June 2013. It represents though, a drop in pace since 2012, which according to the Superintendencia of Securities (VPS) had been the year with the greatest amount of issues in the history of Panamanian securities market. However, it is expected that projected debt deals during 2H 2013 increase up to \$1.69bn, an amount similar to 2011, but it would represent a decrease of 44.84% compared to 2012.

Over the next two to three years, the government will face several additional liabilities, in particular payments for turnkey projects materialising in this period, estimated at around \$3bn, mostly for infrastructure construction works. But 'one of the most overlooked facts when analysing the impact of the turnkey projects is that total amount committed in a given future fiscal year cannot be greater than 20% of the total investment budget projected for a particular fiscal year. Given the strength of fiscal collections and their diversified sources, the next government will not have any problem with these payments and still have a healthy investment budget of its own. I signed that 20% policy directive when minister and my successor have kept it intact,' says Alberto Vallarino who was Minister of Economy and Finance from 2009 to 2012. •

Banking in Panama

The financial sector includes banks, the stock exchange, insurance and re-insurance companies. At July 2013, there were 95 banking establishments in Panama of which 2 were government-owned, 51 of general licence, 27 of international licence and 15 of representation.

Panama international banking centre's profits earned in 2012 jumped by 13%, highlighting the banking sector's robust return to profitability since 2009, when the global financial crisis caused a short-lived weakening of the financial sector

performance. However, the majority of the banking sector profits is concentrated in a relatively small number of mainly foreign banks. Over two-thirds of all profits were earned by just ten banks, four of which are Panamanian; out of the 80 banks of general and international licence that currently operate in the banking centre.

Like others sectors of Panama's economy, banking activity has performed well in 2012 and during the first months of 2013, maintaining a favourable trend based on sound liquidity, improved portfolio quality and solvency levels superior to 50%-55%, much higher than the 30% minimum required by law.

Panama is one of the most important banking centres in Latin America that is consolidating into a global financial centre where banking

secrecy is law and which offers at the same time, a diversity of foreign and Latin American banking institutions in addition to 85 brokerage and investment firms supervised by the Stock Exchange Superintendencia,' explains Carlos Valdes, former president and director of the brokerage association.



Carlos Valdes

Net profits reached a record \$1.5bn in 2012, the third consecutive year in which banking sector profits have topped the billion dollar mark and the third year of double-digit growth in profits. Assets of

the banking centre, which includes banks licenced to do business in the domestic banking market as well as banks whose licences limit them to overseas banking, grew by 10% in 2012 to \$89.8bn, equivalent to almost two-and-a-half times the size of Panama's GDP.

Credit expansion has driven asset growth, boosting profits. Loans account for almost two-thirds of total assets, and almost two-thirds of gross income is earned from interest on loans. Domestic credit expanded by 14% in 2012, outpacing real GDP, which was at 10.7%. Sustained economic growth, a low unemployment rate, and historically low interest rates have encouraged domestic credit expansion. External lending by the banking centre, most of which is comprised of corporate loans to the Latin American market, increased by

16% in 2012. With the credit portfolio expanding robustly, asset quality indicators underwent a third year of improvement in 2012.

In 2012 and during the first months of 2013, 'South American banks have taken advantage of Panama's location to expand their activities to Central America. The most recent example is the purchases of HSBC-Panama by BanColombia and BBVA-Panama by the Colombian Group Aval. Also, having the dollar as a currency offers a protection against the regional currencies 'volatility,' explains Valdes. 'Initially, important financial institutions were motivated to have a presence in Panama banking centre mostly because of the centre's geographic position. Today, they are more likely to establish in Panama because of the changes in international regulations, and or political reasons and for profitability. It is clear that Panama banking centre offers a geographic advantage to do business in the region but future financial benefits are even greater than the location,' Valdes says.

The banking sector will continue to perform strongly as heavy public investment boosts economic growth, resulting in an increase in the financial services sector's importance as a share of GDP in 2013. The results of the 2013 Q1 show consolidated assets growing by 12.4% to \$92.98bn, of which government-owned banks registered an increase of 17.3%; domestic banks, 14.7%; foreign private banks, 13.3%; international-licenced banks, 4.5%.



Passenger numbers on the up

Throughout the 2012-2013 season (October 1, 2012 to May 31, 2013) cruise vessels from the major international lines have called Panama, including Holland America Line, Princess Cruises, Royal Caribbean Cruises Ltd, Norwegian Cruise Line and Carnival Corp & plc with smaller sized cruise ships, such as the National Geographic Sea Lion, Le Levant and Wind Star, contributing to traffic statistics; the latter ships usually make short voyages between the Caribbean islands and the East and West coasts of Central America.

The Panama Canal Authority (ACP) recorded 196 transits by cruise ships with a total of 217,261 passengers, during the 2012-13 season which started with the transit of Celebrity Cruises' Celebrity Millennium on October 2, 2012. Cruise ship activity in the Panama Canal unofficially ended May 14, 2013, with the northbound voyage of Crystal Symphony operated by Crystal Cruises, a wholly owned subsidiary of Nippon Yusen Kaisha (NYK Lines). Embarking from Los Angeles, California, with destination for New York City, New York, this cruise vessel made the voyage in 17 days. The toll record paid by a cruise ship is still held by Norwegian Cruise

Line's Norwegian Pearl, which transited in 2010 and paid the sum of \$400,000.

The cruise industry fell 22% during 2012 to 334,435 passengers compared to 429,275 the year before. But the forecast looks brighter in the first five months of 2013. From January to May 2013, as some 203,856 passengers disembarked in Panama, there was an increase of 1.2% compared to the same period in 2012. According to Panama's

Some 203,856 passengers disembarked in Panama during the first half of 2013.

tourism authorities, the reason is more from international than domestic clientele but the industry is recovering. 'We are going to have a good cruise season,' says Augusto Terracina, general manager of Colón 2000, the dedicated cruise terminal on the Atlantic coast which has been recognised for three years in a row as the best embarking port of Royal Caribbean. Terracina

emphasised that one of the biggest advantages of Colón 2000 is that 'Latin Americans do not need a visa to travel to Panama, where they embark, and Copa Airlines also travels to the region's major cities.'

The port, located in the province of Colón, competed with terminals in Málaga, Spain and Shanghai, China. In a survey, Royal Caribbean passengers evaluated the service offered by the port staff, including customs registration, baggage handling and other assistance. Currently Colón 2000 manages the departures of two ships that cruise around the Caribbean on a weekly basis.

The home port season began on November 3, 2012, when Celebrity Infinity, with capacity for 2,170 passengers, arrived at Colón 2000 to start its journey.

Colón 2000 is now home port for Pullmantur and Royal Caribbean International leaving every Friday and Sunday respectively. 'Those are cruise vessels targeted towards the Latin American market and have 100% occupancy.' In 2012, more than 45,200 passengers boarded cruise vessels from Colón 2000. Spain's Pullmantur started in April 2013 making its home port at



HALs Statendam about to pass Gehry Museum



Royal Caribbean International's Vision of the Seas

Colón 2000 throughout the year, using its largest vessel, Monarch, which carries 2,752 passengers. 'The peculiarity of those cruise passengers who board in Colón is that they decide to visit other parts of Panama City, which injects a significant flow of foreign currency into the economy,' said the Panama Tourism Authority deputy administrator. For the cruise season 2013-2014, Colón 2000 is awaiting 120 cruise calls.

According to Terracina, among the cruise ships arriving at the end of this season are Holland America Lines' Zuiderdam, Celebrity Cruises' Infinity and RCI's Vision of the Seas. Passengers can sign up for tours with Aventuras 2000, a tourist company owned by Colón 2000. Another option is to dock in Colón 2000 and from there take a speedboat to the island home to the Embera indigenous group, who greet the tourists, display some of their cultural traditions and offer artistic products and crafts that are handmade by the Emberas.

Pullmantur, which replaced Horizon for Monarch earlier this year, is sailing year round Antilles and Caribbean itineraries from Panama, since the local authorities negotiated an extension of the agreement they had with the Spanish operator. Panama, in return, is providing funds to promote the route from Colón. Monarch will operate 53 departures in 2013, welcoming aboard more than 145,000 visitors from all over the world and tripling the capacity of the Pullmantur Group in the Caribbean region.

Colombians, Venezuelans, Brazilians and Mexicans are the tourists who most use the home port in Colón. Around 200,000 passengers passed through Colón 2000 from 2009 to 2012.

'We have brought our best cruise ship to the Latin American market, as a result of the great response we received from tourism on the continent, which has resulted in us exceeding 100% occupancy several times,' said José Manuel Martín, international director of Pullmantur for Latin America. Pullmantur is a subsidiary of Royal Caribbean. 'Our company offers a very competitive all-inclusive product, and

we believe that the market for taking cruises from Panama will continue to grow,' he said.

The new lock on the Atlantic, which is furthest along in the expansion project, would be the first to operate, and a cruise ship might be the first vessel to pass through, Panama Canal Authority (ACP) administrator Jorge Luis Quijano said as he spoke at the Panama Maritime XI Conference, held in Panama in February 2013.



Celebrity Cruises' Infinity

Around 200,000 passengers passed through Colón 2000 from 2009 to 2012.

The estimated date for completion is April 2015, and the Atlantic lock could begin commercial operation in June of that year, he added. The vessel would pass through the locks until it reaches Gatún Lake, the turn-around point.

Colón Island, in the province of Bocas del Toro will be included in Royal Caribbean's itineraries for the 2013-2014 season with departures from home port Colón 2000. The cruise line will make a stop on the island every two weeks, and some 600 passengers are expected to visit the

site's main tourist attractions. Since the island lacks a berth, the ship's tenders will shuttle passengers to and from the beach.

Six Holland America Line ships will sail 28 full and partial transits of the Panama Canal during the fall 2013 through spring 2014 season, which coincides with the canal's 100th anniversary. 'The Panama Canal is a "must see" for many travellers because of the historic technology and beautiful scenery,' said Richard Meadows, Holland America Line's executive vice president of sales, marketing and guest programmes. 'The Panama Canal changed travel by enabling easy travel between oceans, and it's exciting for us to make several Canal cruises in the season celebrating its 100th year.'

Everything indicates that the government will not continue to promote the Amador cruise project, due to the high cost of dredging required to reach the depth needed for ships to dock. Bathymetry studies, conducted in late 2012 to measure the depth of the seabed, revealed that an investment of \$24m to \$30m in dredging maintenance would be needed to allow cruise ships to navigate into Amador.

Faced with high construction costs the government will instead turn the project over to the private sector and different locations at the end of the Amador Causeway are being investigated. The Law 481 that gives incentives to tourism activity passed in late 2012, included tax breaks to stimulate maritime infrastructure construction, such as ports and marinas, in part to encourage investment on the Pacific coast. According to statistics released by the Secretariat of Central America Tourism Integration (SITCA), Panama is the third largest destination within the region. •

Pullmantur at Colón 2000





Paul Gauguin's island of flowers

Tourism is becoming an important sector in Panama's Gross Domestic Product (GDP) bringing revenues from tourism to \$2.5bn with around 2.2m visitors in 2013, Panamanian tourism authorities say.

The country's geographic and

economic positioning and the large investments made to modernise and promote the country have allowed the tourist industry to experience substantial growth thanks to air connectivity with more than 16 direct flights daily from the US, more than 80 from the

Caribbean, Central America and South America, and daily direct flights from Europe. French airline Air France will set up a direct flight between France and Panama in late 2013. Initially, the airline would schedule three weekly arrivals to Tocumen International Airport, leaving the possibility of adding a fourth frequency in 2014. Air France would be joining Iberia, KLM, and Condor, companies that already offer flight connections between Panama and the old continent. These connections have proved valuable in increasing the number of businessmen and tourists who reach the country. In the first four months of 2013, 239,000 European tourists were reported to have entered Panama. In February 2013, Panama Civil Aviation Authority (CAA) signed a Memorandum of Understanding with its French counterpart to allow for the arrival of airlines from this European country to Panama. Panama will become the eighth country in Latin America to have a direct flight on Air France.

Panama is also building a new Convention Centre in the Capital City that should be ready by the end of 2014 or the first quarter of 2015, and revenue projections in the conventions sector are \$40.5m in 2013 from a total of 180 conventions, compared with 120 in 2012.

The provinces have seen a surge in the construction of new hotels on the Pacific coast to meet the tourist demand brought on by the construction of Scarlet Martinez International Airport, located in



One of the many hotels in Panama to meet the tourist demand

Gauguin's monument on the island of Taboga



Río Hato which will be inaugurated in the last quarter of 2013. Around \$450m are expected to be invested in hotels across the country in 2013, surpassing the \$433m spent in 2012, according to estimates by Panama Tourism Authority. To date, 39.6% of these hotels operate in the capital city, 25.8% in Chiriquí province and the rest in Colón, Coelá, Bocas Del Toro and Los Santos provinces. The overwhelming majority, some 90%, have less than 100 rooms, mostly hostels, inns and cabins.

Major international newspapers and magazines continue to feature Panama, in their travel section, as one of the best locations to visit and though it is now stereotyped to say that Panama is not only a canal and offers a variety of tourist attractions to the visitors, seeing the Panama Canal, transiting the waterway with a cruise ship or simply taking a one-day tour to go through the locks to have breakfast on the Pacific ocean and few afternoon drinks on the Atlantic ocean, remain some of the most sought-for stop overs.

The Panama Canal Authority has built a Visitors' centre (see box) on the Atlantic side, where tourists can now observe the daily construction of the third set of locks at a reasonable distance and see the realisation of another monumental engineering feat that will be inaugurated to commercial transit by mid-2015. Everyone making even the shortest visit to Panama wants his-her picture taken with the huge equipment, concrete walls and thousands of workers in back ground as a souvenir for the next generations.

The Panama Canal Museum presented for the first time in history an exhibition – sponsored by the French Embassy in Panama – of 36 original works and paintings from French post-impressionist

painter Paul Gauguin, with paintings on loan from prestigious museums such as the Musee d'Orsay in Paris and pieces from private collections never presented to the public before. 'Panama dream' was on exhibit for six months and showed a record number of visitors.

Gauguin – who is best known for his impressionist paintings of Tahitian 'vahines' – lived in Panama from April 30 until June 8, 1887. This was during the French attempt to build a waterway in Panama, as letters that the artist wrote to his wife in Paris reiterate. These are present at the museum and testify his time spent in the Isthmus. He is said to have stayed on

works from impressionism to synthetics.

Panama Canal narratives see him in Colon, where he was working at the time, haunting the Atlantic City's night life full of bohemian and French-style bars and legends say that when lacking money he exchanged his paintings to pay for his drinks. The quest for those unknown and lost painting – if they really existed other than in Canal fables – is still continuing but has never been conclusive.

Taboga Island, in the bay of Panama, is called the 'Island of Flowers', a well-deserved name. Hibiscus, bougainvillea and jasmine grow over the houses in the gardens and along the lanes and paths of



Gauguin exhibition at the Canal Museum

Taboga Island where the French Compagnie Universelle du Canal Interoceanique had a sanatorium for its employees. There is a plaque indicating that Paul Gauguin lived there, he is said to have been hospitalised twice at the French sanatorium to recover from ill health. Many art critics consider that his experiences in Panama and the tropics made a transcendent mark on his

the village which is a riot of colours in the months of April and May. For decades Taboga Island has been the week-end favourite destination of well-do Panamanians, and though many migrated to the Pacific coast beaches, there is still a number of families who keep a second residence in the island, taking advantage of good fishing around Taboga, only a 45-

Tourism facts and figures

- Conventions and congresses held from January to April 2013 revived the hotel sector, bringing hotel occupancy to a 61% average rate.
- A total of 831,593 tourists visited Panama from January to April 2013, 34,893 more travellers, or a 4.4% increase, over the same period last year.
- An estimated \$847.7m were injected into the Panamanian economy during this period.
- Figures from the Comptroller General's Office also reveal that a typical tourist stays for eight days in the country and spends \$127 daily.
- South America is the region that contributed the most tourists to Panama, with 239,216 visitors between January and April 2013.
- The arrival of visitors from Chile and Peru increased by more than 20% in the period January-April 2013. Meanwhile, tourism by North Americans fell into negative territory, as US visitor arrivals dropped by 1% in the first quarter of 2013 and that of Canadians plummeted 18.2%, mainly due to less charter flights.
- Panama has more than 16 direct flights daily from North America, more than 80 from the Caribbean, Central America and South America, and daily direct flights from Europe.
- The Authority of Tourism estimates that 2.2m tourists will come to Panama in 2013.
- Tourism will contribute more than \$2.5bn to Panama's economy in 2013
- In 2012, 82,281 tourists came to Panama for conventions, up from 71,328 in 2011, according to figures compiled by the Authority of Tourism of Panama.

minute boat drive from the Capital City.

In 1524, Spaniard Hernando de Luque founded the town of San Pedro on the island and the expedition led by Francisco Pizarro and Diego de Almagro

to conquer Peru, was organised in Taboga and financed by Luque.

In front of Taboga's main beach is the tiny island of El Moro which can be reached by sandbar at low tide. The rock

was once the headquarters of the Pacific Steamship Navigation Company (PSNC) around 1840. The PSNC was the largest shipping line of the mid-19th century with 12 vessels making trips to

The Panama Canal Visitors' Centres

The new expansion observation centre, near Gatun Locks, was opened to mark the Panama Canal 98th anniversary on August 15, 2012. It is a 'green' building designed by Panamanian architects Mallol & Mallol. The centre, located 60mtr above sea level (50mtr above the Canal) is immersed in a tropical forest. From an unrivalled viewpoint, visitors can witness history while observing the construction of the new locks of the interoceanic waterway, one of the largest infrastructure projects of the early 21st century. At the same time, the view commands over the canal's current operations as ships transit Gatun Lake en route to the Atlantic or Pacific Ocean. The centre gives tourists the possibility to experience first-hand the imposing works that are to erect the future locks allowing the passage of huge container and tanker vessels. The Atlantic Visitors' Centre also has a cafeteria, exhibitions and an ecological trail.

Meanwhile, the present Visitors' Centre, on the east side of the Miraflores Locks, continues to be a landmark for all visitors coming to get a view of the ships transiting the waterway. The Miraflores Centre, which attracts a daily average of 1,000 visitors

from all parts of the world was inaugurated on December 18, 2003, and remains the best location to see the waterway's activity. Visitors can see anywhere from one to three vessels, perhaps more, make the transit simultaneously. From the minute the vessel enters the locks, it takes approximately 40 minutes for the process to be completed.

The Centre has exhibition halls, in the heart of the centre, organised by themes over four floors. The permanent exhibitions include historical objects of canal operations, interactive modules, video presentations, models of the Panama Canal and information on the Panama Canal Expansion. The Centre has also three observation areas located on the ground, first and fourth floors. Photos can be taken of the locks from their respective balconies. On the second floor, a restaurant is open to the public from noon until 11:30pm and offers a splendid view of the vessels transiting the locks, which is a stunning sight at night. In addition, there is a 182-seat 3D auditorium with full capacity for multimedia presentations and where visitors will be able to learn about the past, the present and the future of the Canal in a 3D movie, since

it will be one of the first facilities featuring this technology in the region. Additionally, exhibition hall number three was completely refurbished to showcase Canal operations, with a simulator to give visitors a sense of how the Canal works.

The Visitors Centre has a new roofed terrace so that tourists can enjoy the transit of ships through Miraflores Locks from a privileged viewpoint. This roofed area is one of the favorite spots, since its altitude provides visitors with a unique perspective of the Panama Canal. The Miraflores Visitors Centre continues to offer the public free wireless internet service so people can stay connected to social networks and share with the world their experience while visiting the Panama Canal.

General admission fee is \$15 for adults and \$10 for children 6-12. National and residents adults are charged \$3, retirees \$1.50 and children 6-12 and students with ID pay \$2. Open Monday to Sunday, including holidays. Ticket Office: 9:00am - 4:30pm. Exhibition halls: 9:00am - 5:00pm. For further information please contact the centre at +507 276-8325 or via email to cvm@pancanal.com.



Gatun Visitor Centre on the Atlantic side

as far as Valparaiso, Chile, and the island became an important base for ocean traffic at the time. But the construction of a trans-isthmian railroad in 1855 reduced business and obliged the steamship line to cut off their Panama service. The remains of their installations are still there amongst the tropical and invading vegetation. It has been a favourite locale for divers and snorkelers who look for old hand-blown bottles bearing the crest of PSNC, pieces of china, coins and broken equipment. For the history buffs, a visit to the English cemetery on the hill is an occasion to find carved epitaphs for the company workers and some ship commanders and also of numerous French officers and workers who died of the dreadful fevers.

In 1882, when Ferdinand de Lesseps ventured to dig a canal in Panama, the French company established a sanatorium for convalescing employees who had contracted malaria or yellow fever. It was bought by the US Panama Canal Company in 1904 and converted into a company hotel in 1915 and completed abandoned in 1921 and being demolished. During World War II, searchlight facilities were established on the island but the base was dismantled on the 1960s.

The waters show an abundance of marine life with Humpback and Sei whales making close and frequent passes around the island and some turtle species

come to nest during August to October. The Smithsonian Tropical Research Institute (STRI) has created a pelican reserve and Taboga has been declared a wildlife refuge and is therefore a protected area and a preferred locale for

Panamanians and foreigners. Lodging is easy to find with several small hotels and a number of bed & breakfast rentals and the food is excellent, needless to say with plenty of fresh fish and sea food making of Taboga an attractive destination for short vacation.

Motor-boat regattas are frequent during the dry season but on July 16, day of the Virgin del Carmen, patron saint of the island, there is always great attendance since it is celebrated with a waterborne



Whale watching tours



Island of Taboguilla

bird watchers who come to see white-tipped doves, flycatchers, parakeets, bat falcons and of course pelicans.

There are regular boats servicing the island from the Amador Marina every day and on weekends since the one-day trip is an easy excursion for

procession that takes the image of the holy statue around the island on a boat filled with flowers, followed by dozens of sport fishing boats, outboard Cayucos and small crafts of all sorts. The small islands of Otoque and Taboguilla are famed for good deep-sea fishing. •



Amador Marina



Remarkable feat of engineering

On August 15, 2014, the Panama Canal will celebrate the 100th anniversary of its historic opening with the first commercial transit of Steamer 'ANCON'. More than a million ships have transited the waterway since it was opened to the world shipping fleet. Over the years, the Canal has seen operations modernised and will soon be expanded to service the larger and wider vessels that are being built, which are too large to use the waterway.

The completion of the future larger and longer locks will be a year away though from the 100-year festivities since the third lane of the expanded canal is due to open to commercial transits by mid-2015. There is no doubt that this date will figure prominently on the waterway's timeline, marking another success for the men and women who have made it possible.

Today, history seems to repeat itself, bringing back the memories of the remarkable feat of engineering of the early 1900s, as huge constructions bisect again the Isthmus of Panama to make way for the passage of modern container ships. On both the Atlantic and Pacific entrances of the present Canal, enormous excavators,

cranes and conveyors – that did not exist at the dawn of the 20th century – show the gigantic scope of work underway that will bring the Canal well into the 21st century.

The adventure began several centuries ago, a dream that goes back to the Spanish colonisation when King Charles V of Spain in 1534 ordered a survey for the construction of a passage – a trans-isthmian canal – across the Isthmus of Panama that could join the Atlantic Ocean and the Pacific Ocean.

The idea was 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. Although the crossing seems only a few horse-days long, the obstacles of such a strive – cutting a passage in thick animal-infested jungle – seemed unlikely.

It was not until the early 19th century, that 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. Several multinational and US expeditions were launched, to determine whether a canal should be built in Panama or in Nicaragua.

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 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 Frenchman Ferdinand de Lesseps began operations in 1881 but the project was finally abandoned years later, defeated by an enormous financial scandal and diseases. 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 will be installed on the future locks of the expanded canal.

Digging a canal was becoming a military imperative for the United States, particularly as it took 60 days to complete the journey from the Pacific to the Atlantic via Cape Horn.

Finally, in 1902, the US Congress authorised construction of an interoceanic canal in Panama. A treaty was negotiated with Colombian officials who granted the US a 99-year concession with an option for renewal. The treaty was rejected by the Colombian legislature on the grounds that it infringed Colombia's sovereignty and provided insufficient remuneration.

In 1903, after the Colombian legislature rejected the treaty signed with the US, Panama declared its independence from Colombia and was immediately recognised by the US government. The new Panamanian government signed a treaty with the US granting the rights to undertake the construction of a waterway. The following year, the US bought the rights and properties of the French Canal Company for \$40m, gave \$10m compensation to Panama's government and began excavating.

The US undertook a major sanitary



Culebra Cut during excavation



Miraflores lock under construction

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 arduous labour of about 60,000 manual

workers, most of them from the Caribbean region, and 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 gates bigger than everyone had ever imagined and solve environmental problems of enormous proportions.

Goethals completed the construction ahead of time and under budget. On August 15, 1914, the US steamship Ancon made a historic first official transit.

No other construction in the modern world has such a long history of personal defeats and victories, of heroism and great engineering than the building of the Panama Canal.

As the Canal is reaching its full capacity, the Panama Canal Authority began in 2007 the construction of a third lane with larger locks, allowing the passage of huge post-Panamax ships, following the approval by the Panamanians of a referendum on the Canal expansion.

The \$5.25bn works, including the construction of the third set of locks, which was awarded to the multinational consortium Grupo Unidos Por el Canal (GUPC), should be completed in April 2015. •

The Panama Canal Museum is located in an historic and charming 19th century building of traditional French architecture in the Casco Viejo (Old Quarter) neighbourhood. It is one of the most visited features of the Capital City colonial area.

It was inaugurated in 1997, during the Universal Congress on the Panama Canal that celebrated the 20th anniversary of the Panama Canal treaty signature that would transfer the waterway to full Panamanian ownership in December 31st, 1999.

Built in 1875 by French entrepreneur George Lowe to house the Grand Hotel, the most fashionable hostelry of its time in Central America, the building has remained a landmark of Panama for decades.

When the French Compagnie Universelle du Canal Interocéanique began operations in Panama, Ferdinand de Lesseps who had stayed at the hotel in 1880, bought the premises in October 1881, to establish his offices and the company's administration. The building changed owner when the United States bought the French remaining installations in 1904, installing the headquarters of the Isthmian Canal Commission until 1909. The US sold the edifice to the Panamanian government in 1910, which located the Mall and Telegraph Office where it remains well into the 1990s.

With help from the European Union, Panama restored the building, with its

The Panama Canal Museum

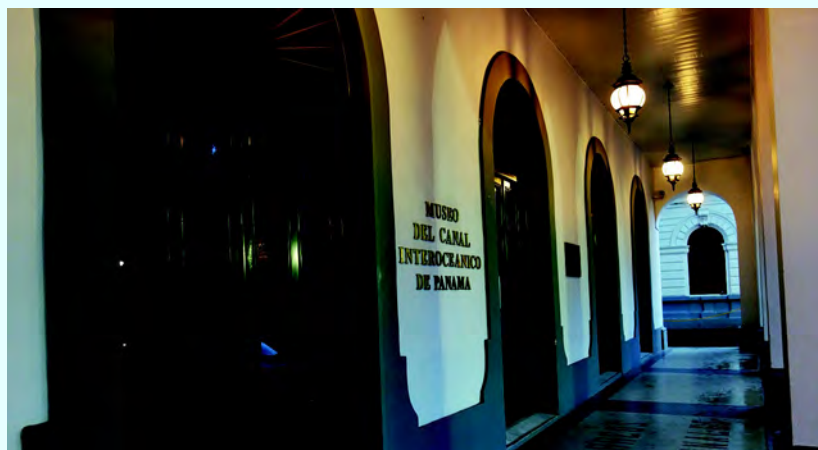
typical French Mansard-styled windows and red tiles, today the best example of the French architecture influence in Panama.

The Museum periodically presents special exhibits in addition to its permanent exhibitions that tell the history of the Panama Canal. The Museum has a remarkable collection of

late Gen. Omar Torrijos and former President Jimmy Carter in 1977 that returned to the Panamanians the so-called colonial enclave.

The Museum is administered by a board of trustees, which includes Panama Canal Authority officials.

Local collectors and the Panama Canal Authority have given most of the



documents from the first studies in the 1800s to the monumental efforts the US government and its Army Corps of Engineers during the construction of the Canal, making the presentation a walking journey through the history of the waterway and of the nation.

The Treaties' room y contains the original Hay-Bunau Varilla's treaty signed in 1903 that gave the United States perpetual jurisdiction over the Canal Zone and the treaty signed by

objects and Canal memorabilia permanently exhibited. The Museum's rich collection is available to students and researchers who contribute with their works to enhance the collective memory of the Museum.

The Museum (Tel: +507-211 1649/1650) is open from Tuesday to Sunday from 9:30am to 5:30pm, closed on Monday. Admittance is \$2 for adults, \$0.75 for children.



The future Pacific locks under construction



Panama & the Panama Canal

ATLANTIC OCEAN

Position
Atlantic



Entrance to Gatun Locks



Westin Hotel

Progress so far

The future Atlantic locks under construction



MAP COPYRIGHT SEATRADE COMMUNICATIONS LTD



Position of new Pacific Locks

Position of new Pacific Locks



Taboguilla Island bunker terminal

COLON CONTAINER TERMINAL (CCT)



PHASE I: Pier No.1 and 2 with 612mtr length and 14mtr draft.

PHASE II: Pier No. 3 with 370mtr length and 15mtr draft.

Future expansion: **PHASE III:** Pier No.4 and 5 with 320mtr length each one and 16mtr draft. Estimated completion mid-2015.

Terminal Equipment

- 5 Mitsubishi Post Panamax Gantry Cranes, capacity 50 tons
- 5 Mitsubishi Panamax Gantry Cranes, capacity 50 tons
- 12 units of RTG (6+1) Mitsui
- 18 units of RTG (6+1) ZPMC
- 9 units of Side Loader
- 3 units of Reach Stacker
- 12 units of Forklifts (1 x 10 ton and 11 x 3 ton)
- Current yard capacity: Laden: 16,000teu, Empty 22,000teu
- Reefer plugs: 984
- Access Channel 15mtr drafts with turning basin of 600mtr wide
- Nonstop operations
- Open to public
- Preventive Maintenance, minor repairs to damage containers, dry boxes and reefer containers, steam cleaning and reefer pre-trip (PTI) jobs.

Security System comprehends:

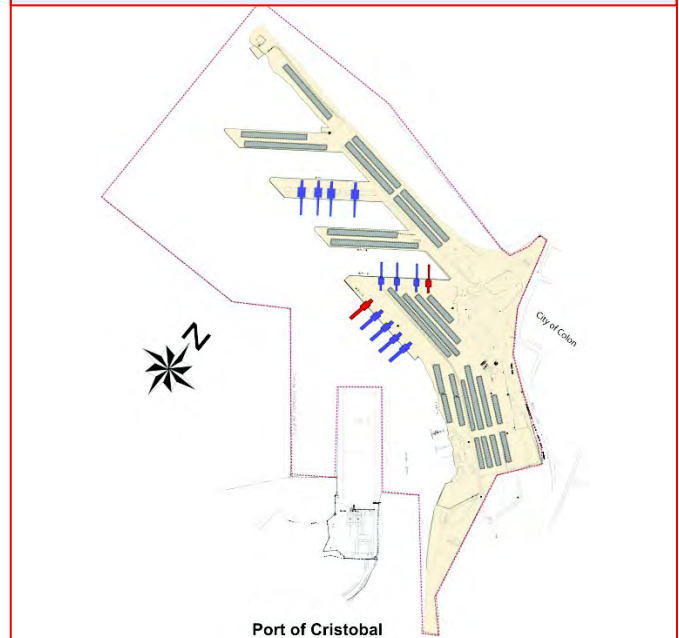
- CCTV System: 100 cameras in the terminal
- K-9 Dogs
- CCT owned Security Guards
- Boat Patrol guarding shipside operations
- Full compliance with ISPS Code and Basc.

Others:

- Power House: 5 Generators (1,600 KVA e/o)
- Rail Link Operated by Panama Canal Railway Co. uniting the Atlantic with the Pacific Coast.

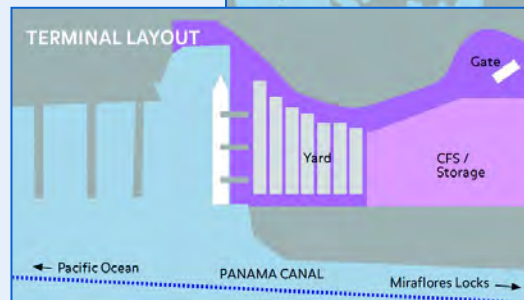
PPC – PORT OF CRISTOBAL

FACILITIES	DETAILS
Total area	143 hectares
Container berths	3
Length	980.33mtr
Depth	13.50-15.50mtr
Multipurpose/General cargo berths	3
Length	791.86mtr
Depth	12.50mtr minimum
Bulk berths	1
Length	326.13mtr
Depth	12.50mtr
Quay cranes	13
Panamax	3
Post Panamax	9
Harbour cranes	1
Rubber Tyred Gantry (RTG)	47
Reachstackers	8
Container toplifters	4
Empty Container Handler	18
Top Loaders	12
Forklift	32
CFS	6,110sq mtr
Customs House	3,674sq mtr

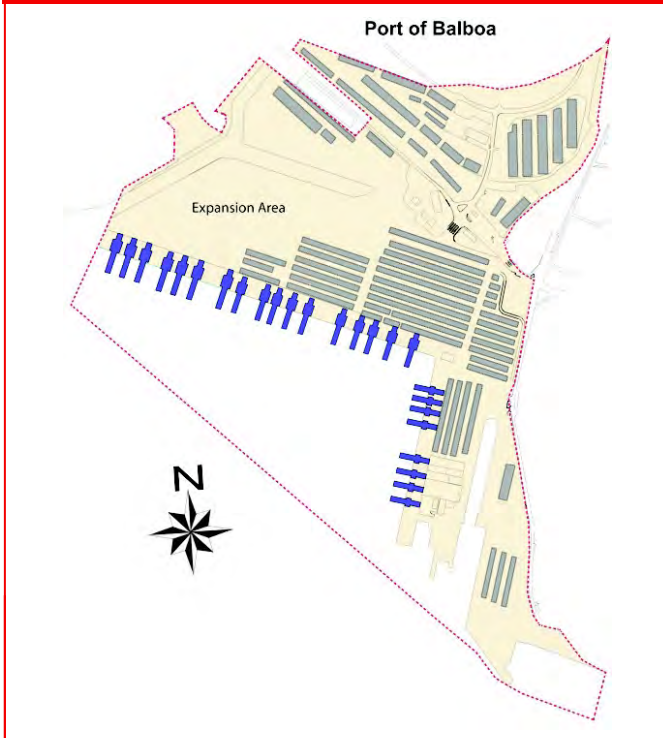


PSA PANAMA INTERNATIONAL TERMINAL

FACILITIES	DETAILS
Container berths	1
Quay length (mtr)	330
Area (ha)	22.5
Max depth at chart datum (mtr)	14.5
Quay cranes	3
Designed capacity ('000 teu)	450



PPC – PORT OF BALBOA



FACILITIES	DETAILS
Total area	182 hectares
Pacific terminal for transit of Panama Canal	
Transport connections	International airport, Panama City, rail connection
Container berths	
Length	1,710mtr
Depth	13-14.6mtr
Multipurpose berths	
Length	548.57mtr
Depth	10.3mtr
Quay cranes	
Super Post-Panamax	7
Post-Panamax	10
Panamax	8
Rubber Tyred Gantry Cranes (RTG)	83
Reachstackers	7
Empty container handlers	35
Forklift	24

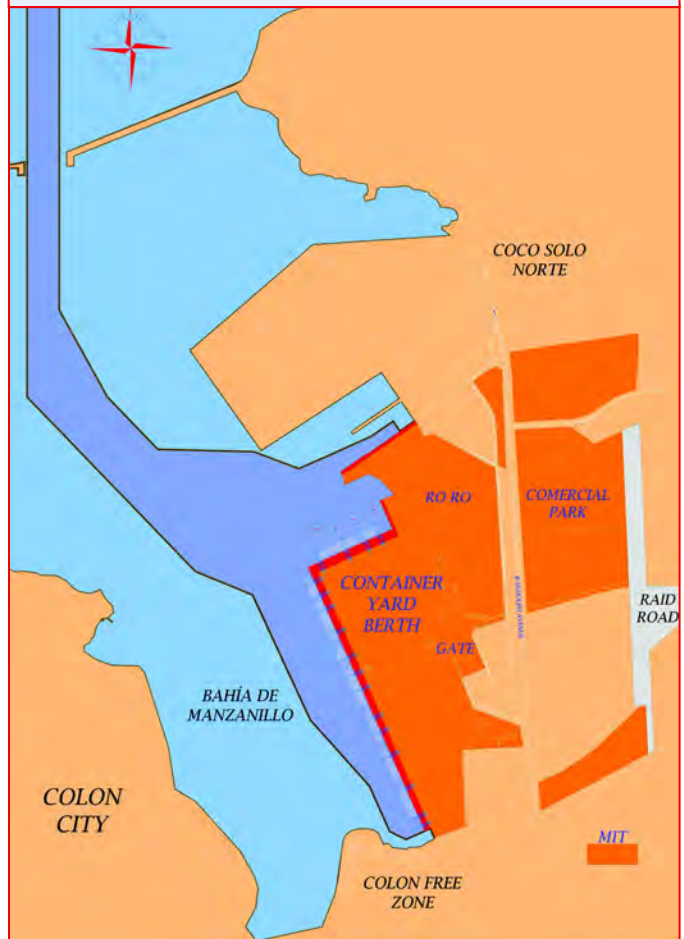
COLON 2000



FACILITIES	DETAILS
Length	100mtr
Depth	11mtr
Passenger terminal. Also offers shore excursions and retail shopping centre. Plans underway for a second pier and possibly a theme park.	

MANZANILLO INTERNATIONAL TERMINAL (MIT)

FACILITIES	DETAILS
Navigation, berthing, pilotage/tugs	
Container berths	
Length	1,640mtr
Depth	14mtr
2 additional 530mtr berths for ro-ro vessels with a water depth of 12.0mtr	
All berths +2.5mtr above MSL. Tide variance is 30cm.	
Ship to shore container gantries	
	14
Yard infrastructure/equipment	
Total area	80 hectares
Storage	48,000teu
1,523 plug capacity for refrigerated containers	
Yard gantries (RTGs)	
	30 (STS-17)
Toppicks	27
Sidepicks	23
Yard trucks	140
Bombcarts	128
Forklifts	45
Gates	5 inbound, 5 outbound lanes with weight scales
2 additional inbound/outbound lanes with direct access to the Colon Free Trade Zone	
Container equipment and refrigeration repair facilities: Inspections, preventive maintenance, and damage repair to container equip. including dry boxes, refrigerated containers, clip-ons, generator sets and container chassis. Also live reefer monitoring and maintenance, steam cleaning and pre-tripping.	
Port security: ISPS, CSI and C-TPAT Certified; a member of BASC. MIT also meets Super Carrier Initiative Standards.	
Safety management/Hazardous cargo	
	8 person emergency response team on call 24-hrs
ISO 9001 Certified	
Container freight station	
Total area	16,275sq mtr
Customs/Quarantine	
	Offices on terminal
Rail link	
	Operated and serviced by Panama Canal Railway Company



Official name

República de Panamá.

Population

3.45m - 29.2% under 15 years old.

Ethnic groups

Mestizo (mixed Indian and European ancestry) 70%, West Indian 14%, Caucasian 10%, Indian 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 2012

\$36.35bn (current prices)
\$25.75bn (constant prices)

GDP per capita 2012 \$7,463 (constant prices) up from \$6,600 in 2011.

Inflation 2012 +5.7%

Annual GDP growth 2012 10.7%

Natural resources

Timber, seafood, mining (copper, gold), tourism.

Foreign trade (excludes Colón Free Zone) 2012

Exports of goods (FOB): \$821.9m (+4.7 vs 2011) - Agricultural products (\$188.7m); non-agricultural products (\$633.3m).
Imports (CIF): \$11.5bn (+11.4% vs 2011) - consumer goods (\$5.67bn); intermediary goods (\$2.79bn); capital goods (\$3.04bn).

Colón Free Zone trade 2012

Turn over: \$30.79bn
Imports: \$14.65bn.
From: Singapore, China and United States.

Re-exports: \$16.14bn.

To: Puerto Rico, Venezuela and Colombia.

Foreign Direct Investment (FDI) 2012

\$3.01bn, up 9.6% vs 2011

Panama Ship Register

8,144 vessels exceeding 500gt, totalling 220.44m tonnes, up from 214.46m tonnes in 2011, as of December 2012, according to Lloyd's Register figures.

Services

78% of GDP: Trade, finance, insurance, maritime services 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 Colón 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 Ricardo Martinelli, from the Cambio Democrático (Democratic Change, CD) party was elected May 3, 2009 and was sworn in for a five-year term at a ceremony July 1, 2009.

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: Government & community services 250,000, private sector 500,000, others 350,000.

Unemployment

4% in 2012, down 5% vs 2011.

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

Some 95 national and international banks have branches in Panama, 51 of them with general licence. Opening hours vary but most are: Mon to Fri from 8am to 1pm/3pm. Most banks are also open on Saturday morning.

Colón Free Zone

Some 2,100 international and national companies and 20 foreign and national banks are established in the Colón duty free zone.

Measures Metric system.**Source**

Comptroller-general's office: Annual report 2012.

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 dates

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 - Ancón, Panama
Tel: +507 272-7602 Fax: +507 272-7693

BANKING

Banco de Bogota
P.O. Box 0816-02029, Panama, RP
Tel: +507 208 11 00
Fac: +507 263 80 37
www.bancodebogotainternational.com

Banco General
P.O. Box 0816-00843, Rep. of Panamá
Tel: +507 303-5001
Fax: +507 303-5101
www.bgeneral.com

Banco Nacional de Panamá
P.O. Box 0816-05220, Rep. of Panamá
Tel: +507 505-2000
Fax: +507 505-0211
www.banconal.com.pa

Banesco
P.O. Box 0823-05790, Panama, RP
Tel: +507 282-2000
Fax: +507 282-2257

Bank Leumi Le-Israel
P.O. Box 0819-05593, Panama, RP
Tel: +507 263 93 77
Fax: +507 269 26 74

**BBVA Banco Bilbao Vizcaya
Argentina (Panamá)**
P.O. Box 0816-03396, Rep. of Panamá
Tel: +507 207-2600
Fax: +507 207-2200
www.bbvapanamá.com

BICSA (Banco Internacional de Costa Rica)
P.O. Box 0816-07810, Rep. of Panamá
Tel: +507 208-9500
Fax: +507 208-9581
www.bicsa.com

**BLADEX (Banco Latinoamericano de
Exportaciones)**
P.O. Box 0819-08730, Rep. of Panamá
Tel: +507 210-8500
Fax: +507 269-6333
www.blx.com

Bank of China
P.O. Box 0823-01030, Rep. of Panamá
Tel: +507 263-5522 / 5330 / 6383
Fax: +507 223-9960 / 269-1079
www.bank-of-china.com

Citibank
P.O. Box 0834-0555, Rep. of Panamá
Tel: +507 210-5900
Fax: +507 210-5901
www.citibank.com.pa

Credicorp Bank
P.O. Box 0833-0125, Rep. of Panamá
Tel: +507 210-1111
Fax: +507 210-0100
www.credicorpbank.com

Global Bank Corp
P.O. Box 0831-01843, Rep. of Panamá
Tel: +507 206-2000 / 269-9292
Fax: +507 264-4089 / 264-3723
www.globalbank.com.pa

HSBC Bank USA
P.O. Box 0834-00076, Rep. of Panamá
Tel: +507 263-5855
Fax: +507 263-6009
www.pa.hsbc.com

Korea Exchange Bank
P.O. Box 0823-05773, Rep. of Panamá
Tel: +507 269-9966
Fax: +507 264-4224
Email: koexpa@cwpanama.net.pa

Mega ICBC
P.O. Box 0832-01598, Rep. of Panamá
Tel: +507 263-8108 / 263-8217
Fax: +507 263-8392
www.megabank.com.tw/abroad/panama/panama01.asp

The Bank of Nova Scotia
P.O. Box 0816-01999, Rep. of Panamá
Tel: +507 263-6255
Fax: +507 208-7702
Email: bnc.panama@scotiabank.com
www.scotiabank.com

Tower Bank International
P.O. Box 0819-06769, Panama, RP
Tel: +507 269 69 00
Fax: +507 269 68 00
www.towerbank.com

CARGO & OTHER SERVICES

Air Sea Worldwide Panamá
P.O. Box 0815-00883, Rep. of Panamá
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 Panamá
Tel: +507 236-5843
Fax: +507 236-9705
Email: amtcargopma@cableonda.net
www.amtcargop.com

Intertrade
P.O. Box 0819-10090, Rep. of Panamá
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 Panamá
Tel: +507 232-5415
Fax: +507 232-5469
Email: navessupply@cwpanama.net
www.navessupplypanama.com

Sea Cargo
P.O. Box 0816-00665, Rep. of Panamá
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 Panamá,
Rep. of Panamá
P.O. Box 0302-00482 Colón, Rep. of Panamá
Tel: +507 430-3537 / 261-0044
Fax: +507 430-0627 / 430-3705
Email: supremepty@supremepty.com
www.supremepty.com

CREWING AGENTS

**BECA Inc. Balboa Employment &
Crewing Agency**
P.O. Box 0830-01489, Rep. of Panamá
Tel: +507 260-2316
Fax: +507 260-8049
After hours: Tel: +507 6617-4557
Email: managers@becainc.net
www.becainc.net

DREDGE, LAUNCH, TUG, PILOT SERVICES

Caribbean Pilots Corp.
Tel: +507 430 35 36
Fax: +507 430 35 38
Email: administration@caribbeanpilots.com

Cía. Marítima de Panamá
P.O. Box 0843-02951, Rep. of Panamá
Tel: +507 211-1111
Fax: +507 211-3140
www.boluda.com.pa

Coastal and Inland Marine Service
P.O. Box 0843-00538, Rep. of Panamá
Tel: +507 260-0088 / 260-0096
Fax: +507 236-1776
www.boskalis.com

Dredging International
P.O. Box 0833-00284 Rep. of Panamá
Tel: +507 340-3004
Fax: +507 340-3005
www.deme.be

Meyers Group
Tel: +507 294-5063
Fax: +507 294-5068
Email: info@meyersgrp.com
www.meyersgrp.com

Panama Pilots Services Corp.
P.O. Box 0302-00435, Rep. of Panamá
Tel: +507 430-2127
Fax: +507 430-0496
Email: panamapilot@cwpanama.net
www.panamapilot.com

Shipping and tourism services

Panama Tugs Group Inc.

Tel: +507 398-0163
Fax: +507 398-0166

Svitzer Panama, Inc.

Tel: +507 210-6500
Fax: +507 206-2211
www.svitzer.com

Transiberica

P.O. Box 0831-01887, Rep. of Panamá
Tel: +507 314-1708
Fax: +507 314-0936
Email: cpedroza@pancaship.com

Van Oord Panama S.A.

Albrook Canal Plaza, Piso 2, Oficina H1
Tel: +507 3976-992
Fax: +507 397-6995
Email: loc.pan@vanoord.com
www.vanoord.com

ECONOMIC DEVELOPMENT

Tourist Bureau (Autoridad del Turismo Panama)

P.O. Box 0816-00672, Rep of Panama
Tel: +507 526-7000
Fax: +507 625-7121
www.atp.gob.pa

Zona libre de Colón (Colón Free Zone)

P.O. Box 0302-00512, Rep. of Panamá
Tel: +507 475-9500
Fax: +507 475-9507
Email: zonalibre@zolicol.org
www.zonalibredecolon.com.pa

EDUCATION

International Maritime University of Panama

P.O. Box 0843-03561
Tel: +507 501-5707/315-1372
Fax: +507 501-5708/315-1380
www.umip.ac.pa

FUEL / BUNKERING

Atlantic Pacific SA (APSA)

P.O. Box 0843-00369, Rep. of Panamá
Tel: +507 223-0452
Fax: +507 263-5535
Email: apsager@cableonda.net

Boluda Corporation Maritima

P.O. Box 0843-03328, Rep. of Panamá
Tel: +507 211-1111
Fax: +507 211-3120
Email: cmpgb@boluda.com.pa
www.cmpgb.com

CEPSA Panamá

P.O. Box 0831-02143, Rep. of Panamá
Tel: +507 214-9615 / 214-9601
Fax: +507 214-8300
Email: marian@antivirus.cableonda.net
www.cepsa.es

Chemoil Latin America Inc.

P.O. Box 0823-00992, Rep. of Panamá
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Fax: +507 265-5088
www.chemoil.com

DECAL Panamá

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Tel: +507 213-1013 / 1917
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Email: decal@decalpan.com

Eco-Klean

P.O. Box 0834-01866, Rep. of Panamá
Tel: +507 268-7303 / 448-1771
Fax: +507 268-2289
Email: Ecolclean@gmail.com

Esso Marine Supply Company

P.O. Box 0843-03064, Rep. of Panamá
Tel: +507 211-0800
Fax: +507 211-0843

FAMM Antilles Ltd (Fuel and Marine Marketing)

P.O. Box 0843-00358, Rep. of Panamá
Tel: +507 314-1500
Fax: +507 314-1497
www.chevrontexaco.com

Interoceanic Supply Services Corp. (ISSC)

P.O. Box 0831-01849, Paitila
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Tel: +507 232-5744/6670
Fax: +507 232-8751
Email: info@isspanama.com

Isthmian Petroleum

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Fax: +507 269-4917
Email: bunkers@isthmianpetroleum.com

Melones Oil Terminal

Tel: +507 395-6311

Oil Tanking Panama

Tel: +507 214-1352/214-1396
Email: panama@oiltanking.com

Panama Central Terminal INCZ

Tel: +507 232 6915
Fax: +507 271 41 61
www.pct.com.pa

PetroAmerica Terminal (PATSA)

P.O. Box 0823-01460, Panama, Rep of Panamá
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Fax: +507 316 41 00

Petróleos Delta

P.O. Box 0819-07409 Rep. of Panamá
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Fax: +507 279-3025
www.petrodelta.com

Petróleos Independientes de Panama S.A./PIPSA

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Fax: +507 830-5913
www.pipsa.com

Petroterminal de Panamá

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Refinería Panamá

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Rio Energy Panamá

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Shell Marine Products

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www.shell.com

Trader Tanker/Bunker Vessel Management

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Universal Oil

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Fax: +507 6617-3810
Email: bunkers@universal-oil.com

VT Shipping

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GALLERIES

Weil Art

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www.weilartgallery.com

HOTELS

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Sheraton Panamá

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Continental

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Country Inn & Suites

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www.courtyard.com

Crowne Plaza
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Reservations: +507 206-8880
www.cppanama.com

Decameron Resort-Beach
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Decapolis
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DeVille
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www.devilhotel.com.pa

Executive (Ejecutivo)
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www.elejecutivo.com

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www.elpanama.com

Gamboa Rainforest Resort
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Email: reservations@gamboaresort.com
www.gamboaresort.com

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Fax: +507 264-1178 / 214-3721
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Fax: +507 250-4049
www.hotelcontadora.com

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Reservations: +507 210-9333
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www.marriott.com

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www.intercontinental.com

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www.plazapaitillainn.com

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Fax: +507 264-6773
Reservations: 1-888-790-5264
Email: reservas@playablancaresort.com
www.playablancaresort.com

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Fax: +507 265-3550
Reservations: 800 333 3333
www.fourpoints.com/panamacity

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www.solmelia.com

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www.venetocasino.com

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www.abalaw.net

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www.avilaco.com

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Bufete Illueca
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De Castro & Robles
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www.fabamm.com

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Galindo, Arias & Lopez
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Gerli & Co
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www.gerlico.com

Icaza, Gonzáles-Ruiz & Alemán
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www.illaso.com

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www.garridoygarrido.com

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www.matapitti.com

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www.mavclex.com

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www.morimor.com/lawfirm

Mossack, Fonseca & Co.
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Email: info@mossfon.com
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P.O. Box 0819-08632, Rep. of Panamá
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Shirley & Associates
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www.shirleylaw.com

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www.solendeg.com

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Electromar Services
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Marine Metal Coatings
Zona Procesadora de Corozal, Rep. of Panamá
www.mmc.com.pa

MEC Stores
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Mercantile Shipstores
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www.mercansa.com

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www.proteca.com.pa

Tagaropulos International
P.O. Box 0301-00124, Rep. of Panamá
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www.shipsupplies.com

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Lloyd's Register of Shipping
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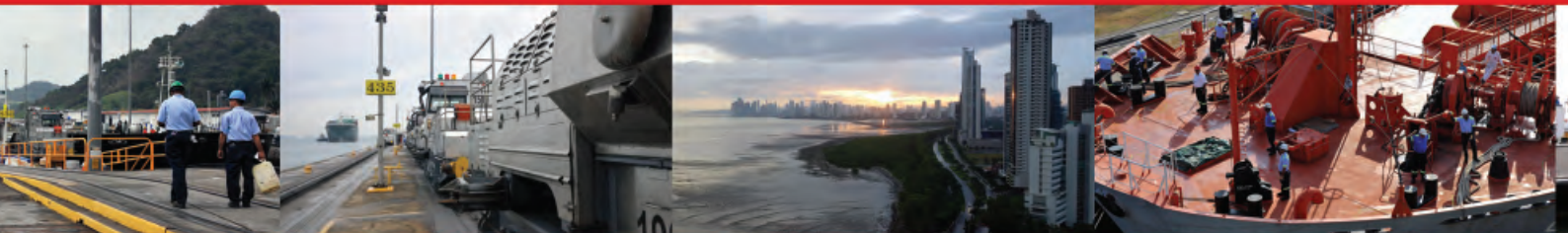
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