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# PANAMA

## Maritime Review 2015/2016





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President Varela visiting MIT's expanded facilities, August 28, 2015



## Committed to providing support to the entire maritime sector

**I**n the second year of my administration, I am pleased to say that we are progressing in making of Panama a country with social justice, transparency and economic growth. We need to work together – government and private sector – to achieve those goals with trust and confidence in order to promote Panama as a centre of maritime activities and a truly international logistics hub.

As we are within months of the commercial inauguration of the expanded Panama Canal and its third set of locks, we must take advantage of Panama's unique geographic location to develop value-added projects, create logistics parks and bring new activities to benefit from all the opportunities the expanded waterway will offer.

Our five-year economic plan involves improving infrastructure, modernising both our education system and administration to design a modern state with modern regulations, eliminating red tape and possible corruption, that will create the business environment attractive to foreign

*2017 is the centenary of the first vessels registered under the Panamanian flag, which initiated the largest open registry in the world.*

investors and new companies to come and establish distribution and logistics centres and participate in the development of the maritime sector that accounts for 24% of Panama's GDP.

Myself and my government, are committed to providing all of our support to the maritime sector, the ports and terminals and auxiliary services to achieve our objective of consolidating the sector by developing new areas of interest that will complement the

already thriving maritime activities and expand one of the most important sectors of our economy. As I said before, we will be attentive towards making a special effort to strengthen our maritime community, giving training and scholarships to forge the skilled fully bi-lingual workforce for the logistics centres and other auxiliary businesses.

We will have 2016 to prepare for another milestone, the centenary in 2017 of the first vessels registered under the Panamanian flag, which initiated the largest open registry in the world. More than 8,000 ships and around 250,000 seafarers give the Panama Ship Registry its renowned note of excellence.

It is a pleasure to invite you to discover through the pages of the Panama Maritime Review 2015-2016 that celebrates its 15th anniversary, published by Seatrade, the world's first Ship Registry, the Panama Canal expansion and the many facets of Panama's maritime sector and opportunities.

**Juan Carlos Varela**  
President of Panama



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*The Panama Canal has been a vital artery for global maritime trade, connecting more than 144 routes, reaching 1,700 ports in 160 countries.*

## The most important upgrade in the waterway since its construction

**T**he Panama Canal has been a vital artery for global maritime trade, connecting more than 144 routes, reaching 1,700 ports in 160 countries. For over 100 years, it has shortened time and distance between producers and consumers and we are now on the verge of concluding the expansion, the most important infrastructure upgrade in the waterway since its construction.

This has been a year of great progress for the Panama Canal expansion programme. Currently on its final stretch with less than seven percent of the project remaining, we have installed all 16 gates and have begun the filling process of both new lock complexes. We have entered an important methodological and rigorous testing period to ensure that the project meets the highest quality standards in our path to open for commercial transits in 2016.

The new lane will be able to handle Neo Panamax ships of up to 13,200teu. Containerships will be able to carry three times more cargo (up from 4,400teu today) while dry and liquid bulkers will be able to double their cargo-carrying capacity. The expansion will provide significant economies of scale in shipping and modify trade patterns, opening the way to new markets, such as that of LNG

trade from the US Gulf to Asia.

In preparation for the opening to commercial services, we have been investing in our workforce to ensure the quality of our services. We have almost finished the construction of a training centre with scale model ships to train pilots, and before the opening of the new lane, we will be chartering a Neo Panamax vessel to perform test transits in the new locks.

The impact of the new Panama Canal is seen worldwide. Infrastructure projects are being carried out by the major ports around the world that use our route. In Panama, the expansion opens vast possibilities to enhance Panama's connectivity and logistic capabilities. Shipping companies, ports and retailers are discovering opportunities to optimise operations by taking advantage of Panama's strategic location and its logistics and transportation infrastructure.

In order to tap the potential that the expansion will offer, we are currently exploring complementary business activities to strengthen Panama's transportation and logistics cluster. These activities will add substantial value to our customers as Panama becomes a one-stop gateway to multiple logistics services. We have concluded the feasibility study for an additional container terminal on the Pacific

end of the Canal and expect to tender the concession soon. Other projects we aim to develop in the short-term include the construction of a logistic park and a ro-ro cargo terminal in the Pacific. These projects are an example of the Canal's continual commitment to develop new products, enhancing customer service and furthering Panama's position as the logistics and maritime hub of the Americas, connecting oceans and providing customers with more reliable service.

The Panama Canal will continue operating the waterway in a safe, reliable, and cost-competitive manner as we embark on the path to a successful second century of service. We plan to continue strengthening our bonds with customers, promoting our route as the best-alternative for transportation and facilitating international trade.

It is a pleasure for me to acknowledge our partnership with Seatrade and welcome the readers to discover, through the pages of the Panama Maritime Review 2015-2016 edition, the evolution of the Panama Canal expansion programme and of Panama's thriving maritime and logistics sector.

**Jorge L. Quijano**  
Panama Canal Administrator



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flocked to Cocoli locks  
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## Safe, reliable and competitive

**T**he centenary Panama Canal seems younger than ever after a complete modernisation programme and looking at inaugurating its third lane to commercial operations in the second quarter of 2016. The third set of locks – or new lane – will be able to accommodate Neo Panamax vessels, super-tankers, box ships and passenger ships too large to pass through the existing waterway.

This new generation of vessels with a capacity of up to 14,000teu, more than the Panamax vessels, already carries 45% of the world's cargo while only making up 16% of the world's container fleet, according to experts. By 2030, Neo Panamax vessels, including those of 18,000teu-20,000teu could represent 62% of the total container ship capacity, prompting Canal officials to say earlier that they will consider building a fourth lane to accommodate the future super Neo Panamaxes.

Meanwhile, in December 2014 the Panama Canal celebrated its 15 year anniversary under the leadership of the Panamanian Administration. During this period, the Panama Canal Authority (ACP) has proven its ability to efficiently operate the waterway, while providing a crucial service to global maritime trade and contributing to Panama's development.

Since 1999, the Canal has invested \$2.4bn in projects aimed at updating its operational infrastructure and has acquired

### The Canal Visitors' Centres



Visitor Centre at Atlantic expansion

Visitors to the Panama Canal expansion and construction of the third set of locks have been able to follow day-by-day the progression of the works of the enormous building site at the observation and visitors' centre near Gatun Locks, on the Atlantic side. The complex was inaugurated August 15, 2012 and since then has received over 200,000 visitors from all nations including Panamanian nationals.

The centre has been welcomed by tourists eager to see how the third set of locks and its imposing construction was developing, one of the largest infrastructure of the beginning of

the 21st century. Now, near conclusion, with water having filled the locks chamber ready for tests, the centre will remain the best location [50mtr above the Canal] to look at the future operation of the expanded waterway and the Agua Clara locks as well as the regular transits through the existing Gatun locks.

The complex is located in a very green area, with an ecological trail for the most audacious and a cafeteria, restaurant and a projection room showing a film about the expansion's progress.

The centre is open Monday to Sunday including holidays from 8am to 4pm. Tickets are sold until 3:15pm. A general admission fee is \$15 for adults, \$10 for children 6-12, nationals and adult residents \$5, national children \$2, retirees \$1.50, and student nationals \$3.

The Panama Canal Authority plans to erect another visitors' centre on the Pacific side once the commercial operations begin and from where a view of the Cocoli locks will be available. On the Pacific side, visitors can observe the present Canal activity and transits



Miraflores Visitor Centre

from the Miraflores Visitors' Centre that has a roofed terrace offering a splendid viewpoint over the existing locks. The centre has four floors of exhibits organised in themes: a small historic museum; multimedia presentations and a 182-seat 3D auditorium for 3D movies.

The centre is open Monday to Sunday including holidays from 9am to 5pm. Tickets are sold until 4:15pm. A general admission fee is \$15 for adults, \$10 for children 6-12 and students with ID, nationals and adult residents \$3, retirees \$1.50, and student nationals \$2.

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new equipment, which guarantees its clients an efficient, safe, reliable and competitive service. During fiscal year 2014 (October 1, 2013 to September 30, 2014), the Panama Canal invested approximately \$171m in the upkeep of various structures and equipment, including the dredging of the navigation channel; the control of erosion and landslides; maintenance of floating equipment such as tugboat, dredges, cranes and launches; and maintenance of locks and their components, as well as the dams, landfills, power plants, buildings and facilities, said the ACP.

The ACP is in the process of acquiring five aluminium boats to transport Canal operations personnel to and from ships transiting the Panama Canal. With these new launches, the existing fleet of boats to transport transit operations personnel will increase from 30 to 35 boats.

'The addition of these new boats to the fleet will increase responsiveness to assist the Neo Panamax ships and to meet our goal of availability of boats, which will result in a safe and reliable transit,' says ACP deputy

administrator Manuel Benitez. The \$6.46m contract was awarded to the company Auxiliar Naval del Principado S.A. and will be delivered no later than April 2016.

'We are also launching the acquisition of pilot portable units (PPU) which have software similar to the C-Tan, with a precision between 2cm and 10cm. We bought 20 units from Marimatec the company that fabricates them as a first option, this little equipment with state-of-the-art technology will make the canal safer,' explains Benitez. In 1999 there were 31 accidents per year while not only the seriousness of the present accidents has fallen considerably but their number is down to 13 accidents per year, he adds.

The tug fleet of 44 tugs which have replaced some of the older and smaller ones at a total cost of \$353m is now complete having received the 37 units. In October 2011, the Panama Canal Authority 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 82 tonnes bollard pull to increase the current

fleet to meet the projected growth of transits on the waterway. The new tugs have being received by tranche, 5 in 2013, nine in 2014. It has also acquired two tugs of 55 tonnes bollard pull – which were built by SIMA in Peru – for its dredging operations that were delivered in July 2012. The tug fleet is now ready for the tests that will be carried out at the end of this year and well into 1Q 2016 before moving the Neo Panamax vessels into the future locks.

In December 2012, the Dredging Division finished the deepening of Gaillard Cut from -15.52mtr (MLL) to -16.76mtr MLL and has continued working on widening the 14km stretch from Bas Obispo to Pedro Miguel reach from 192mtr to 218mtr, which concluded in December 2014. The scope of this project included the excavation and dredging of 29.8m cu mtr of material, including the drilling and blasting of 11.8m cu mtr of these materials, and the relocation of aids to navigation within the widened reaches. The widening of Gaillard Cut up from 21mtr will improve navigation safety during transiting the narrowest part of the

### The first Canal customers

Two important shipping lines made their first Canal transits only months after the inauguration of the waterway in 1914 and remain today still amongst the top ten customers.

Mitsui OSK Lines (MOL) might be the oldest recorded customer managing services through the Panama Canal. The Kongoson Maru, the first MOL-operated vessel to transit the Canal 100 years ago, began her voyage in Kobe on March 1915, and called at Seattle, Portland, San Francisco, and San Pedro to discharge general cargo. Then, it sailed to Chile to load cargo, after which it



MOL chairman Koichi Muto with Manuel Benitez

transited the canal on June 2, 1915 before making calls at Norfolk and Philadelphia and returning to the canal.

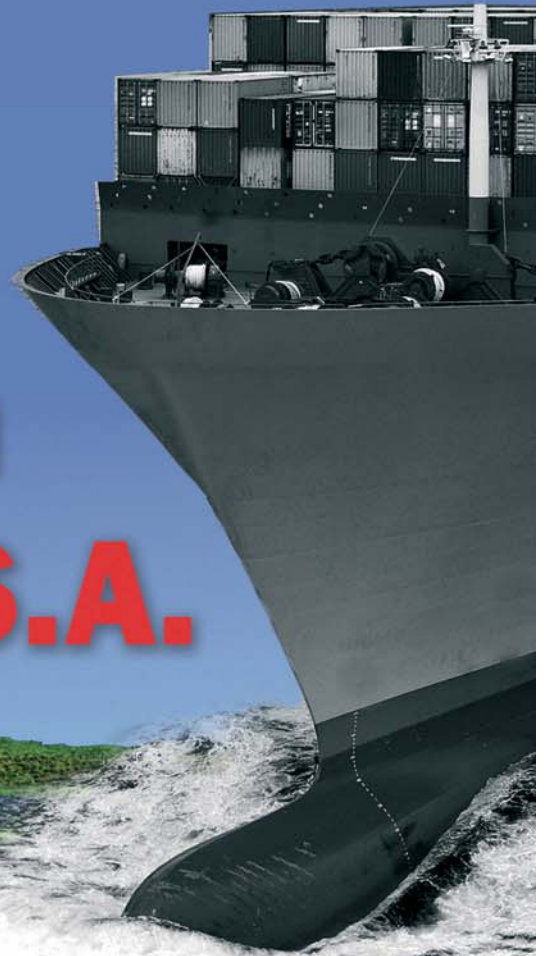
To celebrate such an historic voyage, MOL Chairman Koichi Muto met with Manuel Benitez, deputy administrator of the Panama Canal Authority on September 11 and presented him a picture of the Kongoson Maru.

Maersk Line, part of the Group AP Moeller, is one of the top ten customers of the Canal and also one of its oldest customers having made its maiden voyage with the Anna Maersk on June 19-23, 1917. The Panama Canal has remained a vital route for Maersk Line ever since with almost one ship per day transiting the waterway currently.





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Panama Canal.

Additionally, channel reaches of Chagres Crossing and Gamboa will increase in width to 300mtr, on a 7.7 km portion of channel, in order to have two Neo Panamax vessels transit parallel to each other, and the expansion of Gamboa's mooring area to accommodate a Panamax and a Neo Panamax (from 5,000teu to 14,000teu) vessels. This requires the removal of approximately 10.4m cu mtr of earth and rocks. The \$122m project began in October 2013 and should conclude by September 2017.

The ACP dredge fleet, composed by the dipper dredge Rialto M. Christensen, the

## ***The third bridge over the Canal is one of ACP's largest investment projects budgeted at a cost of \$570m.***

recently introduced backhoe excavator named Alberto Aleman Zubieta, cutter suction dredger Quibian I and cutter suction dredger Mindi, have been kept extremely

busy maintaining channels depth through maintenance projects while developing capital projects.

The Panama Canal Authority signed a cooperation agreement with the Port of Lake Charles in Louisiana in January 2015 which aims to attract new customers from the liquefied natural gas (LNG) industry; a strategy that builds upon the advantages that the expanded Canal will offer. Currently, LNG vessels cannot transit through the waterway due to their beam dimensions, which are too wide to fit the existing locks.

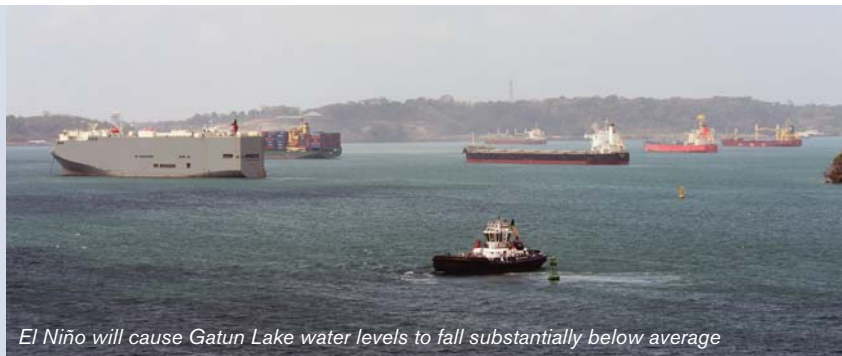
The agreement will promote cooperation in marketing activities, information exchange, market research,

## ***Forecasting a strong El Niño***

Anticipating strong climatic variability related to 'El Niño', the Panama Canal Authority (ACP) announced in August 2015 draught restriction to vessels transiting the waterway early September but would cancel the measure a few weeks later as the rain season finally returned to the Isthmus.

El Niño' is a climate phenomenon resulting in periodic warming of the tropical Pacific Ocean. When this occurs, El Niño changes the pattern of rainfall in many regions of the planet and the Canal watershed is particularly affected causing water levels of Lake Gatun and Lake Madden (Alajuela) to fall substantially below their average. The climatic phenomenon disturbs South America's fishing and agriculture industries, therefore affecting commodity prices and the macro-economy of different countries. Several studies of historical data suggest the recent El Niño variation is linked to global warming but there is no consensus on this aspect.

In 1997-1998, 'El Niño' the most severe in records which go back around 1850, forced Canal officials to implement draught restriction for several months, with extreme low levels of



*El Niño will cause Gatun Lake water levels to fall substantially below average*

water in Gatun and Madden Lakes during the months of March and April 1998.

But as part of its continuous programme of modernisation, Gatun Lake has been dredged and seen its levels raised to meet water demand. From 1992 to 2000, works were done to widen Culebra Cut while dredging to a depth of 11.3mtr (37ft) to 3ft tolerance. In 2002 through 2010, the deepening of Gatun Lake and Culebra Cut provided depth of 10.4mtr (34ft) PLD (Precise Level Datum) with a tolerance of two feet which gave additional water up to 45 lockages daily allowing reducing the minimum operating level for the navigation channel to 23.93mtr (78.5ft) from 81.5ft. In 2003, the

straightening and widening of Gaillard Cut to 218mtr gave more water availability and with the beginning the expansion programme, more works were done at Culebra Cut lowered the level to 9.15mtr (30ft) with two feet tolerance by December 2014, to be compatible with the expansion programme.

Canal officials forecast an even stronger 'El Niño' in 2016 than in 1997-1998. 'But with our recent maintenance and dredging, we should be able to confront "El Niño" with less severe draught restrictions than in 1998,' says ACP deputy administrator, Manuel Benitez. However, as soon as the dry season begins in January 2016 water level will be monitored every day with the existing and future locks.



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The third bridge under construction on the Atlantic side



training and technology, among other initiatives that will benefit both the Canal and the Port of Lake Charles. The Port of Lake Charles is a deep-water port with entry into the Gulf of Mexico, and is a national leader in the petrochemical industry, primarily due to the development of mineral resources such as sulphur, oil products and natural gas.

In September this year, the ACP began promoting in the US and England, a proposed issuance of \$450m in bonds,

which would be used to complete the construction of the third bridge over the Canal on the Atlantic side.

It is the first time that the Canal Authority – ACP administrator Jorge Quijano and Francisco Miguez, evp of finance and administration – would come to the international markets as an issuer of bonds.

The decision to get this capital to partially fund construction of the third bridge over the Canal was approved by the board of directors chaired by the Minister for Canal

Affairs, Roberto Roy. ACP said it has received investment grade rating from Moody's, A2; Standard & Poor's, A-; and Fitch, A; notes that are above those that have Panama as a country.

The third bridge over the Canal is one of ACP's largest investment projects, budgeted at a cost of \$570m after the expansion project will cost \$5.25bn. For the latter, the ACP requested a loan of \$2.3bn to five international banks with a grace period of 10 years, during which only interest is paid. ■

### Training on model ships

Manoeuvring Neo Panamax that are three times the size of a Panamax, requires different training which is given to all the 289 Panama Canal pilots through the permanent courses of the ACP's Simulation, Research and Maritime Development Centre (SIDMAR). In fact, this special training has been underway for some years since vessels of that size are now a constant feature at the port of Balboa where they call twice or three times a week. In addition, the larger and bigger vessels will be guided into the future locks by tugboats and no longer by the electric locomotives called 'mules'.

With the commercial operations of the expanded Canal due for 2Q 2016, all pilots and tugboats masters have to go through a week at SIDMAR in groups of seven at a time, five pilots and two tugboats masters, and also a one-week ship management model training starting in October 2015 at



Training model test at Port Revel

the new Summit training centre that has been in construction, says Capt. Peter T. Pusztai, head of SIDMAR.

The ACP will also charter a Neo Panamax vessel to complement training for pilots and tugboat captains who will be involved in the operation of the future locks. The vessel will serve as a training platform several months before the opening of the expanded Canal for the testing of real time live manoeuvres through the new locks and waterway.

A number of pilots have also travelled to the Berendrecht Locks, in Antwerp, Belgium and to the Port Revel Ship Handling School in Grenoble, France. This Ship Handling School is unique, not only because of its location in beautiful surroundings but because the 'students' learn their trade on models of every type of vessel, built to a 1:25 scale, on a five-hectare-lake. Every situation and water conditions are reproduced for pilots, captains and masters who train at Port Revel.

Since it was impossible to constantly send pilots and masters to train in France, the ACP is building a second training centre to complement SIDMAR that hosts four virtual highest performance simulators of Latin America. The Centre, located on an eight-hectare area of land along the Canal Western bank near the entrance of the narrowest passage of the channel, the



Capt. Peter T. Pusztai

Gaillard Cut, will have a fieldwork simulator, more advanced than the existing virtual simulators already in place at SIDMAR and a model of the notoriously narrow Culebra Cut, one of the most difficult sections of the canal to navigate.

'We will also receive by October 2015 the first two real ship models scaled 1:25 that are built in France, in Marseille, by the company H2X that specialises in the construction of these models. One model will be a bulk carrier while the other is a Neo Panamax container vessel and 4 tugboats –scaled 1:25 and radio controlled-built in Canada which have been sent to France, Port Revel, for refitting engines and that will arrive in 2016,' explains Pusztai.

Two other vessels – a LNG vessel and a tanker – will also be ordered at H2X, says Pusztai, who praises the model ship which can receive two pilots at a time. 'It is very interesting to be in a model ship and feel the hydrodynamic effect of the ship in the locks.'

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## Important milestones reached

**S**ince the arrival last year of the locks' sixteen gates in Panama, and their installation in the Atlantic and Pacific locks, the following important event was the filling of water in Agua Clara and Cocoli locks respectively on the Atlantic and Pacific sides months later, changing dramatically the landscape of the works.



June 11, 2015

The numerous high and heavy cranes have disappeared from the works sites as the third lane is taking its final shape next to the existing Canal while some of the most significant works, invisible to the eyes, are being performed.

At the moment, Grupo Unidos por el Canal (GUPEC) the consortium in charge of the construction of the locks, is installing the electrical and control systems, connecting the 46 buildings to the locks to communicate and be controlled from the main control building. This involves some 2,500km of cables. 'There are still kilometres of cables to install and wire in both locks. It is the most important and progressive task of the next months as it conditions the testing we have to do,' says GUPEC President Giuseppe Quarta. GUPEC is also building the control towers for operating the locks on both the Atlantic and

**Workers witness water flowing into the locks for the first time since starting works in 2009.**

Pacific sides. GUPEC is formed by the companies Impregilo from Italy, Sacyr Vallehermoso from Spain, Jan de Nul from Belgium and CUSA, from Panama.

As we go to print, the expansion is 93.1% complete with the locks registering a 92% execution. Canal officials are looking at



Jorge Quijano

starting commercial operations in the second quarter of 2016; a more specific date and inauguration planning will be announced a few months earlier. Since the first transit of a Neo Panamax vessel will be of historic importance, Panama Canal Authority (ACP) administrator Jorge Quijano said that that 'the vessel will be selected

through an auction – similar to those of the present booking system – a month before the inauguration.'

The sixteen gates, manufactured in Italy at Cimolai shipyard, had arrived in Panama in four staggered shipments starting in August of 2013. It took several months to move them from their location in the Atlantic side, first in the Agua Clara locks and then to the Pacific side at Cocoli locks. The process ended April 28, 2015 with the installation of the sixteenth and final gate for the new locks on the Pacific side of the Canal. The final gate was one of the heaviest gates, weighing 4,232 tonnes, measuring 57.6mtr wide by 10mtr long and





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Gate testing, July 3, 2015

33mtr high. The installation of all eight gates on the Atlantic side of the Panama Canal had been completed on April 1st.

Once the gates were placed in the locks, the last stage of the expansion can begin with water filling, which happened June 11, at the lower chamber of the new Agua Clara Atlantic locks.

It was an important milestone, full of emotion for those who witnessed the water slowly flowing for the first time in the locks and for the workers who had constructed them since 2009.

'This event highlights the magnitude of what we have been working on for the past seven years. Filling the locks with water is the culmination of years of arduous labour and the realisation that we are within arm's reach of the completion of one of the most



Filling of Pacific Cocoli locks, August 12, 2015

impressive infrastructure projects of our time,' said ACP administrator Jorge Quijano.

The process took approximately five days to fill the lower chamber, pumping in approximately 50,000cu mtr of water per hour from Gatun Lake. This was repeated for the other medium and high chamber of

Agua Clara locks, until they reach a water level of 27mtr above sea level.

Days later, it was the turn of the Pacific's Cocoli locks. Although the process was relatively similar, the difference consisted in filling the water by pumps and pipes from Miraflores locks since it could not be done directly from the Gatun Lake. The ACP installed powerful electrical and diesel pumps; three pumps provided by the ACP and 15 more rented from the company Xylem. The electric pumps are expected to provide 113,562 litres of water per minute each, while an added network of 13 diesel pumps will work to pump 28,390 litres of

water per minute each, for a total of over 40,000cu mtr an hour, filling the lower chamber at a rate of nine inches [0.23cm] per hour.

In addition, the ACP has 'provided 10 more pipes and 20 valves for both the Atlantic and Pacific locks for GUPC to

## The impact of the expansion

With the inauguration of the Panama Canal's third set of locks just months away as it programmed for the second quarter of 2016, the big question is what the expanded waterway will offer to Panamanian terminals users and what this new lane will bring to the maritime sector. The Panama Maritime Review 2015-2016 asked Juan Carlos Croston, Manzanillo International Terminal-Panama (MIT) vice president of marketing and former president of Panama's Chamber of Shipping what was his opinion?

'You won't get a straight answer because I liken the Canal expansion to the release of the first iPad or the first microwave: products with huge initial expectations that consumers had no idea how to really use them, but after getting used to them they realised the value which make them now integral part of most of their users' lives,' says Croston.

'We have to recognise the difference in value the Canal will deliver to spot (tramp) users from the regular service users.

'For the tramp users, it's a straight calculation that enables industries and countries to calculate what will be the impact [of the expansion] on their commodities with



Service providers need to be ready to adapt

regard to competitiveness and access to markets. Examples include coal, soy, LNG amongst others.

'For the regular service, it's a more complicated assessment because it involves a lot of moving variables: Some are external: Trade routes and market/countries' economic growth, port infrastructure development (Bayonne Bridge in NY/NJ, or dredging in other USEC ports, new terminals in Mariel, Cuba, and Moin, Costa Rica), availability of berth windows in intended ports, fuel and toll costs. Others are internal: Tonnage availability (both from individual carriers and among alliance partners), actual or intended network coverage in the region (North America, Central America and Caribbean,

ECSA and/or WCSA),' he explains.

'Based on the lack of a clear understanding of the impact the expanded Canal will have, the service providers need to improve their value proposition projecting from past experience (i.e. ports preparing for new-Panamax tonnage, auxiliary services preparing for faster vessel transit times and shorter waiting times) without disrupting the current model. Again, Panama Canal Railway Company's rail experience is a good example of a disrupter that did not extrapolate from past experience.'

'But when the users finally [who knows when?] realise how to make the best use of the route, the service providers need to be ready to adapt.'



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*Pipes filling PAC 4, September 14, 2015*

install them for having access to water; and to fill the locks until the Pacific Access Channel (PAC 4) is ready to provide water,' says Ilya Marotta, ACP evp for engineering and programmes management who heads the expansion. 'It is a period extremely stressful because everything must be fitted together,' she adds. The pumps and pipes installation is provisional and should be taken out later, she explains.

But as the filling of the locks marked the start of a planned and methodical phase of operational testing of the locks, including its culvert valves, maintenance bulkheads and gates, a series of cracks emerged at the end of August on the sill separating the lower and middle chamber of the Pacific Cocoli locks, as they were being stressed tested through exposure to level differentials much higher than those required for normal operations but which may occur during dry-chamber maintenance works in the future. The ACP immediately issued a warning to GUPC that it would not accept 'the current works until flaws are fixed.' In a quick response, GUPC said that 'technical personnel are handling this issue. The goal of the testing phase is precisely to detect any problem that requires adjustment or reinforcement.'

According to knowledgeable sources, the problem came from the design and could be solved in a month providing that the water in the middle and lower chamber be evacuated to proceed to the repairs. GUPC and Montgomery Watson Harza, the firm tasked with designing the new locks worked together on a strategy to repair the cracks and seal the leaks. GUPC's

president Giuseppe Quarta met with Canal authorities to explain the extent of the leak and its possible solutions.

The ACP said it had designated two independent external structural engineers to conduct an objective evaluation of the reasons for this localised issue and assess GUPC's solution. But on September 14, the ACP issued a statement saying that it had not received satisfying answers by GUPC on the information requested on the leakages.

detailed diagnosis and cause [of the leaks], the proposed solution and the time for correction, among other key elements. The most recent formal communications by GUPC have not answered all the questions raised' [by the issue]. 'GUPC talks and meets regularly with ACP in order to inform of progress of the issue as it evolves and best option for solution defined,' said GUPC president Giuseppe Quarta, in response to the ACP statement.



*Agua Clara with lock gates closed, August 31, 2015*

'The contractor has sent two letters outlining the possible causes of the failure. However, it does not provide precise information about the cause of these leaks.' According to the statement, the ACP has demanded GUPC 'to submit in writing a comprehensive and

'GUPC has the obligation to ensure the long-term performance on all aspects of the construction of the locks and to correct this deficiency. Moreover, GUPC's contract with the ACP dictates that the consortium is responsible for modifications and

*PAC 4 filled, September 15, 2015*



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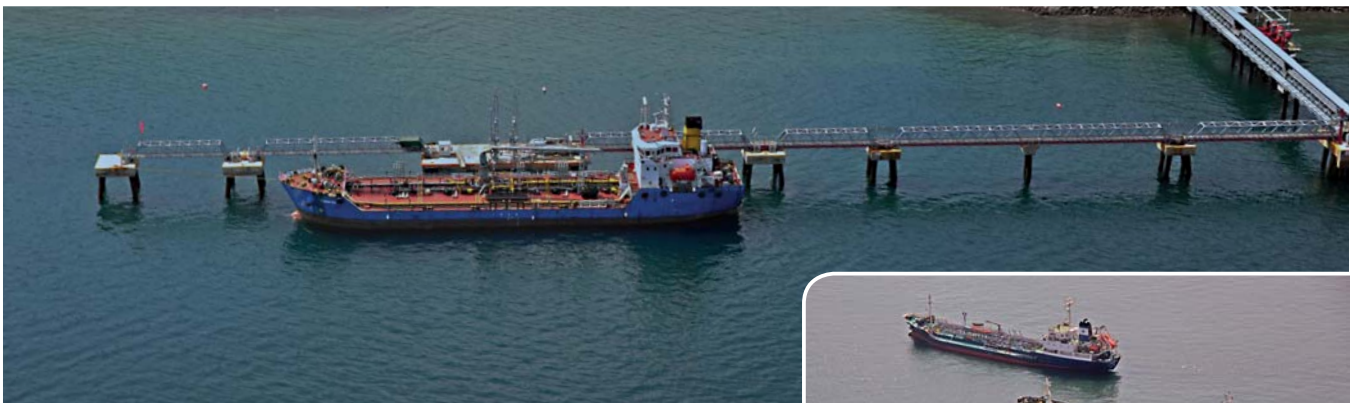
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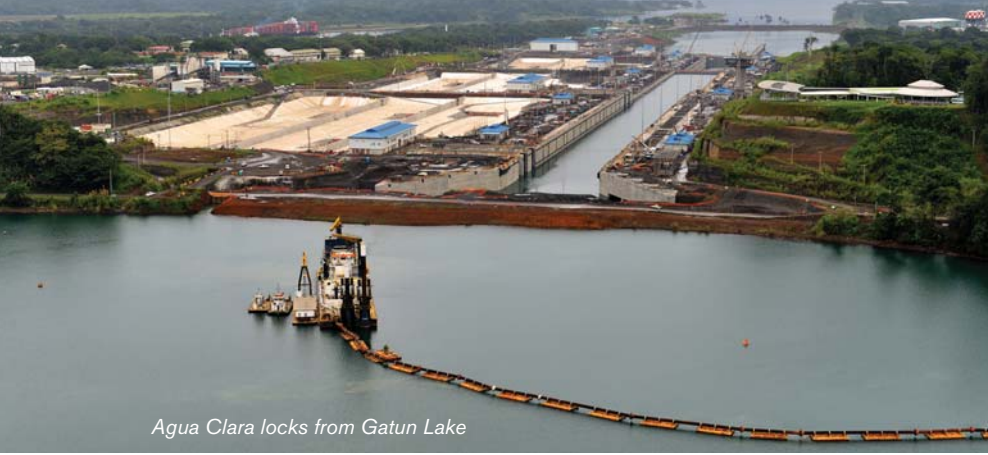


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Agua Clara locks from Gatun Lake

corrections that may be required,' reiterated the ACP.

The \$267m PAC 4, the second largest contract after the construction of the new locks, should have been completed by May 2015 but has been delayed because of geological conditions and more grouting than expected, which extended the execution of the work. The consortium in charge of building PAC 4 – Mexico's ICA, Spain-based FCC and Costa Rica's Constructora MECO – has presented claims to the ACP which has paid \$40m. 'PAC 4 has already been filled with water. The filling started on September 15, at a rate of one metre per day, taking 20 days,' said Marotta.

PAC 4 is an important element in the final testing of the Pacific locks as it supplies water for the Cocoli locks. For the final acceptance tests that will begin in January 2016, the PAC 4 section of the channel must provide the water at Gatun Lake level. Once PAC 4 is ready, the provisional pumps will be removed.

In August, GUPC completed the construction of the three Borinquen dams (2E, 1W and 2W). The works were particularly challenging with an elevation difference between the two Lake levels of approximately nine metres [the equivalent of a three-story building] – 550,000cu mtr of clay, 425,000cu mtr of filters with 5.8m cu mtr of rock dams were used.

The Borinquen dams are essential to the functionality of the new locks, in order to contain the waters of Miraflores Lake and form the new approach channel; which will allow the navigation of the Neo Panamax from the Gaillard Cut to the new locks on the Pacific Ocean. The water in the approach channel will be at the level of Gatun Lake that is about 9mtr above the water level in Lake Miraflores. To maintain the water level at that point, and thus prevent water approach channel to escape, these waterproof structures formed of shoulders of rock, clay core, filters and fine sand will be needed to hold water.

The removal of the strip of land – known as a 'plug' – separating the Agua Clara locks from the Atlantic Ocean is being performed by GUPC's sub-contractor Jan de Nul, and executed in September. The plug separating the new Agua Clara locks from Gatun Lake and the plug sealing the Pacific Access Channel (PAC 4) and Gaillard Cut will be removed by the ACP, once PAC 4 works are completed.

The removal of the northern plug on the Atlantic Lock has required that vehicular traffic be temporarily rerouted by crossing over the new locks gates and two ferries until

the third bridge over the Panama Canal is completed in 2017. However, 'gates seven, eight, one and two, have been fabricated to sustain traffic, a new road will be opened giving cars the ability to drive over the Atlantic locks,' said Marotta. The ACP has planned calling a tender for renting a new ferry as of January 2016, which will be provisional until the bridge is ready, she explained.

In early 2014, work was temporarily halted amid a dispute between GUPC and ACP over cost overruns and finally settled by the signature of a Memorandum of Understanding in order to move forward for the completion of the works under the locks' contract, by December 2015. 'We have a professional relationship as we both want to get this project as soon as possible with the quality of the requirement we have stated [in the contract],' Quijano said.

'Notwithstanding the crisis of beginning of 2014, the relationship with ACP management was always kept within the professional course,' said GUPC president Giuseppe Quarta.

At end of September, GUPC had posted claims of \$3.42bn, of which \$234m has been awarded by the Dispute Arbitration Board (DAB) and paid by ACP to the consortium, Marotta said. Of those \$3.42bn claims, some \$1.4bn have been reviewed and analysed by the first two instances including the DAB,

the rest being pending for reviews.

Having passed the revisions by DAB, there are still in dispute \$795m claims on issues involving the cofferdam and the basalt and concrete, which will be reviewed by the International Chamber of Commerce in December 2015. According to the contract, the ICC is the final arbiter of contract disputes between ACP and GUPC. Both the ACP and GUPC have filed notices of dissatisfaction leading to the \$795m for the consideration of the ICC. ■



Ilya Marotta

Agua Clara locks (Atlantic side)



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# Customers will review services

**T**he construction of the third set of locks that will complete the Panama Canal expansion is coming to an end, with tests scheduled by end of 2015-early 2016.

Canal officials are maintaining the commercial opening of the third lane in the second quarter of 2016. The first vessel to transit the expanded waterway [which will make history as much as the US steamer Ancon on August 15, 1914] will not be chosen arbitrarily but selected through an auction similar to the present booking system, a month prior the commercial opening, Panama Canal Authority (ACP) Administrator, Jorge Quijano said.

Although the international shipping community has been waiting for what will be the biggest event of the year, reshaping the 'all water' route with larger vessels, it is expected that the most frequent users of the Canal will not decide, before end-2015 or early 2016, how they will design their new services through the expanded Canal. 'We see an opportunity to review our services using the Canal to identify new system cost

savings,' says Hamburg Süd Latin America commercial vice president, Poul Hestbaek.

The \$5.2bn expansion will also permanently alter the competitive balance between the ports of the US east and west coasts, according to a research from the Boston Consulting Group (BCG) and CH Robinson published mid-2015. The Panama Canal third lane will give more options to shipping lines to call ports on the east coast that have engaged in huge expansions of their own. Ports in Panama have done the same in preparation for the Neo Panamax's (vessel ranging from 5,000teu-14,000teu) calls and have upgraded their facilities to reach a total capacity by end 2016 of 14m teu.

In April 2015, Panama's Cabinet officially approved a proposal to modify the Panama Canal tolls structure, following a recommendation from the ACP Board of Directors. The newly approved toll adjustments for all market segments are scheduled to enter into effect on April 2016.

The accepted proposal, which modifies the pricing structure for most Canal segments, will better facilitate the canal's

goal of providing outstanding service and reliability to the global shipping while allowing the ACP to safeguard the competitiveness of the waterway, ACP said in a statement at the time.

The approval follows more than a year of informal consultations with representatives from various industry segments, an open call for comments, and a public hearing to solicit industry feedback on these changes.

'I am pleased we will be able to provide a more tailored pricing solution for our customers; one that recognises their various needs and requests, while still appreciating the value and reliability provided by the route,' said Quijano.

Most segments will now be priced based upon different units of measurement. For instance, dry bulkers will be based on deadweight tonnage capacity and metric tonnes of cargo. Liquefied natural gas (LNG) and liquefied petroleum gas (LPG) vessels will be based on cubic metres and tankers will be measured and priced on Panama Canal Universal Measurement System (PC/UMS) tonnes and metric tonnes of cargo. Container

## PANAMA CANAL MAIN CARGO ROUTES (long tonnes)

Origin Cargo Route	Destination Cargo Route	FY 2014 (Total FY)	FY 2014 (Oct-Jul)	FY 2015 (Oct-Jul)
East Coast of the US	Asia	57,629,154	50,125,086	49,778,199
Asia	East Coast of the US	25,729,288	20,928,411	22,847,982
West Coast of South America	Europe	9,036,148	7,524,945	7,113,153
West Coast of South America	East Coast of the US	13,186,830	10,958,615	12,840,052
East Coast of the US	West Coast of South America	19,470,640	15,657,435	17,838,884
East Coast of the US	West Coast of Central America	8,301,556	6,845,172	7,856,233
East Coast of South America	West Coast of South America	8,438,371	6,908,244	4,672,467
Europe	West Coast of US	4,480,003	3,735,395	4,253,767
West Coast of US	Europe	2,893,971	2,173,023	1,567,567
East Coast of South America	Asia	1,975,904	1,781,944	913,151
<b>Others</b>		<b>75,586,497</b>	<b>62,277,665</b>	<b>67,841,646</b>
<b>Total</b>		<b>226,728,363</b>	<b>188,915,935</b>	<b>197,523,101</b>

Source: Panama Canal Authority-Economic Analysis & Market Research Division



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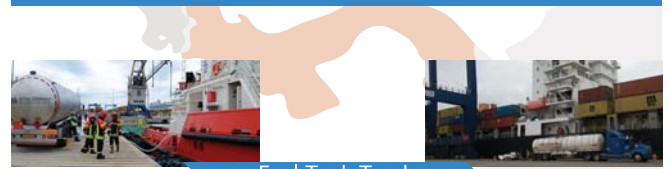
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ships will continue to be measured and priced on teu and passenger vessels will continue to be based on berths or PC/UMS.

In addition, a new Intra Maritime Cluster segment was created which included local tourism vessels, marine bunkering and container transshipment vessels that do not compete with international trade.

The tolls restructuring will be implemented alongside a customer-loyalty programme for the container segment, a first for the ACP. Frequent container customers will now receive premium prices, once a particular teu-volume is reached.

'The ACP deeply values the relationships we share with our customers. As we

prepare for the completion of the Canal's expansion programme, we look forward to continuing to provide the same superior reliability, service and value to our customers, as well as now accommodate longer, wider ships and the new LNG segment,' said Quijano.

In 2012, the ACP re-structured the Canal's pricing system to continue aligning Canal tolls charges with the value the route provides, by raising tolls effective October 1, 2012 and October 1, 2013, respectively. The re-structure also increased the number of vessel segments from eight to 10 by Panama Canal vessel type. The pricing structure adjustment raised tolls by an average of 7% for the

affected categories in October 2012 and then by another 7% in October 2013.

In Fiscal Year (FY) 2014 (October 2013-September 2014), cargo volume transported through the waterway was 326.8m PC/UMS, up 2% from 320.6m PC/UMS tonnes in FY 2013. Volumes were primarily driven by the bulk carrier segment which registered an 18.2% increase totalling 86m PC/UMS tonnes, compared to the 72.7m PC/UMS tonnes registered the previous year. Other top market segments during this fiscal year included car carriers with 45.8m PC/UMS and gas carriers with 6.0m PC /UMS tonnes, which increased 6.7% and 24.2%, respectively.

## Hamburg Süd

The German carrier Hamburg Süd is amongst the top ten customers of the Panama Canal having a substantial network in Latin America. In 2015, the shipping line finalised the purchase of Chile's Compania Chilena de Navegacion Interoceanica (CCNI) with which it had worked closely for many years in a good partnership. 'So when they came up for sale it was only natural for us to pursue this purchase option. With CCNI we have acquired a solid business, a good brand and a well-run organisation with skilled and dedicated managers and staff. With the CCNI volume and customer base we will be better positioned to improve our

cost base and to enhance our network of services on a larger base volume,' says Hamburg Süd Latin America Commercial Vice President Poul Hestbaek.

Since 2014, Hamburg Süd started bringing new services to PSA-Panama driven by a need to establish a hub in the Pacific complementing its main hub in Cartagena, Colombia. 'Initially we brought in a basket of weekly services with full connectivity in PSA-Panama. The scope of connectivity in PSA-Panama is mainly to cater for transshipment but we have also managed to increase our local business,' explains Hestbaek.

'We will continue to look for opportunities to supplement our network and better meet our customers' transport requirements.'

'With the enlarged Panama Canal we see an opportunity to review our services using the canal and identify new system cost savings,' he adds.

'Hamburg Süd main global hub is Cartagena, Colombia, and we have no plans to change this as long as we get the service and performance we need at a competitive cost. However, the terminals in Panama have the capacity and experience to offer a similar hub setup. We are therefore monitoring the competitive container terminal environment on regular basis in line with the ever changing world our industry is a central part of,' says Hestbaek.

Hamburg Süd calls Panama's Pacific Side 32 times per month and 40 times on the Atlantic side. 'We have services coming/going from Europe, Asia, South America West coast and East coast, Central America/Caribbean, US West Coast and US East Coast and Australia/New Zealand. These are all weekly services,' says Hamburg Süd Country Manager-Panama Carlos Olmos.





Recent traffic projections from the ACP indicate that FY 2015 (October 2014-September 2015) may be a record year in cargo volume transported through the Panama Canal approaching close to 339m PC/UMS tonnes of which 51% are containers. 'The excellent results are mostly achieved due to the work stoppage on the US west coast ports and the return of several container vessel services as well as an increase in the transport of grains from Louisiana to Asia, LPG vessels from the Gulf ports going to Japan and car carriers from Mexico on the Pacific to the US east coast,' Jorge Quijano said.

'We have seen a come-back from Maersk's TP10 that helped the move to fifth position of Canal customers, up from seventh position and thus contributing to the increase to 33 weekly services up from 27 services,' said Oscar Bazan, ACP executive vice president for planning and business development. Also, an Evergreen service was back transiting the waterway.

The reason was a re-alignment of services deployed through the 'All-Water' routes and with it the return of some services that had moved to the Suez Canal as well as an increase of feeder services to 39 up from 33 a year ago, which call mostly the Atlantic ports, he explained.

Container cargo grew significantly as an effect of the US west coast lock-out, although much less than during the work stoppage at Los Angeles/Long Beach in 2004, added Bazan.

The ACP is preparing for the new segment-LNG- whose vessels will transit the waterway once the third lane is opened commercially since the US will become an exporter of liquefied natural gas in 2016.

During the period October 2014-July 2015 equivalent to three quarters of FY 2015, grain was the most important

commodity, with 46.7m long tonnes up from 42.1m long tonnes during the same period in FY 2014; petroleum and petroleum products

cargo came in second position with 39.5m long tonnes registering an increase from 32.4m; container cargo came in third position with 33.8m long tonnes registering though a slight decrease from 39.8m compared to the same period a year ago.

The US remains the main user of the Panama Canal from origin to destination

with 138.5m long tonnes, three times China's volume with 43m tonnes; Chile, 26m tonnes; Japan, 20m tonnes; South Korea, 15.74m tonnes; Peru, 15.7m tonnes; Colombia, 14.7m tonnes; Mexico, 14m tonnes; Ecuador, 11.7m tonnes; Canada, 10.4m tonnes and Panama, 8.8m tonnes, followed by Guatemala, Spain and the Netherlands.



Oscar Bazan

International port operators and distribution business executives have focused their attention on the added value that will bring the Canal expansion leading Canal officials to make a list of potential business opportunities that would complement the waterway activities giving priority to three projects to develop, said Bazan. 'We want to take advantage of our geographical location and make the best use of lands that are part of the Canal's patrimony,' he explained.

One of the most important new business ventures looked at is the 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 will provide land and dredging while the concessionaire will finance the design, construction, maintenance and operations of the terminal for 20 years, renewable for 20 additional years.

#### PANAMA CANAL MAIN COMMODITIES (Long Tonnes)

	FY 2014	FY 2014 Oct - Jul	FY 2015 Oct - Jul
Crude Petroleum	6,527,258	4,871,295	5,809,018
Petroleum and Petroleum products	34,154,015	27,526,452	33,753,379
Grains	48,621,541	42,088,569	47,446,530
Barley	45,273	45,273	67,319
Corn	13,701,373	11,140,491	11,400,951
Grain, Misc	2,665,503	2,433,779	2,370,007
Rice	720,636	664,595	649,542
Sorghum	9,138,170	7,227,358	11,948,067
Soybeans	19,015,258	18,079,476	19,021,114
Wheat	3,335,328	2,497,597	1,989,529
Coal and Coke (Excl. Petroleum Coke)	14,289,361	11,610,766	8,844,013
Container Cargo	46,078,906	39,173,116	34,369,671
Autos, trucks, accesories and parts	4,481,926	3,763,728	4,148,179
Canned and refrigerated foods	2,542,083	2,146,371	2,092,087
Nitrates, phosphates and potash	7,718,461	5,836,374	6,229,103
Lumber and products	3,014,606	2,581,401	2,070,491
Manufactures of iron and steel	6,703,574	5,562,980	5,939,327
Chemicals and petroleum chemicals	12,494,084	10,577,639	11,122,620
Ores and Metals	15,055,053	11,947,394	12,123,042
<b>Subtotal</b>	<b>201,680,868</b>	<b>167,686,085</b>	<b>173,947,460</b>
<b>Others</b>	<b>25,047,495</b>	<b>21,229,850</b>	<b>23,575,641</b>
<b>Total</b>	<b>226,728,363</b>	<b>188,915,935</b>	<b>197,523,101</b>

SOURCE: Panama Canal Authority-Economic Analysis & Market Research Division



The terminal will be developed in two phases, the first phase will see 1,350mtr of quays and 66 hectares of construction for a capacity of 3.2m teu of cargo, while the second phase will cover 56 hectares and increase capacity by 2.1m teu. Many of the largest international port operators have announced interest in participating in the future international tender planned in the coming months.

The second project could be located in the proximity of the Pacific future locks and would consist of building a ro-ro terminal, a

green field project estimated at \$200m given in concession by an international tender, likely in 2016. Some of the largest international carrier companies have found the proposal not only very attractive but timely fit considering the increase of vehicles exports from Mexico where five vehicles factories are being built in addition to the existing two, Bazan said. One company has already offered to install a vehicle transshipment operation to re-distribute to markets in Latin America and Europe, he added.

Also to give value added to the goods transported through the waterway and aiming at developing Panama into a logistics hub, the ACP has identified 1,200 hectares of land on the western side of the future Pacific locks, in an area formerly used as US military installations before 1999, to create a logistics park for international companies.

Canal officials have commissioned Antea Group a feasibility study to develop the area to determine which would be its better use; petrochemicals, logistics or industrial or the

## Maersk Line

Maersk Line, part of the Group AP Moeller, is one of the top ten customers of the Panama Canal and also one of its oldest customers having made its maiden voyage with the Anna Maersk on June 19-23, 1917. The Canal has remained a vital route for Maersk Line ever since with almost one ship per day transiting the waterway currently.

Maersk Line accounts for around 11m containers shipped per year globally, making one port call every 15 minutes and 33,000 port calls per year.

The shipping line made 153 canal transits during the first six months of 2015. 'We rely on the Panama Canal for four of our most important routes that link Europe and Asia with Latin America. Firstly, the Canal provides us with the ability to link Ecuador with Northern Europe and the Mediterranean, giving for example, Ecuadorian banana farmers access to international markets and Europe with a constant supply of this popular fruit. The Canal is also a vital link for our services between US east coast and Oceania, as well as the US east coast and Asia,' says Maersk Line President of Latin America and the Caribbean Omar Shamsie.

'SeaLand is our dedicated line for Intra-Americas trade covering the whole of the Americas continent. As part of our container business strategy, we realised some years ago that intra-regional and north-south trades behave in a different way from the more established east-west trades [Asia-Europe, Transpacific and Transatlantic]. Shorter transit



Maersk is one of the oldest Canal customers

times mean we need to be more agile and provide quicker responses to customers' queries. Short haul customers expect more focus on and understanding of their business, as well as stability in route networks and reliability,' explains Shamsie.

'The experience with MCC [intra-Asia carrier] and Seago Lines [intra-Europe carrier] has shown us the advantage of having an organisation focused on intra-regional trades, so it only made sense to replicate that model for the intra-Americas market. Re-establishing the SeaLand brand for intra-Americas routes supports this strategy. SeaLand right now is a standalone organisation, its own brand and focused

solely on the Americas trade,' he adds. 'We strive to facilitate trade in Latin America, fostering economic development and helping our customers to deliver on their promises.'

Within months away of the inauguration of the Panama Canal third lane, Maersk Line sees the expansion as offering more options to service [its] Asia to SAEC route. 'The Panama Canal expansion is an important development not only for Maersk Line but also SeaLand that operates various feeder lines. In order to support the expansion, ports in the region will also need to put in place the necessary infrastructure to receive larger vessels and, at the end of the day, trade growth will need to sustain this extra investment,' Shamsie says.

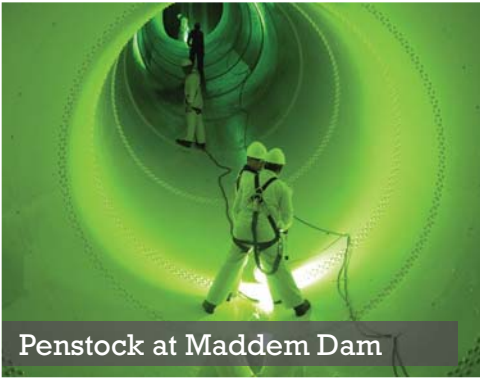


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## Mitsui O.S.K. Lines (MOL)

2015 marked an important year for the Tokyo-headquartered shipping line as it is celebrating the centenary of the first transit of a MOL vessel, the Kongosan Maru on June 2, 1915, only a few months after the inauguration of the Panama Canal back in August 1914, which makes Mitsui O.S.K. Lines (MOL) one of the oldest Panama Canal's customers and one of its top five customers.

The Japanese shipping line, founded in 1884, represents the Japanese tradition. The group companies operate 947 vessels with a total of 67,789,000dwt that include box ships, car carriers, oil and gas tankers, coal carriers and has the world's largest fleet of LNG and dry bulk vessels, backed by experience and technologies developed over 130 years. MOL moves today's global economy and MOL vessels have become a regular feature at Panamanian terminals.

MOL Liner Ltd. is a wholly-owned subsidiary of MOL. The company transports a wide variety of cargoes in international standard containers. The MOL Liner containerships also cover a global network of routes and call Panama Ports Co-Balboa, PSA-Rodman and Manzanillo International Terminal (MIT). MOL makes an average of 30 canal transits per month on both Liner and Non-liner deployments.

'Every year, we recruit cadets from the Panama Maritime University to perform their 12-month rotation on MOL vessels to become fully licenced engine or deck officers,' since MOL is the largest single user of the Panama Ship Registry, explains MOL (Panama) President, Julio De La Lastra, who is also the regional director responsible for the Caribbean and Central America countries. Approximately half of the group operated-fleet is registered under the Panamanian flag.



MOL (Panama) President, Julio De La Lastra

The Japanese carrier opened its own commercial office in Panama in 2003 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 US.

MOL's containership services link the world with a growth particularly strong in Asia, which has seen tremendous economic expansion in recent years, and have traditionally held an advantage in South American and African markets. MOL is expanding their network with more port coverage and increased service frequency, not only with their own services but also in joint operations with partners.

'We continue to develop competitive services by deploying newbuilding vessels as needed,' says De La Lastra. MOL operates containership service spreading all over the

world, with 118 containerships, with capacities ranging from 704teu to 13,900teu.

De La Lastra, has been president of the maritime guild Panama's Chamber of Shipping three times and was also elected president of the Business Association National Council of Private Enterprise (Consejo Nacional de la Empresa Privada-CONEP), representing the maritime sector for the period 2015-2016.

It is the first time that the sector has been elevated to lead the Business Association that comprises 25 of the largest private business associations in Panama and which has a prominent voice in working closely with the government to define economic policies and strategies. 'It is a great honour for our sector to participate proactively in decision-making and find support for developing logistics around the Panama Canal expansion and in general to contribute to the development of the private sector,' said De La Lastra.

three of them together. Once the study is completed, the ACP would call an international tender, likely in 2016.

The project is looked at with great interest by many players of the maritime sector who want to attract foreign investors for developing value-added projects, in particular in logistics parks around the Panama Canal and the terminals on the Pacific and Atlantic sides.

The ACP has granted 20 hectares of land under a lease agreement to PSA Panama International Terminal (PPIT), which has permitted PSA-Panama International Terminal to expand its present installations, located next to the entrance of the construction of the Pacific new locks. PSA-Panama \$450m-expansion will upgrade its facility by increasing capacity to 2m teu, up from the existing 500,000teu. •

### Panama Canal Authority Ranking of Countries by Origin and Destination of Cargo From 10/01/2014 through 07/31/2015 (long tonnes)

Rank	Country	Origin	Destination	Intercoastal	Total
1	US	89,022,403	50,446,056	1,947,161	137,521,298
2	China	12,886,167	29,118,425	0	42,004,592
3	Chile	13,336,472	12,315,332	0	25,651,804
4	Japan	5,147,502	15,365,428	0	20,512,930
5	South Korea	9,893,287	5,875,123	0	15,768,410
6	Peru	6,882,262	8,750,884	0	15,633,146
7	Colombia	7,494,164	7,537,373	199,606	14,831,931
8	Mexico	6,389,498	7,650,163	797,391	13,242,270
9	Ecuador	5,535,088	6,165,022	0	11,700,110
10	Canada	7,576,526	3,049,427	19	10,625,934
11	Panama	1,129,887	7,716,462	121,756	8,724,593
12	Guatemala	1,560,782	3,475,240	1,968	5,034,054
13	Int. Waters – Pacific	177,061	4,608,522	0	4,785,583
14	Spain	1,420,953	1,966,091	0	3,387,044
15	Netherlands	1,946,766	1,256,494	0	3,203,260

Source: ACP





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## West to East Coast shift?

**A** recent study by Boston Consulting Group (BCG) and CH Robinson shows that container traffic from Asia to the US could move from West Coast ports to East Coast ports by 2020, following the opening of the expanded Panama Canal. The report 'Wide Open: How the Panama Canal Is Redrawing the Logistics Map', estimates that up to 10% of cargo could be rerouted to the East Coast, a commentary that would justify the improvements and investments realised by most of ports in the US as they prepare for the beginning of Panama Canal's commercial operations, expected in 2Q 2016.

Vessels travelling between Asia and the East Coast of the US are by far the principal users of the Panama Canal, accounting for more than 86m freight tonnes of cargo, or nearly 40% of the total tonnage handled in the 2014 fiscal year. Traffic between the US East Coast and the West Coast of Central and South America, some of which originated in West Asia and travelled through the Suez Canal, represented 20% of last year's total.

The expanded Panama Canal is therefore expected to have a significant impact on freight flow between Asia, the US and Central and South America. Expectations are that the Canal expansion will prompt shippers who have long been suffering from the congestion effects of a US West Coast dockworkers' labour

dispute to consider alternative ports in the Gulf of Mexico or the US East Coast. Some East Coast ports such as Miami have already deepened their harbours and widened their shipping channels in order to serve bigger vessels.

The dockworkers' dispute with port operators from last summer until May 2015 was described as the worst in recent history in terms of delays, cargo backlog and consequences for traders, carriers and shippers. However, as bad as it was, some cargo was re-routed through the Panama Canal, boosting cargo volume to its peak in fiscal year 2015. It steered more cargo traffic to Asia – East Coast freighters as well as other ports on the Pacific Coast, such as Canada's Port Metro Vancouver and Port of Prince Rupert. And according to some reports, as much as 150,000teu of cargo are estimated to have diverted to US East Coast ports in 2014 resulting in an 11% rise in volume of Asian-bound merchandise on the East Coast, compared with an increase of 5% on the West Coast, says the report. This cargo diversion has already created new momentum for logistics players along the Atlantic coast.

Los Angeles-Long Beach lost 3%-5% of its normal business during negotiations that were marked by International Longshore and Warehouse Union work slowdowns and retaliation by the Pacific Maritime Association this past year.

In the past two years, the ports on the East Coast have been spending billions of

dollars to deepen their harbours, increase their bridge heights and transform their infrastructure to accommodate larger vessels that bring with them more cargo and potentially more business.

The American Association of Port Authorities (AAPA) estimates that ports and their private sector partners are investing over \$9bn a year to modernise and expand port facilities. These port renovations fall into three main categories, says AAPA: land-side connections [the roads and rail lines that lead into the ports]; water-side connections [especially those that need to be deepened and widened to accommodate greater volumes in these post-Panamax vessels]; and the port facility infrastructure itself [often referred to as 'inside the gate'].

The association estimates there are 125 port-related infrastructure projects underway or planned, cumulatively valued at \$29bn. Except for on-dock rail, these projects are mostly improvements outside of port facilities, including intermodal connectors, gateway and corridors and marine highways.

The Port Authority of New York and New Jersey has dedicated \$1.3bn for the Bayonne Bridge Navigational Clearance Project, which will raise the bridge to 215ft from 151ft for the passage of these larger ships. It has also spent over \$2.7bn for other improvements to its water-side and land-side connections, along with its port facility infrastructure.

Miami, Fort Lauderdale, Charleston and



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Baltimore have all made a committed investment to receive Neo Panamax ships.

Ports in Savannah, Georgia and Jacksonville, Florida, are currently undergoing costly dredging projects to deepen their harbours for the Neo Panamax vessels, with Georgia investing \$226m for the Savannah Harbour.

At the port of Miami, year-to-date volumes handled during the seven months through to the end of April 2015, corresponding with the port's 2015 fiscal year, have risen 13.5%. The main harbour is being deepened from 42ft to between 50ft-52ft. The project will allow vessels of 13,000teu-14,000teu to berth in Miami set to arrive on the US East Coast when the Panama Canal expansion project is completed in early 2016. As a result, Miami will become the only port south of Virginia capable of handling ships of this size.

In preparation for the influx of larger vessels anticipated at the port, Miami has dedicated a further \$1bn to capital infrastructure projects, including new super

post-Panamax gantry cranes, with a 22-row reach, a new on-dock intermodal rail service, linking the port with up to 70% of the US population within the space of four days, and new tunnel system directly to the interstate highway.

According to a CBRE research, the Port of Savannah has seen its total container volume increased from March 2014 to March 2015, making it the fourth largest port in total teu volume, before the newly formed alliance between the ports of Seattle and Tacoma.

The Georgia Ports Authority, whose principal holding is the Port of Savannah, posted a 17% increase compared to the year before in container throughput in fiscal 2015 to 3.66m teu. Total tonnage in FY2015, reached a record 31.69m tonnes, up 7.8% or 2.29m tonnes, says CBRE. Of that amount, containerised cargo accounted for 25.89m tonnes, also up 7.8% or 1.86m tonnes more than in FY2014.

Also container volumes increased 14% to 1.9m teu at South Carolina Ports

Authority (SCPA) in the 2015 fiscal year, to achieve above-market growth and strength across all business sectors. The port receives 11 Neo Panamax vessel calls each week. Box volume grew 14% in FY2015 with 138,221 more boxes handled compared to FY2014, for a total fiscal year volume to 1.1m boxes. With the Panama Canal expansion in sight, the future is brighter than ever.

Meanwhile, at the ports of Tacoma and Seattle, cargo volume increased 14% in June year-on-year, according to a joint statement. The ports of Seattle and Tacoma formed the Northwest Seaport Alliance this year to share the operations and marketing of most of their major terminals. They now report cargo statistics together instead of individually. Through the first half of the year, volume grew by 3% to nearly 1.8m teu. The two port commissions are expected to vote to finalise the details of the Northwest Seaport Alliance at a joint meeting this summer.

The ports of Newark/New York, Savannah and Houston recorded the highest increase in imports during the first half, year on year. At the port of Newark/New York imports were up by 12%, Savannah by 32%, and Houston 26%, with a notable raise in containers from China. The port brought in 53% more Chinese containers than last year, making the ports looking at competing with the West Coast ports.

On the West Coast, the Southern California port complex handles 15m teu a year, more than double New York-New Jersey, the second largest container port complex in the US and five to 10 times the container volume of other top US gateways.

PHOTO: GPA PHOTO-STEPHEN B. MORTON

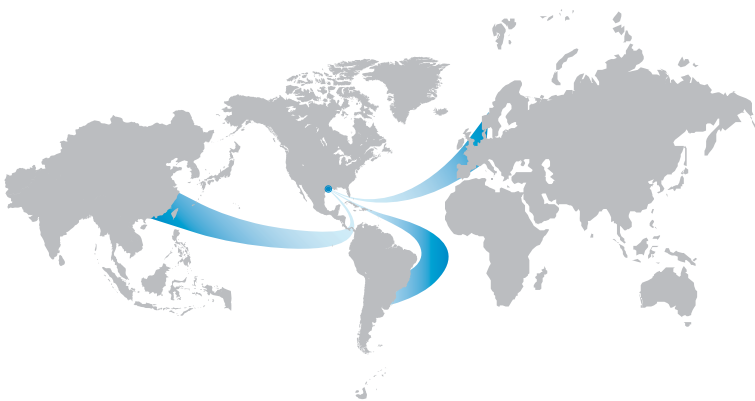


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Manhattan, New York

The ports are building the infrastructure needed to accommodate vessels with capacities of 20,000teu and greater. Long Beach itself is in the midst of a 10-year, \$4bn capital improvements programme. Long Beach and Los Angeles today are the only ports regularly handling vessels with capacities up to 14,000teu ships, Neo Panamax vessels that will only be able to transit the expanded Panama Canal, and

18,000teu ships that would be calling in Southern California within the decade, which means investing in infrastructure development more than other ports on both coasts. Long Beach is spending \$1bn to upgrade its rail connectors, rail car storage and on-dock intermodal transfer capacity. In the past year, Long Beach increased its on-dock rail shipments to 28% of volume up from 25%. The port's goal is to move

50% by rail, which hinges on if the port can convince the railroads to initiate short-haul rail services to the huge distribution hub in the Inland Empire 50 miles east of Los Angeles.

According to the BCG report, Savannah and Charleston, along with the Norfolk and New York-New Jersey container terminal complex, could be the port that would receive the most benefits from larger vessels, with



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Port of Corpus Christi, Texas

Neo Panamax vessels up to between 13,000teu-14, 000teu coming through the Panama Canal, but the report sees the west coast complex – Los Angeles/Long Beach – continuing to grow as it remains the most important US gateway.

In early 2015, the Panama Canal Authority (ACP) signed a co-operation agreement with the Port of Lake Charles in Louisiana aiming to attract new customers from the liquefied natural gas (LNG) industry; a strategy that builds upon the advantages that the expanded Canal will offer. Currently, LNG vessels cannot transit through the waterway due to their beam dimensions, which are too wide to fit the existing locks.

The agreement will promote cooperation

in marketing activities, information exchange, market research, training and technology, among other initiatives that will benefit both the Canal and the Port of Lake Charles. The Port of Lake Charles is a deep water port with entry into the Gulf of Mexico, and is a national leader in the petrochemical industry, primarily due to the development of mineral resources such as sulphur, oil products and natural gas.

Several companies are expected to either start construction of new plants or expand their existing LNG liquefaction capacity over the coming years in the region, looking at exporting their product mainly to Asia through the Panama Canal. While in Louisiana, the parties responsible for signing the agreement, Jorge Quijano,

Panama Canal administrator/ceo and the executive director of the Port of Lake Charles, William J. Rase, were joined in a series of meetings by companies such as Southern California Telegraph & Energy LNG; Magnolia LNG; Venture Global LNG; Lake Charles LNG Company; Cameron LNG; Waller Point Marine and BG Group. The administrator also visited the construction site of Cheniere, a gas liquefaction plant located in Cameron, Louisiana, which will begin production in the first quarter of 2016. Cheniere was the first company to receive approval from the US government to export LNG. In late December 2014, the company received approval to build another liquefaction plant in Corpus Christi, Texas. ■

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# Focused on safety

**T**he Panama Maritime Authority (AMP) administrator Jorge Barakat Pitty and his team have not waited to tackle the many issues left by the former administration, to restore transparency and confidence to the institution that oversees the maritime sector as the government's regulator body of the industry, including the Panama Ship Registry through the General Directorate of Merchant Marine.

One of the administrator's first tasks was to revise the notorious case of Orion Maritime Training Centre (OMTC), by carrying out audits of the company. 'These reflected that OMTC did not comply with the requirements of the International Convention on Standards of Training, Certification and Watch-keeping for Seafarers, 1978 (STCW '78, as amended), for instance in their Quality System, they couldn't show the number of assessments carried out,' says Barakat. The audit results showed that 'the evaluations performed on seafarers, did not include practical ones of competence, understanding and proficiency on board or via simulators, as required by the STCW '78 Convention, as amended. Following the same line, the audit demonstrated that the OMTC instructors didn't have the competency, qualifications or experience required, nor were they approved by the AMP.' Since then, OMTC has been dissolved.

'Because of OMTC's closure, the current administration is focused primarily on ensuring that all seafarers, employed on Panama-flagged vessels, have the training, knowledge, competence and qualifications in order to perform their duties safely, therefore protecting both the seafarers and property at sea, along with maritime security and marine environmental protection,



Jorge Barakat

through the STCW '78 Convention, as amended; to develop policies and actions aimed to promote protection and conditions of employment for seafarers, established under the Maritime Labour Convention, 2006,' says the AMP administrator.

The AMP will have the responsibility to issue assessments and the final issuance of marine licences as the newly created regional/documentation centres will receive the documents, evaluate them and if everything is in order, proceed with the assessments and/or licences. The AMP has published a list of the training centres approved and registered worldwide and regularly audited, where marine officers and eventually seafarers will get the upgrading courses to obtain their qualifications before applying for assessment of their titles.

In addition, the process of automation of the on-line seafarers listing is well underway, says AMP deputy administrator, Agustin Moreno. Beginning in October, the implementation of the system will be in Seoul, Korea, regional offices and consulates; November in the USA; December in European countries, and in January 2016, in the rest of consulates and offices in Asia. The regional office in Dubai and the consulates in Argentina, Brazil, Peru, New York and Miami already have the on-line system. 'The advantages of this on-line system are the modernisation of activities and processes in our proprietary 60 Merchant Marine Consulates round the world and the international AMP technical offices. Those modern tools will allow to collect, streamline, regulate, monitor and analyse the

information generated by all these activities in a transparent and centralised way,' explains Moreno.

'The whole process will be via the web, and includes payment through an Internet portal, inquiries or checks on-line procedures, traceability of income and financial interface with the Consulates abroad. We will monitor and have better control of daily maritime business in every region of the globe, leading to more efficiency and ensuring that Panama maintains leadership in ship registration and management of seafarers. The platform contains security features in all matters relating to the documentation of value; i.e. licences, transitional licences, navigation licences, etc. This should avoid the possible counterfeiting of documents scanned from a mobile application, and with it, the authenticity of the document transmission can be secured,' says Moreno.

On the other hand, the 31 Recognised Organisations (ROs) IACs and non-IACs duly authorised by Panama, are being audited and 'we have implemented several measures to follow the performance of our ROs, in order

to determine if they are working according to our demands [international standard of quality – best practices] or not. Some of those measures are the audits and corrections of bad practices procedure,' explains Barakat.

The AMP issues registrations, licences and tenders for ancillary activities in the private sector, as well

as the compliance of international regulations, navigation control, 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.

During the opening meeting of the next session of the International Maritime



Agustin Moreno



Organisation (IMO), to be held in November, the AMP administrator as second vice president of the IMO Assembly will have the honour, with the current president and first-vice president, to present functions and responsibilities to the new President and Vice-Presidents to be elected by Member States of the IMO, for the biennium 2016-2017 during the session 29 of the IMO Assembly, in accordance with Article 20 of the Rules of Procedure of the Assembly of the Organisation.

The designation is recognition of the work and activities as administrator of the world's largest ship registry for increasing the quality and modernisation of services of the register.

Barakat has designed a five-year plan, parts of which are already being executed, expected to conclude within the next four years. Some of the technological innovations are: improvements into the current platform to the online services for the incorporation of online payments, issuance of technical certifications (e-certifications), registration process inquiries, vessels monitoring, and publications, among others.

'We are targeting the enrolment of LNG and LPG vessels in order to boost the ship registry for a new eco-generation and contribute with the environment [to be greener than ever], says Barakat.

For the ship registry, the master-plan includes the development of an aggressive marketing campaign addressing the penetration into captive markets [i.e. Norway, Germany and China among others] as well as the maintenance and augmentation of markets that are currently part of the registry. It will also contemplate an active and dynamic participation in fairs or other international events recognised by the sector, a permanent plan of market comparison (benchmark), all of which will render outcomes such as the permanence of the registry's position.

'The implementation of benefits that provide savings in operational expenses for final users, such as the extension of dry dock inspections over five years;

assessments of ASI inspections, taking into account the good record of the ship.'

'We need that Panama remains the most reliable alternative, dynamic and safe for all types of maritime business activities and we have set some goals for the coming years,' adds Barakat.

'For example, we want to set-up an electronic register of titles and liens on ships seeking to facilitate and improve the service offered in the Public Registry. In addition, we look at starting a Panamanian container registry offering the owners of these box ships the same legal security on the property that has kept us as first register in the world, backed by a government entity. We also want to promote the establishment [in Panama] of banks and international financial institutions recognised by the maritime sector for providing funding used on ship mortgages or maritime projects.'

With regard to the AMP itself, 'we will certify the whole institution under the ISO 9001 quality standards, including the four operational general directorates and the administration, therefore seeking to increase the satisfaction of our customers by guaranteeing the quality of our services consistently, increasing the effectiveness, efficacy and transparency in our processes.' Also in the pipeline is the creation of a Naval Construction-Laboratory of Stability Section within the Department of Navigation and Maritime Safety: Such section shall be formed by naval architects with experience in assessment and approval of vessel plans.

'Also, we aim at the enhancement of harbour infrastructure and Merchant Marine offices on a national level,' says the AMP administrator.

To that effect, the AMP has called an international tender for a \$53m multipurpose terminal in the port of Aguadulce, in the Cocolé Province. It will be built under the system BOT (construction contracts, operation and transfer) in which the values of the most important and overriding evaluation are the experience and financial capacity of the companies participating in the tender. The concession will be for 20 years;

contemplating a term of three years for the completion of the first phase of the work. The contractor shall submit with his proposal a timeline for investment and development, which will be given a monitoring and control to ensure the effectiveness of recruitment.

The project includes a development plan and business model aimed at enhancing the regional agro-industrial sector to bring value –added to the cargo. The multipurpose terminal incorporates a component of containerised cargo, an area for the storage of fuel, storage silos for grain and other goods. This strategic investment aims to introduce the concept of Aguadulce sea-port city and modernise while boosting short-sea shipping in order to provide producers of Panama an economical and safe transportation.

The area of land to be tendered comprises 26 hectares of existing facilities of Puerto Aguadulce. Consequently environmental responsibility, the AMP has excluded from the reserve supply an area of three hectares of mangroves that are within the port. The Port of Aguadulce was built by the Panamanian Government in 1923, in response to the needs of the region demanded a port infrastructure that would allow them to export mainly agricultural products. Currently, this port is operated and administered by the AMP and its principal activity is handling general cargo and bulk and offering services to the central provinces of Coclé and Azuero.

It is located about seven kilometres from the coast in the estuary of Palo Blanco, in the Bay of Parita, Panama Pacific Coast by contacting the city for a road stretch of about five kilometres. The deadline for submission of proposals is October 22, 2015.

The AMP is also working in association with Panama Chamber of Shipping on the long-awaited construction of a pier, on the Pacific entrance of the waterway, near Amador, for maritime auxiliary services. The project, in draft by several previous administrations, is finally coming to reality.

'Panama is definitely open for business, this new administration is focused on continuous improvement to provide first class services to their users,' says Barakat. ■



AMP Administrator Jorge Barakat and South Africa Minister of Transport Dipou Peters sign agreement





MARITIME LOGISTIC SERVICES



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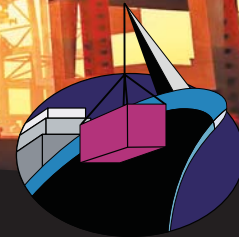
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# World's largest ship registry

**In 2017, the Panama Ship Registry will celebrate the 100th anniversary of its creation by Law 63 on December 15, 1917. Although domestic vessels doing short sea shipping began immediately to fly the Panamanian flag, the first international ship, a small freighter Belen Quezada, changed from the Canadian flag to Panama's on August 20, 1919. It was soon followed by the United American Line in 1922, that brought two of its passenger ships – Resolute and Reliance – under the Panamanian flag. Many more foreign vessels came during the 1920s starting the ascendance of Panama's Ship Registry.**

A century later, the Register keeps the leadership as the world's largest ship registry, with the most number of vessels and the highest tonnage.

At the end of June 2015, Panama had 218.2m gt with 8,122 vessels over 500gt slightly up from 217.6m gt and 8.092 vessels at December 2014 and down from 218.3m gt and 8,066 vessels at December 2013, according to IHS Statistics.

Today, not only is the Panama Registry the world's largest, but it also represents 18% of the total merchant fleet and brings directly around \$150m in fees and taxes, and indirectly some \$250m to the economy, including the legal sector. 'The robust regulatory protection on behalf of the ship-owners and mortgagor along with all the competitive offers of low-tax registrations for offshore jurisdiction are what make us the best and first Register,' says Panama Maritime Authority's director of Merchant Marine and head of the Ship Registry,

Fernando Solorzano.

The key to success is immediate response to ship owners' queries whether in Panama or in Asia, Greece or Middle East, says Solorzano. To improve the quality of technical support, the Registry has opened new offices of Segumar in Ibamari, home of Japan's leading maritime cluster as well as in Istanbul, Turkey and Solorzano is planning to open a Segumar office in Los Angeles, USA. All these new offices are staffed with technicians speaking the language of the country and, as such, able to reply promptly to any eventual technical problems. Segumar has also offices in New York, Panama, Piraeus, Busan, Seoul and Singapore with the Segumar-Tokyo office having the largest number of employees.

At the same time and to provide a more effective service to Panama's seafarers, 'we have recently opened four new documentation centres – or Regional Centres – in London, Manila, Dubai, Seoul, in addition to those of Panama and New York where both the review and the final issuance of marine licences can be completed in the centres,' says Solorzano.

The Panama Maritime Authority (AMP)'s board of directors approved a resolution granting the institution the sole power and responsibility to issue assessments and the final issuance of marine licences. The AMP's Regional/Documentation Centres will receive the documents, evaluate them and if everything is in order, proceed with the assessments and/or licences. The new

measure is in return for the anomalies and over costs registered during the past administration by a company that has been closed and dissolved. The AMP has published a list of training centres that are approved and registered worldwide and regularly audited, where marine officers and eventually seafarers will take upgraded courses to obtain their qualifications before applying for assessment of their titles.

The AMP procedure will be transparent and less costly as a fixed fee will be the same round the world, explains Solorzano.

Since his arrival at the helm of the Ship Registry, lawyer Fernando Solorzano who has a 20-year experience in the Registry having been previously its director and also the Panama Maritime Authority (AMP) Administrator (2007-2009), has reverted the trend of an unusual fall in tonnage and number of vessels seen in 2013 and 2014, attributed to high intermediary fees that had afraid some ship owners. In fact, the change of Administration in July 2014 that brought lawyer Jorge Barakat at the head of the AMP, cancelled the operations of the company that had played the role of intermediary. Ship owners have since then come back to the Registry bringing new constructions and high tonnage helping to reduce the age of the fleet to 16 down from 17.5 years in 2013.

Amongst a series of financial incentives issued by Solorzano is Resolution (106-65-DGMM, September 17, 2014) that cancels



Fernando Solorzano





**NBA MILLET  
PANAMA**

registration fees, annual consular fees, investigation and inspection fees, and the 0.03% tax, for one year to all vessels and MODUs under construction and new build over 10,000dwt. All ships of new construction less than 10,000dwt, will receive a discount in their year of registration up to 100% in the rate of registration, consular annual rate, the 0.03% tax and investigation and inspection fees, and as well as an additional 15% if they certify that they belong an important economic group. The latest date to apply for these discounts and registration of ships was 31 December, 2015. Nevertheless, this date has been postponed to 31, December, 2016.

The Ship Registry created a new series of economic incentives, in addition to those existing in Law 57, 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. The measure originally designed to terminate in 2015 was extended until December 31, 2016.

In addition, and because of the Greek economic situation in early 2015, the Registry decided that 'all our operators, owners, landlords, Greek economic groups with Panama-flagged vessels that have to pay taxes and fees [which are next to expire] at the Panama Consulate of Piraeus, Greece' will be able to delay the payment thereof without surcharges and interest until next 31 August 2015, it said in July 2015.

Last May, Panama's National Assembly

ratified the Nairobi Wreck Removal Convention [WREC] by approving Law 26 of 4 May 2015. Panama was one of the largest Ship Registries that had not ratified WREC when it entered force on 14 April this year.

The convention requires all ships over 300gt, including fishing vessels and commercial yachts, to have in place insurance to cover the location, marking and removal of a wreck, deemed to be a hazard in the convention area of states that are party to the convention. It is also required, under the principal of no more favourable treatment that all ships carry insurance and Wreck Removal certificates on board starting on 14 April, 2015.

'It is an important step for Panama in support of the international compensation regime,' said Solorzano. 'We will recognise the certificates issued by other maritime

### ***Pole Star Space Applications Limited (UK)***

For Pole Star Space Applications Limited (UK) – a privately owned UK technology company that has been providing vessel monitoring, regulatory compliance and risk management services to the shipping industry since 1998 – year 2014-15 has been an exciting year of opportunity, change and progress.

In August 2015, Julian Longson took the helm as managing director and is leading the company as it launches its next generation API-enabled platform and embarks on an ambitious strategy to become the platform of universal maritime connectivity.

Commenting on the strategy of the organisation, Julian Longson said: 'with increased regulatory compliance pressures

being placed on the whole maritime – and associated services – sector and the advent of cost-effective technology infrastructure, the next few years will witness a massive and disruptive change where vessels and everything on them will become increasingly connected to shore. Software driven solutions will emerge that will significantly increase the volume, variety and velocity of data, which in turn will drive the provision of truly unique app-based content and analytical products.'



*Julian Longson*

In fact, in 2014, Pole Star developed a new risk data-driven service, PurpleTRAC, to address the sanctions and compliance challenges that financial institutions and the maritime industry have been facing in recent years. PurpleTRAC enables banks, commodity trading companies,

marine financiers, insurers and ports to manage their exposure to and mitigate the possibility of involvement with a vessel at risk of sanctions for non-compliance, money laundering or terrorism financing.

In December 2014, the Panama Maritime Authority (AMP) became the first port state to use Pole Star's PurpleTRAC sanctions compliance and risk management service as part of its wider port risk management strategy and as a precaution against the outbreak of Ebola.

As part of the AMP's risk management strategy, all ships intending to enter a Panamanian port are required to post arrival data via their agent into the AMP's system. In an enhancement to that process, the AMP will use PurpleTRAC to screen port arrivals to ensure compliance against a comprehensive range of economic sanctions and blacklisted ports.

## Panama registers the largest container vessels

The efforts of the Ship Registry to attract new builds have been fruitful and showed the impact of recent incentives, with the registration of the world's three largest container vessels [ULCs] from the shipping line Mediterranean Shipping Company's MSC- Olympic Series. MSC Zoe, MSC Oliver and MSC Oscar. MSC Zoe will sail between Asia and North Europe as part of MSC Swan service and the MSC Oliver and MSC Oscar will serve the east-west route between Asia and Europe.

The three 19,224teu box ships built at the Korean shipyard Daewoo Shipbuilding & Marine Engineering are considered green and efficient, as they have 35% more capacity and 35% less CO2 emissions compared to other ships. They also have a diesel engine that optimises fuel consumption based on changing operating conditions.

'We are proud of the MSC Oscar because it is the largest ever built container ship, it is also the one that has the most meaning for me, because it takes the name of my son,' says Mediterranean Shipping Company (MSC) gm, Diego Aponte, as the



vessel was launched. 'I can also say I am happy that a number of ships, to be more specific, 20 ships of the same size will be built in South Korea,' added Aponte. 'We work in a competitive environment in which there is fierce competition and the only way for our ships to counter freight rates and higher oil prices and fuel is to build larger and more efficient ships.'

'We can also say that MSC Oscar is the more efficient ship in the world. It was built thinking about respecting the environment and not only will be able to carry 35% more cargo in the ship but will consume 35% less fuel, which will reduce, thus, the carbon dioxide emission by 35%. The efficiency gains are therefore enormous,' said Aponte.

authorities this year and will begin to issue our own certificates from the date the agreement, for Panama, officially enters force,' he said.

Panama remains in the White List of the Paris and Tokyo MOU of Port State Control. This has contributed to show the Registry as a suitable option to register new constructions. As of today, 2,325 vessels representing 28% of the fleet is between 0-5 years old and 1,859, representing 22% of Panama-flagged vessels are between 6 and 10 years old.

Panama Registry is committed to being greener than ever, in this sense, 'we are developing new incentives for vessels that have proved their condition as green ships. Those incentives will recognise the effort made by responsible ship-owners, who have invested in improvements on their ships structure or/and have taken

## New incentives are offered to those making efforts to become more environmentally friendly.

operational measures to reduce emissions,' says Solorzano.

Both the Panama Maritime Authority and Panama's Ministry of Foreign Affairs are working together to produce an e-platform – expected to be working in 2016 – that would integrate all the services given by Panamanian consulates 'on-line' including the registration of vessels done by the

consulates. The 'e-platform' should be able to receive the payments of consular fees and registrations costs while giving visibility to all transactions realised in the consulates as well as the status of such transactions offering the user more transparency and reduction of costs and 'red tape.'

Meanwhile, the Ship Registry is launching an international tender for a global e-platform that will control vessels inspections not only on the foreign Panama-flagged vessels but also opening this control for the first time, to domestic vessels operating along the coasts of Panama. The winner will be awarded by 4Q 2015. In October 2015, an international tender will be called for a provider of ship monitoring and LRIT for the Panama-flagged fleet that should be awarded by end 2015. ■



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## Largest transshipment hub in the Americas

**T**he Atlantic Colon port complex remains amongst the top ports of the region and in the top fifty worldwide, which adding to good results from the Pacific terminals, makes Panama the largest transshipment hub in the Americas.

Panamanian terminals returned to the black in 2014, posting a 3.2% growth to 6,773,965teu up from 6,561,396teu the year before when it fell by 4.3%. Most of the terminals showed cargo volume increase but Cristobal, that fell by 1.2% to 712,688teu down from 721,685teu and Colon Container Terminal (CCT) which dropped by 17.4% to 502,706teu. Cristobal and CCT, both located on the Atlantic side, had suffered the loss of several services during that period.

All the other terminals registered increases in cargo volume; Balboa, at the Pacific entrance of the Panama Canal which had fallen by 5.8% in 2013, made a comeback with 5.6% growth to 3,236,355teu, up from 3,251,139teu the year before while PSA-Panama, on the Western bank of the waterway and in its second full year of operations grew by 87.3% to 231,928teu, up from 123,808teu in 2013. Manzanillo International Terminal (MIT), on the Atlantic coast, showed a 2.2% increase to 2,071,342teu, compared to 2,025,904teu in 2013 when it also fell by 1.6%.

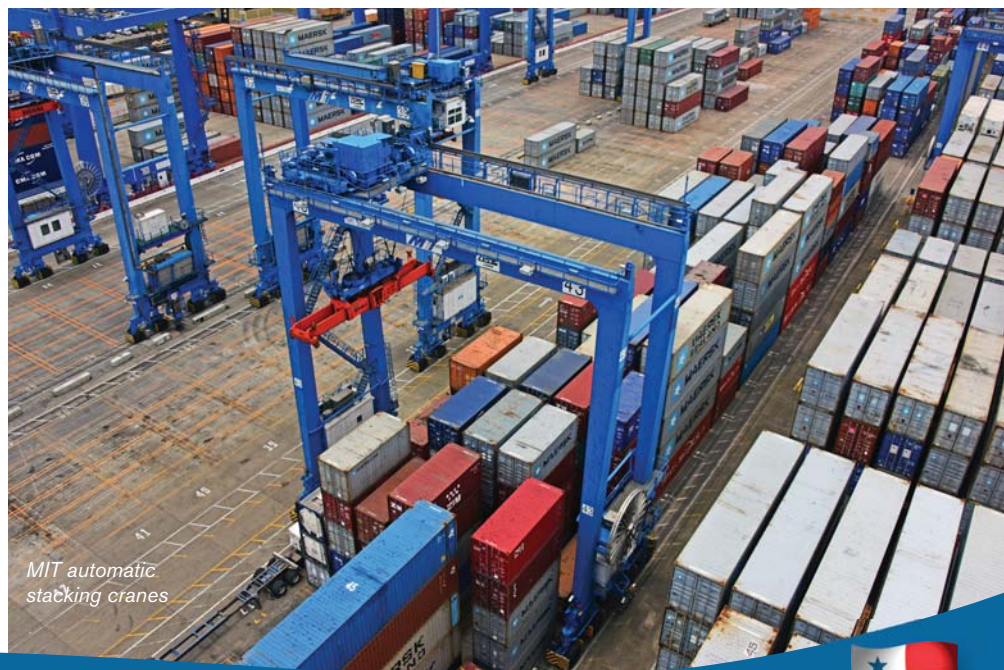
However, both Balboa and MIT continue

registering milestones in 2014 for the third year in a row passing the mark of 3m teu for Balboa and MIT with 2m teu.

Port activity during the first half of 2015 posted a small increase of 4.2% to 3,454,86teu, up from 3,313,610teu the previous year with only MIT falling by 1.1% to 992,616teu compared to the same period in 2014. Balboa was up 2.1% to 1,549,630teu, from 1,517,910teu and Cristobal received additional services increasing cargo volume for the first time in several years by 3.8% to 399,485teu from

384,838teu in 2014. PSA-Panama also posted a small increase of 1.5% to 126,994teu up from 125,063teu but Colon Container Terminal was the big winner with a growth of 36.8% to 373,885teu up from 273,247teu having recuperated one of its main customers, a service from Evergreen.

On the Atlantic side, Evergreen's Colon Container Terminal (CCT) received in April 2015 the Evergreen service NUE 3, which had left calling CCT in 2014 and taking with it nearly 70% of the terminal volume that dropped by 25% in 1Q 2014. NUE 3 sails



MIT automatic stacking cranes

from Asia-China through the Panama Canal to the US East Coast.

CCT specialises in handling containers but also general cargo and rolling stock, for a fast and efficient cargo transshipment, 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 Co and 984 reefer plugs.

'I can foresee cargo volume picking up gradually during the second half of 2015 since MELFI is calling CCT since May 2015. COSCO has increased their feeder services and we may welcome another shipping line with which we have been in contact for several months,' says CCT president Captain Chang Yen-I.

Although China Harbour Engineering Company (CHEC) is behind schedule, the construction of the Phase-Three of the terminal expansion will be ready by year-

end. CHEC began works in July 2013 to build 320mtr of additional quay with an 8.5-hectare-container-yard after being awarded the contract for the \$66m expansion of CCT. In November, the terminal will receive three new STS 22 row across-cranes and another STS 24 row-across crane next year. 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 16.5mtr for the future calls of Neo Panamax vessels.

'All terminals [in Panama] have or are expanding but volume has not yet picked up it, it will depend on how well does the regional economy,' says Capt. Chang. Notwithstanding, 'we have different projects [some for rail-mounted cranes] in the pipeline for before the end of the year,' that should automate some areas of the terminal, he adds.

The all-water weekly joint service

COSCO new GME with vessel-sharing partner HANJIN, transits the Panama Canal before calling CCT terminal, in addition to the weekly COSCO AWE2 and the COSCO feeder to the Caribbean region with two vessels per week in addition to the weekly PWS service which is back to normal calling four times a month CCT, says Captain Chang Yen-I, President of CCT.

Also located at the Atlantic entrance of the Panama Canal, Cristobal, administrated by Panama Ports Co, (PPC) a subsidiary of Hong Kong-based Hutchison Ports Holdings, Cristobal was revamped with 13 STS cranes 47 RTGs this year.

'Cristobal has received the MSC Gulf to ECSA Sting I SB Service which consists of seven 5,500teu Neo Panamaxes. US/Mexoco Gulf to Brazil via Panama and Colombia in collaboration with Hamburg Sud; and the MSC Gulf to ECSA Sting I NB Service which consists of seven 5,500teu vessels, to Brazil via Panama and

## Panama Ports Company (PPC)

Panama Ports Company (PPC), a subsidiary of Hong Kong-based Hutchison Ports Holdings that administers the ports of Balboa, on the Pacific side and Cristobal at the Atlantic entrance of the Panama Canal, PPC has invested over \$1.3bn to increase capacity on both terminals, with an on-going \$110m expansion that has extended the container yard to 70 hectares and Balboa piers to 1,900mtr of quays with 25 STS cranes while Cristobal was revamped with 13 STS cranes 47 RTGs.

'Panama provides excellent competitive scenarios and logistical solutions due to its privileged strategic location. PPC has taken measures to further enhance Panama's geographical advantage creating a 'One Stop Shop Operation' that no other port terminal can offer. This has been done with the help of our strategic business partners that have understood our customer's needs and the rapid and changing ways in which their cargo has to be safely handled, stored, transported and delivered,' explains PPC ceo and Hutchison Port Holdings commercial regional manager for Latin America and the Caribbean Division, Aitor Ibarreche.

As a result, Balboa posted 2.1% growth and Cristobal an increase of 3.8% in cargo volume during the first six months of 2015 [January-June] compared to the same period in 2014 with 1,549,630teu for Balboa and 399,485teu at Cristobal. In 2014 which was Ibarreche's first year as PPC ceo, Balboa container cargo grew by 5.6% to 3,236,355teu while Cristobal fell by 1.2% to 712,688teu having lost momentarily a couple of services.

'At PPC, we have made joint efforts with our clients and business partners to better understand the rapid ups and downs of the



market and our clients constant needs in order for us to be very competitive in terms of costs, productivity and efficiency. With all that said, we continue with our projection of managing over 4m teu at Balboa by year's end,' Ibarreche says.

'PPC is constantly taking measures to further enhance Panama's geographical advantage and in 2015 we have achieved the following new services at Balboa, the APL Asia-South America Service (ASA), which consists of eight Neo Panamax ships of about 6,000teu, will be deployed in a joint service. APL will operate six vessels while MOL and NYK will operate one vessel each. Also, the MSC NB Andes Service is a new upgrade of its Andes Service between Asia and the West Coast of Latin America. Its consists of 12 Neo Panamax MSC vessels that will deploy to offer a weekly service to Mexico, West Coast South America and Central America; connecting from Panama to Caribbean, East Coast South America and USA.'

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Neo Panamaxes. US/MEX Gulf to Brazil via Panama and Colombia in collaboration with Hamburg Sud; and the MSC Gulf to ECSA Sting I NB Service which consists of seven 5,500teu vessels, to Brazil via Panama and Colombia to US/MEX Gulf in collaboration with Hamburg Sud.

'We expect two new Maersk and MSC services to be implemented during the next few months. All of these services have increased the size of their ships,' he comments.

For the first time in March 2015, PPC paid \$10m to in concept of dividends of 2014 and 'at the end of 2015 we expect to pay an additional \$15m to our shareholders. In addition to dividends, PPC has paid more than \$350m in canon fees to the Panamanian State for cargo handling during its 18 years in the country. We handle 58% of all the container cargo in the country thus making us the port company that pays the most amount of money in cargo handling, and PPC employs more than 4,200 people, 99.9% Panamanian positioning us as the leader in Port employment in Panama,' Ibarreche adds.



## Colon Container Terminal (CCT)

The year 2015 will prove beneficial for Colon Container Terminal (CCT) that registered in April, the come-back of Evergreen service NUE 3, which stopped calling CCT in 2014 and taking with it nearly 70% of the terminal volume that dropped by 25% in 1Q 2014. NUE 3 sails from Asia-China through the Panama Canal to the US East Coast.

During the period January-June 2015, CCT located at the Atlantic side of the Panama Canal, grew by 36.8% to 373,885teu, according to Panama Maritime Authority's statistics department, up from 273,247teu the year before. It was the highest increase registered by a Panamanian terminal for the first half of the year. In 2014, cargo volume dropped by 17.4% reflecting both the loss of services and the on-going construction of Phase-Three of CCT's expansion.

CCT specialises in handling containers but also general cargo and rolling stock, for a fast and efficient cargo transshipment, 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.

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In November, CCT will receive three new STS 22

row across-cranes and another STS 24 row-across crane next year. 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 16.5mtr for the future calls of Neo Panamax vessels.

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Capt. Chang Yen-I

Colombia to US/MEX Gulf in collaboration with Hamburg Sud,' says Panama Ports Co ceo Aitor Ibarreche.

At MIT, on the Atlantic side, the terminal – a joint venture between Seattle-based SSA Marine and a group of Panamanian investors – is finishing the first phase of its expansion ready by the end of 2015 which will double capacity to 4m teu, with an additional 395mtr Neo Panamax berth, equipped with four new Super Neo Panamax cranes [the largest in Latin America] and new ro-ro dolphins that will accommodate two ro-ro vessels simultaneously.

The terminal celebrated its 20th anniversary of operations, April 16th, 2015, and is widely recognised as the pioneer of port activity in Panama. With the second highest container volume in the country, it has led Panama to become the most important transshipment centre of the Americas.

MIT has been a pioneer in developing a logistic park becoming a model for other organisations. 'Even though we want to push logistics services in Panama in general as an activity that adds value to our core business, it is important to take care of the container terminal activity because if there are no good port services in the country, the shipping lines will find other places to carry out transshipment business and Panama will lose the connectivity that is the base for

logistics services,' says MIT vp of marketing Juan Carlos Croston.

Although it posted a slight fall of 1.1% in cargo volume, 'The main reason for the 1% decrease in transshipment volumes compared to last year is the boost in moves related to the 2014 World Cup games in Brazil. Cargo for this event was driving a slight increase in volumes not only to Brazil, but several other key markets in the region.

The drop in oil prices has had a negative effect on the economies of Brazil, Colombia and Venezuela, along with the devaluation of the peso and real that are making imports more expensive in those countries. China's economic slowdown also affects commodity-export countries, especially Brazil. Those drivers are affecting demand which, in turn, slows down container traffic,' says MIT gm Stacy Hatfield.

Approximately 86% of MIT's current volume is transshipment while some 25%, just over 300,000 moves per year, of MIT's volume is rail related. Compared to 2014, MIT has seen a 30% year-to-date drop in overall moves for the Colon Free Zone.

'Capacity in the region is growing and the competition will certainly continue to increase,' says Hatfield. 'We are not anticipating any major changes in volume throughout the remainder of the year.'

'Since MIT's key markets are the Caribbean and East Coast of South

America, the recent slowdown in this region may have an impact on our volumes. The difference in Panama's terminals performance has a lot to do with GRIs and ocean freight setting policy, which shift cargo from one carrier (and its respective terminal) to another. Unless there's a significant change in the underlying economic drivers, we don't expect a big swing in current trends,' Hatfield explains.

MIT was the first port in Latin America to receive Automatic Stacking Cranes (ASC's) during July 2014. All six of these cranes have since been commissioned and placed into operation. 'The key advantage that MIT sees in these machines is the ability to stack 20% more containers within the same footprint. This is a significant boost in terms of future capacity,' says Hatfield.

'During 2015, MIT's average trucker turn-time for the delivery of import containers has decreased by over 40% from last year. The performance of MIT's new automated cargo gate, combined with the ASC's has been very good. Vessel production has also improved during 2015, with the highest averages since 2007. This is mainly the result of improved processes and great teamwork by our employees,' he adds.

Balboa is the largest container terminal in the country with 4.5m teu capacity and also the only one to received weekly Neo Panamax vessels. 'At the Pacific terminal, the



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**COLON CONTAINER TERMINAL, S.A.**

APL Asia- South America Service (ASA), which consists of eight Neo Panamax ships of about 6,000teu, will be deployed in a joint service. APL will operate six vessels while MOL and NYK will operate one vessel each. Also, the MSC NB Andes Service is a new upgrade of its Andes Service between Asia and the West Coast of Latin America. Its consists of 12 Neo Panamax MSC vessels that will deploy to offer a weekly service to Mexico, West Coast South America and Central America; connecting from Panama to



Aitor Ibarreche

Caribbean, East Coast South America and USA,' says Ibarreche.

Panama Ports Company (PPC), a subsidiary of Hong Kong-based Hutchison Ports Holdings that administers the ports of Balboa, on the Pacific side and Cristobal at the Atlantic entrance of the Panama Canal, PPC has invested over \$1.3bn to increase capacity on both terminals, with an on-going \$110m expansion that has extended the container yard to 70 hectares and Balboa piers to

1,900mtr of quays including some improvements to Cristobal, and to wire the fuel-burning crane zone with electricity at the Balboa port and add loading and unloading space to its Pacific coast facility.

'PPC has taken measures to further enhance Panama's geographical advantage creating a 'One Stop Shop Operation' which no other port terminal can offer. This has been done with the help of our strategic business partners that have understood our customer's needs and the rapid and changing ways in which their cargo has to be safely handled, stored, transported and delivered.'

## Manzanillo International Terminal (MIT)

Manzanillo International Terminal-Panama (MIT) which celebrated its 20th anniversary of operations, April 16th, 2015, is widely recognised as the pioneer of port activity in Panama. With the second highest container volume in the country, it has led Panama to become the most important transshipment centre of the Americas. MIT is a joint venture between SSA Marine, the world largest privately-owned port operator and a group of Panamanian investors.

Although cargo volume fell slightly by 1.1% in 1H 2015 to 992,616teu, the terminal registered an increase of 2.2% in 2014 to 2,071,342teu with, the third year in a row, another milestone of passing the mark of the 2mteu. 'Container volumes have actually been relatively flat since 2012 when we finished with 2,059,764teu. We expect this year's volume to be about the same,' says MIT gm Stacy Hatfield.

'The main reason for the 1% decrease in transshipment volumes compared to last year is the boost in moves related to the 2014 World Cup games in Brazil. Cargo for this event was driving a slight increase in volumes not only to Brazil, but several other key markets in the region. The drop in oil prices has had a negative effect on the economies of Brazil, Colombia and Venezuela, along with the devaluation of the peso and real that are making imports more expensive in those countries. China's economic slowdown also affects commodity-export countries, especially Brazil. Those drivers are affecting demand which, in turn, slows down container traffic,' he adds.

Approximately 86% of MIT's current volume is transshipment while some 25%, just over 300,000 moves per year, of MIT's volume is rail related. Compared to 2014, MIT has seen a 30% year-to-date drop in overall moves for the Colon Free Zone. MIT's



Control room for automatic cranes

transshipment moves during 1Q 2015 were flat. 'Capacity in the region is growing and the competition will certainly continue to increase,' says Hatfield. 'We are not anticipating any major changes in volume throughout the remainder of the year.'

'Since MIT's key markets are the Caribbean and East Coast of South America,

the recent slowdown in this region may have an impact on our volumes. The difference in Panama's terminals performance has a lot to do with GRIs and ocean freight setting policy, which shift cargo from one carrier (and its respective terminal) to another. Unless there's a significant change in the underlying economic drivers, we

don't expect a big swing in current trends,' he explains.

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The first phase of MIT's expansion plans, that will ultimately double capacity to 4m teu will conclude by year-end with an additional 395mtr Neo Panamax berth, equipped with four new Super Neo Panamax cranes, and new ro-ro dolphins that will accommodate two ro-ro vessels simultaneously.

Reflecting on the Canal expansion, only months away, Hatfield believes that 'there is a lot of uncertainty in terms of how the shipping lines will capitalise on the increased capacity of the expanded Canal. Through MIT's own expansion, we are preparing for whatever additional volumes may come.'



Stacy Hatfield





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explains PPC ceo and Hutchison Port Holdings Commercial Regional Manager for Latin America and the Caribbean Division Aitor Ibarreche. 'We continue with our projection of managing over 4m teu by year's end,' Ibarreche says.

For the first time in March 2015, PPC paid \$10m in concept of dividends of 2014 and 'at the end of 2015 we expect to pay an additional \$15m to our shareholders. In addition to dividends, PPC has paid more than \$350m in canon fees to the Panamanian State for cargo handling during its 18 years in the country. We handle 58 % of all the container cargo in the country thus making us the port company that pays the most amount of money in cargo handling, and PPC employs more than 4,200 people, 99.9% Panamanian positioning us as the leader in port employment in Panama,' Ibarreche adds.

On the Pacific western bank of the Canal, PSA Panama International Terminal (PSA-Panama), a subsidiary of PSA International, is going ahead with a \$450m expansion that will grow its capacity to 2m teu. Panama President

## ***PSA-Panama is going ahead with a \$450m expansion that will grow its capacity to 2m teu.***

Juan Carlos Varela was the guest of honour at the terminal expansion ground-breaking ceremony May 26, 2015, accompanied by PSA Group ceo Tan Chong Meng, PSA Regional ceo David Yang, several members of Cabinet and the Administrators of the Panama Maritime Authority and the Panama Canal Authority.

The new terminal, with the beginning of operations planned in the last quarter of 2016, will have 11 quay cranes with a maximum outreach of 23 rows and over 1.1km of berth length. The investment into civil works amounts to \$285m while the value of equipment will be over \$125m. In addition to the eight new Quay Cranes, the

terminal will feature 12 Rail Mounted Gantry Cranes (RMGs), nine Rubber Tyred Gantry Cranes (RTGs), 52 Prime Movers and three Empty Container Handlers.

PSA has already awarded a contract for Earthworks to Jan De Nul Panama in April 2015. These works are ongoing and progress according to schedule meanwhile PSA is holding a tender process with international contractors for the dredging of 4m cu mtr of soft material, rock and drilling and blasting of basalt. The tender will be awarded in September 2015 and works would start immediately afterwards.

At the same time, PSA is holding a tender process with international contractors for the construction of 800mtr of quay wall, ready to handle 18,000teu ships. The tender will be awarded in September 2015 and works would start immediately afterwards. The first milestone will be reached after 16 months and the completion of all works should take 22 months. The tender for the STS cranes and RMGs will be awarded in October and would take 17 months until delivery in

### ***PSA Panama International Terminal (PSA-Panama)***

PSA Panama International Terminal (PSA-Panama), located on the Pacific entrance of the Panama Canal is going ahead with a \$450m expansion that will grow its capacity to 2m teu.

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In February 2015, Panama's National Assembly, the Panama Canal Authority ACP, the Panama Maritime Authority and the Panamanian State gave their approval to the expansion and construction has already started and will shift into higher gear soon with the beginning of operations planned in the last quarter of 2016.

The capacity of the terminal will increase from 450,000teu today to 2m teu per year. The new terminal will have 11 quay cranes with a maximum outreach of 23 rows and over 1.1km of berth length. The investment into civil works amounts to \$285m while the value of equipment will be over \$125m. In addition to the eight new Quay Cranes, the



*New quay to be built on green land*

terminal will feature 12 Rail Mounted Gantry Cranes (RMGs), nine Rubber Tyred Gantry Cranes (RTGs), 52 Prime Movers and three Empty Container Handlers.

PSA Panama International Terminal (PSA Panama), a subsidiary of PSA International, started operations in December 2010. Since then, cargo volume grew constantly reaching 231,928teu in 2014 representing an increase of 87.3% compared to the previous year when container cargo totalled 123,808teu. At June 2015, PPIIT has already grown to 126,994teu, up 1.5% on the same period of the year before [January-June] that registered 125,063teu, according to Panama Maritime Authority's statistics.

Shipping lines calling PSA-Panama include Hamburg Sud, CMA-CGM, APL and MOL. Hamburg Sud started in 2013 to use PPIIT as a home port for the Pacific Coast and connects several weekly main services and feeder services there.

'From our experience, we see a positive

link between bigger ships and increased transshipment. Worldwide, the number of container voyages in which a box is transhipped at least once has increased significantly. The formation of shipping line alliances has accelerated this trend, as partners try to optimise their shipping routes and align their hubs where possible,' says PSA International's head for Latin America Enno Koll, who is based in Panama.

'Vessels of up to 12,500teu will ply the Asia-US East Coast routes and be able to use Panama's Pacific coast as a transshipment hub for the West Coast of South and Central America. Vessels of 4,000teu can then serve Ecuador, Peru and Chile, Guatemala and Costa Rica on a weekly schedule via Panama. This allows shipping lines to benefit from economies of scale in operating across the Pacific and along the South American Coast. PSA Panama will provide sufficient capacity to allow lines to build a hub strategy,' said Koll.





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Panama. Starting in October 2015, PSA will begin a tender process for the construction of the Container Yard, Buildings and Gates.

Shipping lines calling PSA-Panama [that started operations in December 2010] include Hamburg Sud, CMA CGM, APL and MOL. Hamburg Sud started in 2013 to use PPIT as a home port for the Pacific Coast and connects several weekly main services and feeder services there.

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The Panama Canal Authority is considering a series of business propositions which include putting to tender a specialised ro-ro cargo terminal to improve the management of vehicles and heavy equipment and create other opportunities for the automotive industry,

## **ACP plan to tender for the construction of a 5.3m teu container terminal at Corozal, next to Miraflores locks.**

such as assembling or offering added value to the automobiles by including accessories. The proposal to develop a specialised docking area for ro-ro ships, transporting vehicles to Panama, from where they are distributed to other markets. A specialised terminal would allow the country to capture a portion of the demand for transshipment of vehicles and heavy equipment. The vehicles produced in Asia could reach Panama and from there be distributed to different regional destinations. Similarly, the increase in production capacity in Mexico to manufacture cars could create a supply for export to South American markets where Panama will serve as a transshipment centre.

The other project in the pipeline is to tender the construction of a 5.3m teu container terminal at Corozal, on land owned by the Panama Canal Authority (ACP) on the Pacific Eastern bank of the

waterway, next to Miraflores locks.

The ACP will provide land and dredging while the concessionaire will finance the design, construction, maintenance and operations of the terminal for 20 years, renewable for 20 additional years. The terminal will be developed in two phases: the first phase will see 1,350mtr of quays and 66ha of construction for a capacity of 3.2m teu of cargo, while the second phase will cover 56ha and increase capacity by 2.1m teu. The terminal will have access to the Panama Canal railway facilitating container moves to the Atlantic.

'Port operators in Panama have to be ready for surges in transshipment cargo after one ocean carrier chose Panama to implement complete network reconfigurations. If you have terminal operators interested in investing in a facility like Corozal and there's little space to grow on the Pacific side, it's difficult to see a logical reason to oppose such a project,' says an international port operator.

By end 2016, Panama [without Corozal] will have 14m teu capacity.

'Panama has a great opportunity to increase its importance as a regional transshipment hub. The private and public sectors must continue to work towards creating the infrastructure and streamlining the necessary processes in order to stay competitive in the region,' says MIT gm Stacy Hatfield. ■

### **APM Terminals**

Headquartered in The Hague, The Netherlands, APM Terminals has 62 operating terminal and port facilities, seven new port projects, 16 ports being upgraded and 135 inland service operations in 58 countries.

APM Terminals is looking throughout Latin America for potential new ventures. APM Terminals ranked 4th in throughput by equity share in South America in 2014 with 2.1m teu throughput and 1.44m teu equity weighted volume handled for a market share of 5.4%, with operations at Callao, Peru; Santos, Itajaí and Pecém in Brazil and Buenos Aires, Argentina. On August 13th, 2015 APM Terminals and Colombian-based port and terminal operating company, Compañía de Puertos Asociados S.A. (Compas S.A.) signed a joint venture agreement to jointly manage and operate Compas S.A.'s existing multipurpose Cartagena Terminal, which at present has an annual throughput capacity of 250,000teu and 1.5m tonnes of general cargo.

'Our Cartagena, Colombia joint venture

project is just one of many exciting new projects underway in the region,' says APM Terminals head of Latin America Business Development, Julian Fernandez, based in Panama. 'Our ambition is to consolidate our presence in those markets we are present in



Julian Fernandez

the region and establish ourselves in those growing economies where we don't have a presence yet and where we could contribute in unclogging logistics and port infrastructure bottle necks.'

'We expect the Canal expansion, together with the reality of ever larger vessels, to bring about more

transshipment. Larger vessels

create more capacity on any given vessel string. That capacity needs to be filled in order to enjoy the economies of scale that the larger vessels offer. Transshipment grows not necessarily in line with regional consumption patterns: it exists to maximise the efficiency of vessel or network utilisation,' explains Fernandez.

'Looking at [Panama] total country-wide

capacity versus demand is like finding a store full of shoes, all in the same size, and thinking, 'wow, what a huge selection!'. Different vessels and different string rotations require different terminal capabilities, and the reality is that there is a shortage of competitive terminal capacity on the rail-side of the Pacific entrance to the Panama Canal,' he adds.

APM Terminals is excited about the prospects for seaborne trade growth in the Americas over the long-term. 'Our new state-of-the-art facility in Lazaro Cardenas, Mexico is under construction and we continue to seek further opportunities to reduce the physical barriers to efficient goods movement throughout the region.'

Colombia represents one of the most promising investment opportunities in the region and 'we are pleased to participate in the country's ongoing economic growth and development. Cartagena has enormous significance in South America ports and our recently-announced joint venture with local partner Compas S.A. which foresees a \$200m investment project underlines our growth and investment plans for the region.'





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## Low bunker prices may be brief

**B**unker prices have come down in Panama, particularly for high sulphur bunker that has hit its lowest level in seven years, on the back of fierce supplier competition, abundant supplies and low seasonal demand, by end-August 2015, according to Platts. 'Low Fuel Prices, worldwide oversupply and new players means the [Panama] market is overflowing with barrels which, in our opinion, is the main reason that prices are down,' says a bunker supplier. But experts say low prices may be brief and reflect the global economy situation and lack of overall oil demand.

Considering the official figures released by the Panama Maritime Authority's statistics department, total sales of bunker, for the period January-June 2015, have increased by 10.66% to 1,820,299 metric tonnes, compared to the same period in 2014. Whether the reason, according to some industry players, is a fall of bunker availability in Colombia, or low prices in the Panamanian market, the first half of 2015 has registered a significant increase of sales for the first time in several years. During the same period, marine fuel oil sales grew by 4.81% to 1,684,163 metric tonnes while marine diesel posted an increase of 243.7% to 136,113 metric tonnes. Sales were up 24.45% on the

Pacific side to 1,407,379 metric tonnes and vessels attended also grew by 24.24% to 1,994 ships while on the Atlantic side, total sales fell by 19.67% to 412,921 metric tonnes although the number of vessels attended grew by 17.41% to 843 vessels. The sale of marine bunkering fuel is an activity that generates the country's economy about \$1bn a year.

However, controversy remains about officials figures. 'We are not sure if sales have gone up. We believe the Authorities are doing good work obtaining the real figures more so than it had been done in the past,' says the bunker supplier.

In the short term, the future is not clear, says an industry player who declined to be identified. 'The industry is very competitive and there are too many suppliers in the market. Everyone is betting on the Canal expansion but there is no assurance that bunker sales volumes will increase. I don't see a clear future for this business,' he comments. It will depend on many factors. In his opinion and 'in normal conditions, the market should increase because of new routes passing through the Canal but only time will tell. What is clear is that ships will always have time to take bunker. They will not transit without anchoring and there will be time for bunkering.'

'The sector is suffering heavily because of the brutal competition and the model of traders versus physicals and traders back to back,' he says. 'At the

moment, the business is bad and if it does not get re-structured, the quality of service will deteriorate because we have too many costs that are not covered by the current market prices and it is obvious that we face a voracious competition.'

But with more efficient ships, vessels spend less time awaiting transits of the waterway. Once the third set of locks is inaugurated [second quarter of 2016] the Neo Panamaxes will not have to wait since there will be no booking and because of the 'two Canals' waiting time will be considerably reduced. 'Competition is such that it is who will die first or leaves the market?' says a trader.

But there is some optimism. 'If sales continue their up-trend in the second half of the year [2015], the Panamanian market will survive because shipping lines want cheap prices and Panama is not an expensive market, although not so cheap. But the window of opportunities will be reduced when the 'two canals' are in operations. Only 20% of vessels transiting the waterway bunker in Panama but if problems and strikes persist on the US West coast, that could bring us more vessels [15% to 20%] to take bunkers in Panama,' explains ISSC gm Hugo Torrijos Dajer.

Competition in bunkering has increased constantly in recent years with the introduction of a greater number of players in the market. Nevertheless, it remains an important segment of maritime and auxiliary activities. Growing port activity combined



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ISSC bunkering

with the expectation that the expanded Panama Canal could provide more bunker business with Neo Panamax vessels transits have been a determined element in prompting the construction of high-tech terminals in Panama. Existing oil terminals have also expanded their facilities, creating some bunker storage over capacity since Panama total storage capacity is 30m bbls. Experts of the trade estimate that over \$1.5bn had been invested in the sector since Panama started its preparation for 2016 when the third lane of the Panama Canal will begin operations. Although some important bunker suppliers have left Panama-Aegean, Ow Bunker and BP-some newcomers have entered the market-Kamka

for example which 'as we can see, has taken a strong position renting tank space and chartering vessels. They are a registered supplier now. They are a very strong competitor when it comes to prices,' comments a bunker trader.

At the moment, 'it is very clear to us that the Panama market revolves around the Panama Canal draught restrictions [put in place by the Panama Canal Authority as for beginning of September]. Once those disappear, it will reduce bunker demand,' he explains.

The future looks gloomy and 'many companies will report heavy losses [in 2015], says another bunker player. For many traders and sellers, the Panama

market is getting every day more competitive to the point that prices having considerably fallen, some believe it might not be profitable to continue doing bunkering. On the other hand, some bunker suppliers plan to expand their shipping business. In the country there are 12 free zones fuels having the current concession including aviation fuel tanks Tocumen International Airport. These oil-free zones enjoy certain tax incentives granted by law to boost the sector.

'Obviously there is great offer of storage though an increasing smaller demand which will put pressure on storage costs. And nobody knows what will happen with the Canal expansion and if there will be an increase of demand. Panama's marine bunker market has not grown and we keep selling the same quantities. In fact here is room to grow but we do not,' says Petroamerica Terminal S.A. (PATSA) gm Edmundo Vidal. PATSA has a 1.1mbbls tank farm in Arraijan in Western Panama, in addition to several piers at the former Rodman base to load and unload petroleum products.

'Our terminal is all booked for the year and as we are flexible, we have been able to answer our customers' needs and the changes imposed by the market,' he adds.

The company has invested 'in a Jet fuel terminal since it is the segment that grows faster and there is increasing demand at Tocumen Airport. The latest news support

## Star Tankers Bunkering

Star Tankers Bunkering is a product tankers company based in Panama, dedicated to the service of transporting bunkers from bunker suppliers from shore to ships that visit Panama including transportation of Heavy Fuel Oil, Marine Diesel Oil, Marine Gas Oil and others.

It was founded in 2010 'to meet the growing demand in quality bunker transporters that would meet the latest IMO regulations regarding protection of the environment and compliance with the codes,' says its general manager, Raul de Saint Malo.

The company fleet includes four vessels operating in Panama: Nordic Bay, Star Baltic, Hercules Pride and Star Goethals and two vessels carrying out international voyages for transport of petroleum products: Star Taurus and Star Balboa explains de Saint Malo, a graduate from Kings Point in Marine Engineering Systems with an MBA from Georgetown University.

All Star Tankers Bunkering vessels are classed with members of IACS and also meet the requirements of the International Safety Management code (ISM), the Tanker Management and Self-Assessment code and the International Ship & Port



Facility Security Code. 'We are capable of transporting Bunkers, Fuel, Diesel, Mogas and Naphta between major oil terminals,' he adds.

Star Tankers' staff consists of excellent professionals who constantly keep up-to-date with current market trends and are equipped with comprehensive industrial knowledge. 'We provide personalised

services and constantly seek to find the most optimum and cost-effective solutions for our clients' product transportation needs. The most important is 'to fulfil our clients' expectations providing an honest, professional and the highest quality services, being a key player in the transportation of bunkers and petroleum products in the region.'





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our model as we will see long-haul flights arriving at Tocumen Airport since the announcement of Emirate Airlines and Turkish Airlines coming to Panama which will create immediate demand.'

Most of the bunker traded in Panama comes from Houston, Ecuador, sometimes Venezuela and the Caribbean. Panama's major bunker suppliers are Chevron, Chemoil, CEPESA, Glencore, Bominflot, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel. A newcomer too, is US-based Clipper Oil for which 'Panama is Clipper Oil's second largest bunker market'. The company supplies numerous types of vessels on the Pacific side of the Canal.

Even if there are less and less big players in Panama, the location remains its main attraction and the reason to be in Panama, bringing 'a small pie divided in too many companies.' Most of the companies that have come to Panama are trading companies that see great profitability in the petroleum free zones,' says a trader.

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). The terminal has the capability of handling Low Sulphur fuel oil (1%S) with a segregated system to coup with the demand of this new quality. Decal, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr) is being increased by 181,500cu mtr, for a new total capacity of 2.23m bbls (356,500cu mtr) in one tranche, The on-going

expansion consists in the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions permitting a loading capacity up to four barges at a time with maximum 3,000T/hr.

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. Oiltanking is expanding its facilities with 1.15mbbls.

On the Atlantic side, Telfer Tanks, located in the Atlantic port of Cristobal, is

a \$80m terminal owned by ISSC partners. It has a 400mtr-pier and 1.2m barrels of tank capacity, with a 4-island-16 position, automated loading rack for truck delivery and the terminal is now finalising contracts with suppliers/clients and for the management of the terminal. 'We are looking at oil transshipment, in and out from Panama as half of our barges are ocean-going barges,' says Hugo Torrijos Dajer whose ISSC is the main investor in Telfer Tanks. At the moment with a weak demand, there is storage over capacity and few terminals are full,' explains Torrijos Dajer.

Royal VOPAK has received government confirmation to begin building a new pier and 655,000cu mtr tanks in Bahia Las Minas on Panama's Atlantic coast. ■

### Petroamerica Terminal S.A. (PATSA)

PetroAmerica Terminal S.A. (PATSA) has an operational 1,450 K- storage capacity at July 2015. 'We are at the Pacific entrance of the Panama Canal, and being a land base terminal, we are an excellent logistic platform, since we can serve the marine, thermos electric and the local petroleum markets in Panama and/ or the region,' PATSA general manager Edmundo Vidal.

PATSA ([www.patsa.com.pa](http://www.patsa.com.pa)) offers a complete logistic solution for any company that wants to sell, trade, make and break bulk of petroleum products in Panama.

PATSA, employees are dedicated professionals and a highly motivated group which has been corner stones for its clients' loyalty and trust.



Edmundo Vidal

PATSA has just inaugurated a 350,000-bbl-Jet Fuel Terminal that can serve the growing flow of activity of Tocumen International Airport and has the capacity to become a regional hub for Jet A or desilted products.

PATSA features two piers, with two finger piers berth positions where users

can load and unload petroleum products such as fuel Oil, MGO, Gasoline, LDO, Jet A and JP5. The terminal 'has complete capabilities for reception and handling of MARPOL I, IV and V residues,' says PATSA general manager, Edmundo Vidal.

The key to good business is providing clients with an efficient and transparent service, says Vidal.





# Aiming to attract foreign investors

**D**eveloping the logistics sector to take advantage of Panama's strategic geographic position, its excellent transshipment hub and the future expanded canal, is one of the principal goals of Panama's President Juan Carlos Varela.

The Panama Canal Authority is looking closely at developing a 1,200-hectare area, on the western bank of the Panama Canal close to the future Cocoli locks, that could attract foreign investors for establishing value-added projects and creating logistics parks around the Panama Canal and the terminals on the Pacific side. President Varela said that [Panama] 'aims to become the most important transshipment port and logistics centre' in the region.

However, with a very limited amount of local third-party logistics providers (3PLs), 'Panama already supplies 'real' logistics services: logistics providers act as an integral supply-chain business unit of the multinational companies using Panama for distribution and added-value services,' says Juan Carlos Croston, vp marketing, Manzanillo International Terminal (MIT) and former president of Panama Chamber of Shipping.

But to expand both the scope of the current operations and the number of companies able to provide 'real' logistics services, 'Panama must increase the awareness of the public in general about the industry – how it works, activities/players involved, relevant weight on national economy and potential if issues are addressed,' says Croston.

'Panama already has strong 'hardware' – infrastructure, in general supplied by the private sector. But we need the 'software', i.e. we need to work on processes to integrate that hardware. The processes need to be refined by both the private sector and government institutions,' he explains. In addition, it is imperative 'to create a national

plan to scale-up micro and small logistics players. There are many logistics entrepreneurs in our country but they have no easy access to resources to help their companies pass the start-up phase, the only way they have to compete is on cost. Deprived of drive to innovate, it's a race to the bottom,' says Croston, who emphasises the importance of giving the right education to prepare the men and women who will work in that sector.

Although the government has created a logistics council, formed by the different government entities involved in the sector, the issues that need to be addressed are so many and of different nature that they need to invest a lot more resources in time, manpower and money to have a significant impact, logistics experts say.

For some entrepreneurs, like Croston, whose daily work in marketing Panama and its facilities through their business, 'it is all about priorities and knowing how to sell your position. You would think that, based on the economic importance and potential of the logistics services in Panama, the government would be all-in on improving its competitiveness.



Juan Carlos Croston

The reality, however, is different,' he notes. 'As an industry, we need to engage the authorities and help them understand that the next phase of national logistics development by active and consistent facilitation and above all we need to realise that Panama has to develop its own model considering that we will never be Singapore or Dubai because there are very important structural gaps.'

The recipe, says Croston is to 'align interest as there are a lot of government stakeholders involved and think long-term, something very difficult with our 5-year government terms' unless there is any medium or long-term planning.

The best example of long-term planning has been the successful Panama-Pacifico, the economic zone in the former Howard

Air Force base, which is developed by UK-based London & Regional-Panama. The complex Panama-Pacifico has more than 250 companies foreign and national installed in the area, many of them processing, transforming and giving value-added to products before being redistributed elsewhere in the region.

The Atlantic port of Manzanillo International Terminal (MIT) has created some 15 years ago a 16-hectare-logistics park, now at full capacity, where four major companies work for 65 companies, and the example is closely followed by other ports that are studying doing the same.

The Panama Pacifico Special Economic Area (PPSEA), established by Law No. 41 of 20 July 2004 in the former US Howard Air Force Base near the Panama Canal, is an area assigned for the production of goods and services with high added value and technology. With the aim of driving foreign direct investment and attracting new growth industries to take root in the country, the PPSEA is an important initiative by Panama to diversify its economy outside of the maritime industry and into value-added, just-in-time manufacturing and distribution.

Depending on the supply-chain setting, a presence in the PPSEA can offer an alternative means for manufacturing closer to final markets of many companies targeting Central and South America. Startups to Fortune 500 companies, such as 3M, BASF, Caterpillar, Covidien, Dell, Grainger and VF Corporation, have already relocated some of their manufacturing or packaging operations to the PPSEA to take advantage of its proximity to many parts of Latin America, while some have set up regional headquarters or shared-services centres, such as training or call centres, to take advantage of various incentives and cost savings.

In addition to the one-stop shop with access to 11 government branches, special labour and legal incentives, simplified on-site immigration benefits and access to the on-site workforce training centre, the PPSEA also provides businesses located there such tax



incentives as exemptions for 12 Specific Business Activities: Corporate headquarters; back-office operations; call centres; multimodal and logistics services; high-tech manufacturing and process manufacturing; aviation industry services; offshore services; the movie industry; data, radio, television, audio and video transmission; transfer of inventory between companies in-site; transfer of goods and services to ships/aircrafts and their passengers; imports and re-exports.

Since the enactment of Law 41 in 2007 that creates a special regime for the establishment of the multinational companies in the country, the number of foreign companies registered as a regional headquarters is constantly increasing since the legislation gives work visas and taxation advantages. In the process, Panama has become a magnet for multinational companies due to its dual

platform for business.

The law, designed to encourage the establishment of multinational companies' headquarters in Panama, gives exemption to multinationals from the payment of income tax in the Republic of Panama for all services provided to any entity domiciled outside Panama. In addition, it allows licenced corporations to hire trusted foreign employees to fill management positions in the company authorising them to work and reside in Panama which had spelled an influx of international professionals moving to Panama. Those involved in the logistics sector actors would like some special regime in particular regarding legislation on migration.

Panama's logistics sector is conscious that a well-formed workforce is one of the important elements to attract international companies. All kinds of technicians to operate warehouses, equipment and inventories will

not only be necessary but they must be fluent in English. The Chamber of Shipping has taken a number of steps including working with technical colleges and some universities to increase the awareness of the students for opportunities in the maritime and particularly in the logistic sector. At the moment, all the companies have to train their employees even if they come with a diploma related to the sector. A greater emphasis must be given to form technicians in logistics, capable of preparing a bill of lading, knowing what a consignee is and so on.

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 more than 250 companies registered in the Panama Chamber of Shipping alone. And many foreign companies that installed in Panama-Pacifico are attending the needs of the maritime sector and auxiliary services. 'We have around 27% of companies that are manufacturing and with high value added, 22% doing aviation parts and maritime repairs maintenance,' explains Henry Kardonski, gm of Panama-Pacifico. ■

### Henry Kardonski: We are a service business

Panama-Pacifico is a success story. Seven years have passed since the English company London & Regional won the tender to supervise the investment in the former Howard Air Force base and turn it into an industrial and logistics centre but also a residential area. Some 65% of the companies in the area are outside of the industrial/logistics complex, in the International Business Park.

The Special Economic Area also has a services and headquarters-oriented international business park as part of its infrastructure, as

this operations sector is a key component of the specially incentivised activities for companies like Caterpillar, Grainger, VF corp, Lacoste and others that aren't doing logistics or industrial activities, but shared services activities and/or HQ operations.

Henry Kardonski, its general manager, has been on the road to promote the \$705m investment in Panama since L&R was awarded the project in 2006 which, after designing the Master Plan in 2007, started for good in 2008. So far, around \$450m have been invested in roads, infrastructure and residential projects and it is ahead of schedule. Some 235 companies from the United States, 29%, Canada, 4%, Latin America, 31%, Europe,

31%, Asia & Australia, 5%, have opened offices and the number continues to increase.

'We started with industrial projects and the buildings and warehouses are world class facilities. We are constructing an average of 30,000sq mtr per year of which 40% are companies essentially involved in logistics and distribution activities. It is not a real estate business but a service business,' explains Kardonski.

In addition, 6,000 to 10,000sq mtr are built every year for offices of which 40% are of maritime companies. 'For example, Grainger, company that in the area

specialises in financial shared services activities has doubled its size in two years. The US-based 3M has installed, to date, ten production lines. They [3M] have the guts to do it and the vision for what they want to do,' he comments.

Then there are around 160,000sq mtr of physical logistics, warehouses in total operation and occupied of which 44% are final users and logistics providers. 'We have around 27% of companies that are manufacturing and with high value added, 22% doing aviation parts and maritime repairs maintenance,' explains the head of Panama-Pacifico.

Although Panama has a great advantage, the country still has competitors in Central

America and the Caribbean where Jamaica is 'becoming very interested in logistics and ports,' says Kardonski.

But 'if you have the vision, you can agree on actions to be taken. Panama has to look into more infrastructures with simple things to improve such customs and transport [with new laws] or to do 'a recipe book', and create a committee of logistics actors, with a large database, which could work and brings logistics into relevance and clearly establish what to be done,' he adds. 'To do it the right way, we [Panama] must listen to users and improve connectivity.' In fact, 'the sky is the limit in Panama!'

'Personally, I think that the Canal expansion is going to be much grander than expected. That should help not only promoting but make of Panama a great maritime centre'.

Panama-Pacifico has contributed to the development of the economy and strengthened the relationship between the ports and the Panama Canal. 'Before we only looked at box ships going through the Canal, but now, thanks to the operation of the companies that are in Panama-Pacifico, container vessels call Panama and are loaded with merchandise produced in Panama-Pacifico.'

Panama-Pacifico has also been attractive for new residents of several already built real estate developments, which should total a projected 25,000 homes.



Henry Kardonski





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## Remarkable growth of sector

**P**anama is renowned for its service economy of which the maritime sector [that includes the Panama Canal, the successful container terminals, logistics companies and shipping services] accounts for around 24% of the country's Gross Domestic Product (GDP). The sector has become the most important of the country's economy after the financial sector.

With the inauguration of the expanded canal and its third set of longer and larger locks just months away, Panama wants to take advantage of the opportunities around the expanded Canal and the logistics sector and Panama's unique geographical position.

Thanks to the government privatising the ports in the 1990s, some of the most important port operators have built and now operate several terminals on both entrances of the Panama Canal. In addition, shipping lines and logistics firms, lured by Panama's transshipment hub, have come to the Isthmus to sustain the remarkable growth of the sector and the country's economy.

The government has also enacted legislations giving tax incentives to multinationals establishing regional headquarters in Panama while a great number of firms have initiated operations in the economic free zone of Panama-Pacifico located in the former Howard Air Force base which is being developed by UK's London & Regional. The former US military installations – that reverted to Panama at end-1999 with the implementation of the Panama Canal

Treaty – have been transformed and developed into residential areas, transport and economic zones that have boosted the potential of the maritime sector since they were located in the surroundings of the Panama Canal.

Currently, the Panama Canal Authority (ACP) is exploring new business opportunities that would add value to the Panama route. The ACP is studying the possibility of using some of its available areas near the third set of locks into a logistics park and call tenders for the construction of a ro-ro terminal as well as for a new container terminal at Corozal. All these new business endeavours seek to strengthen Panama's logistic capacity. In addition, the Panama Maritime Authority (AMP) is also considering the area of Puerto Armuelles, in north western Panama, for developing logistics. The entity has called a tender for the construction of a terminal in

*(From left to right) Former Panama Chamber of Shipping president Juan Carlos Croston, ACP administrator Jorge Quijano, Panama Chamber of Shipping president Vikash Deepak and AMP administrator Jorge Barakat*

mid- centre region of the country for agricultural business cargo.

The **Panama Chamber of Shipping – Camara Maritima de Panama** ([www.camaramaritima.org.pa](http://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. Because of a great number of new companies, foreign and nationals that have opened shop in Panama in recent years, its membership has grown to 247 companies, all related to the maritime-port activity and the chamber membership comprises the largest shipping lines in the world and main users of the Panama Canal, such as Maersk Line, COSCO, Evergreen, MOL, APL, Seaboard, CSAV, Crowley Liner





IMO secretary-general, Koji Sekimizu at MIT stand, Panama Maritime XII

Services, CMA CGM, China Shipping amongst others, having offices in Panama and operating Neo Panamax and Panamax vessels, tankers, reefers and bulk carriers.

Every year the Chamber of Shipping elects a new board of directors. The election in June 2015, brought a new board of directors presided by Vikash Deepak of Mercansa, who succeeds Juan Carlos Croston (MIT). Deepak will be accompanied by first vice-president Nicolas Vukelja Duque, Terramar Oil & Services; Juan Diego Reyna, International Marconsult Inc; Maria Lourdes Galan Diaz, De Castro & Robles; Francis Ziemetz, Panama Agencies; Guadalupe Concepcion, Maersk Line; Patricia Velasquez, Macosnar Corp.; Rommel Troetsch, Maritime & Logistic Group; Daniel Isaza, Interocanic Cargo Carrier.

Deepak renews the Chamber's commitment to participate in a proactive manner in the government economic and development agendas that would support the maritime sector, aiming to contribute to the sector's benefits with alliances between the private and public sectors.

In April 2015, the Chamber of Shipping in co-ordination with the Panamanian Maritime Law Association (PMLA) organised the 12th version of the series of conferences and exhibition known as Panama Maritime that put the eyes of the international maritime industry on Panama every two years. Co-ordinated by Capt. Orlando Allard, as president of the Organising Committee, the **Panama Maritime XII** attracted over 500

delegates and 46 international and local speakers to discuss the current and future development of the sector with the opportunities and challenges presented by the Panama Canal expansion. It was a success and more than 80 public and private companies showcased their products and services at the event that took place at the Megapolis Convention Centre from April 12 to April 15. The Exhibition and Conference were inaugurated by Koji Sekimizu, secretary-general of the International Maritime Organization (IMO).

Both the Bunkering Commission, chaired by Nicolas Vukelja and the Auxiliary Maritime Industries Committee led by Vikash Deepak were successful in their ventures. The first one by organising the 5th Bunkering Forum which included an exhibition and various workshops aimed at boosting the competitiveness of this sector in Panama. During the forum, was presented 'Panama's bunkering procedures' which standardise fuel services from the moment the order is received in the office. Another Bunker Forum is programmed to take place early October 2015.

And no later than mid-July 2015, the Panama Maritime Authority (AMP) announced that it had habilitated an area at Fort Amador to construct a dedicated pier for maritime auxiliary services. This had been long awaited; both the AMP and the Chamber of Shipping will now define the process for the construction and its administration.

Vikash Deepak, president-elect of the Chamber of Shipping, took a pro-active leadership in formulating a proposal [in answer to the government proposal of a new tariff for operating licences] to maintain the competitiveness of maritime services. The new Board of Directors will continue to keep frequent reunions to strengthen the dialogue with government authorities for the promotion of all matters related to the maritime industry and the logistics agenda.

The Chamber of Shipping has hired the consulting firm Intracorp to study the impact of the maritime and logistics sectors on the Panamanian economy. The study revealed that 33.5% of all revenues to the national economy are generated by the 15 components of the maritime and logistics sectors. The Chamber's chairman, Vikash Deepak, said 'the study will be largely distributed amongst the Chamber's members and Panamanian authorities.' The study will prove to be a useful tool in planning strategies to optimise the development of both sectors in Panama.

### Bunkering

Panama's bunker sector has grown in storage capacity equipped with modern installations and has become the most important sales centre of the region as many new players have arrived on the market.

Experts of the trade estimate that over \$1.5bn had been invested in the sector since Panama started its preparation for 2016 when the Panama Canal third lane will begin operations. 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, have boosted storage capacity to 30m bbls and sales of marine bunkers and fuel oils [activity that generates the country's economy about \$900m a year] grew by 10% in the first half of 2015, compared to the same period of 2014.

It has been ten years since the opening of the market -with new regulations including the creation of petroleum free zones for tank

Minas bunker tanks



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 increased in 2015 to 30m bbls, according to, Panama's Secretariat of Energy with the inauguration of new projects such as Telfer Tanks, an oil terminal on the Atlantic entrance of the Panama Canal.

Considering the official figures released by the Panama Maritime Authority's statistics department, total sales of bunker, for the period January-June 2015, have increased by 10.66% to 1,820,299 metric tonnes, compared to the same period in 2014.

Whether the reason, according to some industry players, is a fall of bunker availability in Colombia, or low prices in the Panamanian market, the first half of 2015 has registered a significant increase of sales for the first time in several years. During the same period, marine fuel oil sales grew by 4.81% to 1,684,163 metric tonnes while marine diesel posted an increase of 243.7% to 136,113 metric tonnes. Sales were up 24.45% on the Pacific side to 1,407,379 metric tonnes and vessels attended also grew by 24.24% to 1,994 ships while on the Atlantic side, total sales fell by 19.67% to 412,921 metric tonnes although the number of vessels attended grew by 17.41% to 843 vessels. The sale of marine bunkering fuel is an activity that generates the country's economy about \$1bn a year.

Several suppliers have left the barge business which dropped to an average of 19 barges from around 28 a year ago. Bunker delivery in Panama is 98% barge delivered.

Competition in bunkering has increased constantly in recent years with the introduction of a greater number of players in the market. Nevertheless, it remains an important segment of maritime and auxiliary activities. Growing port activity combined with the expectation that the expanded Panama Canal could provide more bunker business with Neo Panamax vessel transits have been a determined element in prompting the construction of high-tech terminals in Panama. Existing oil terminals have also expanded their facilities, creating some bunker storage over capacity since Panama total storage capacity is 30m bbls.

Experts of the trade estimate that over \$1.5bn had been invested in the sector since Panama started its preparation for 2016 when the third lane of the Panama Canal will begin operations. Although some important bunker suppliers have left Panama-Aegean, Ow Bunker and BP – some newcomers have entered the market – Kamka for example 'which has taken a strong position renting tank space and chartering vessels. They are a registered supplier now. They are a very strong competitor when it comes to prices,' comments a bunker trader. A few firms engage in spot deliveries. Panama's major bunker suppliers are Chevron, Chemoil, CEPSA, Bominflot, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel.

Growing port activity combined with the expectation that the expanded Panama Canal could provide more bunker business with post-Panamax vessels transits have been a determined element in prompting the

construction of high-tech terminals in Panama.

Although Panama is not the only port offering LSFO, most terminals have special tanks for those products distributed now by the major suppliers. **CEPSA-Panama** is supplying LSFO since August 2012. Sales of LSFOs could profit the new and expanded terminals, Melones, Decal. Oil Tanking, Petroport and Telfer Tanks that began operations mid-2015. Many vessels coming from the Far East and the West Coast of South America are expected to take small quantities of LSF fuels to burn them when approaching and leaving US ports as SECA comes into force on January 2015.

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 bbls for heavy fuel oil and diesel and it operates within a Tax Free Zone (OFZ). The terminal has the capability of handling Low Sulphur fuel oil (1%S) with a segregated system to coup with the demand of this new quality. 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 2.23m bbls (356,500cu mtr) in one tranche, The on-going expansion consists in the construction of 14 tanks and the existing jetty is also



*Cristobal terminal on the Atlantic side*



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being expanded to add two more barge loading positions permitting a loading capacity up to four barges at a time with maximum 3,000 tonnes/hr.

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. Its total capacity has been expanded to 750k barrels, for fuel oil, marine gas oil, cutter and diesel, with a segregated system for LSFO.

On the Atlantic side, **Telfer Tanks**, located in the Atlantic port of Cristobal, is a \$80m oil terminal. It has a 400mtr pier and 1.2m barrels of tank capacity, with a 4-island-16 position, automated loading rack for truck delivery, and began operations mid-2015.

In addition new projects are coming along with 3.3m bbls planned with the expansion of **PetroAmerica Terminal SA (PATSA)** with 0.35m bbls; **Royal VOPAK**, 1.8 m bbls and **OilTanking**, 1.15m bbls. Royal VOPAK has received government confirmation to begin building a new pier and 655,000cu mtr tanks in Bahia Las Minas on Panama's Atlantic coast.

**PATSA** which is part of The Liberman Group that includes a 1.1m bbls-36 tank farm in Western Panama has two piers at Rodman, a former navy base on the Pacific entrance of the Panama Canal. PATSA is expanding by building in Rodman a jet fuel 350,000bbls-new tank for local and export markets, says its general manager Edmundo Vidal. PATSA has a unique location being right at the entrance and on the Western bank of the waterway. 'Our terminal is all booked for the year and as we are flexible, we have been able to answer our customers' needs and the changes imposed by the market,' he adds. The company has invested 'in a Jet fuel terminal since it is the segment that grows faster and there is increasing demand at Tocumen Airport. The latest news support our model as we will see long-haul flights arriving at

Tocumen Airport since the announcement of Emirate Airlines and Turkish Airlines coming to Panama which will create immediate demand.'

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 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 Canada-based **Triton** and **CEPSA**. Mexican government-owned Pemex

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

**VT Ships** entered the market in October 2009 and operates 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); in addition to three companies: **Trading Tankers and Interoceanic Supply Services (ISS)** and **Star Tankers** which are now trading bunkers in the region.

**Star Tankers Bunkering** is a product tankers' company based in Panama and was founded in 2010 'to meet the growing demand in quality bunker transporters that would meet the latest IMO regulations regarding protection of the environment and compliance with the codes,' says its general manager Raul de Saint Malo. The company fleet includes four vessels operating in Panama: Nordic Bay, Star Baltic, Hercules Pride and Star Goethals and two vessels carrying out international voyages for transport



Bahia Las Minas on the Atlantic side



# PANAMA PACIFICO SPECIAL ECONOMIC AREA

## THE RIGHT CONNECTION

The Panama Pacifico Special Economic Area is a mixed-use, master-planned community and with 1,400 hectares of land assets, it is one of the largest mixed-use development projects in the world. The Special Economic Area drives new growth industries to the country by providing companies more favorable regulations and benefits including tax and special labor incentives. Strategically located on the western bank of the Panama Canal, the development has key access to the world's seventh best port infrastructure, giving companies a global reach to more than 160 countries through 144 routes. The expansion of the canal allows Post-Panamax ships to carry up to 13,000 TEUS, making Panama Pacifico a highly competitive option for maritime industry and logistics services.

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of petroleum products: Star Taurus and Star Balboa explains de Saint Malo. All Star Tankers Bunkering vessels are classed with members of IACS and also meet the requirements of the International Safety Management code (ISM), the Tanker Management and Self-Assessment code and the International Ship & Port Facility Security Code. 'We are capable of transporting Bunkers, Fuel, Diesel, Mogas and Naphta between major oil terminals,' he adds.

**Compañía Marítima de Panama S.A. (CMP)** 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.

**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. 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; Great Darien supply boat with 5,000 bbls capacity. This supply boat will only transport MGO (Marine Gas Oil). In addition, ISS owns Great Balboa; Great Gatun; and Great Panama, as well as supply boats or tugboats: Great Diablo and Great Coiba.

ISS is the owner of Telfer Tanks terminal. The new \$80m, 1.2m bbls capacity terminal, Telfer Tanks, on the Atlantic side next to Cristobal terminal, which began operations in 2015. 'We are looking at oil transshipment, in and out from Panama as half of our barges are ocean-going barges,' says ISS gm, Hugo Torrijos Dajer.

### Chandlery

New companies are continuously entering 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 secondary market while the supply of materials to make small ship repairs on board is leading the sector. 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. At the time, food supplies to the vessels were mostly handled by the shipping agencies; it was not until the post-WWII that the first dedicated chandlers appeared on the market.

The 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.

### Centralam Panama S.A.

Centralam Panama S.A. is amongst the oldest and most recognised players in the chandlery business and as such well experienced. The company is strategically and conveniently located inside Corozal West processing zone, on the Eastern banks of the Panama Canal with easy access to all the terminals plus launch facilities at the Pacific side of the Canal. In addition to its main base in West Corozal, Centralam maintains a down-scaled operation in the Colon Free Zone, enabling them to attend urgent ad-hoc requirements for its customers on the Atlantic side in case time constrains prevent the services to be provided from Corozal west main base.

Centralam focuses on growth through satisfied customers spreading the word, this is their preferred 'marketing strategy'. 'With the growth we see, this strategy appears to work. This is the hard way and the smart way. Our organisation is growing, and we have to focus on not growing too fast, there is a limit to how fast we can train our new staff, keeping our old quality of service and performance on par,' says Centralam gm Thomas Rold.

'Our toughest competitors are not local. Almost all vessels trading through Panama has the choice of deciding where to place most of their purchases. Panama is not the cheap option, and due to our location, we will most likely never be able to compete on price alone. So our strategy has to follow what Centralam has always been about, high level of service and satisfaction. With a smile on your face, you can learn to live with the bill.

'Just as the retail business sector attracts shoppers, we have to make Panama the



*In addition to its main base in West Corozal, Centralam also maintains a down-scaled operation in the Colon Free Zone*

preferred shopping mall for vessels. And combined service is one way. I keep wondering why nobody offers carpet cleaning on full accommodation vessels whilst in transit? One of the challenges for Panama in the future is the increasing salary costs, and we have to adapt our cost pattern to an international competitive market.

'The large question in the chandlery business is perhaps more structural, what will be the pattern of purchase in the future? I am 100% convinced that the companies that will grow and have success are the companies that form part of the creation of change, and not the companies that "only can adapt".

'Our plans are to increase the amount of customers that decide to use Centralam as their preferred supplier of stores and services. This is simple. At times it is necessary to be more proactive and

communicate better; instead of only reacting on request for quotes. This creates more opportunities and higher satisfaction on both sides of the ocean. Success comes through providing what your customer wants, and not what you want to provide. In a changing world, "customer focus" remains relevant.'

Even though the Panama Canal expansion is seen by many as a cradle of opportunities, 'there are few indicators for a growing market as we see it today. The challenge is to expand the field of operation, by offering a broader spectre. Perhaps by joining with other service suppliers.'

Centralam is not that interested in market growth or decline, 'we focus on where the individual ship and ship owner choose to purchase his goods and services – preferably from Centralam.'





**Mercantile Shipstores S.A. Mercansa** ([www.mercansa.com](http://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 new exclusivity for the brand Draeger, for marine and industrial sectors, this brand offers everything from gas detection systems to life safety products,' says Mercansa ceo Vikash 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.

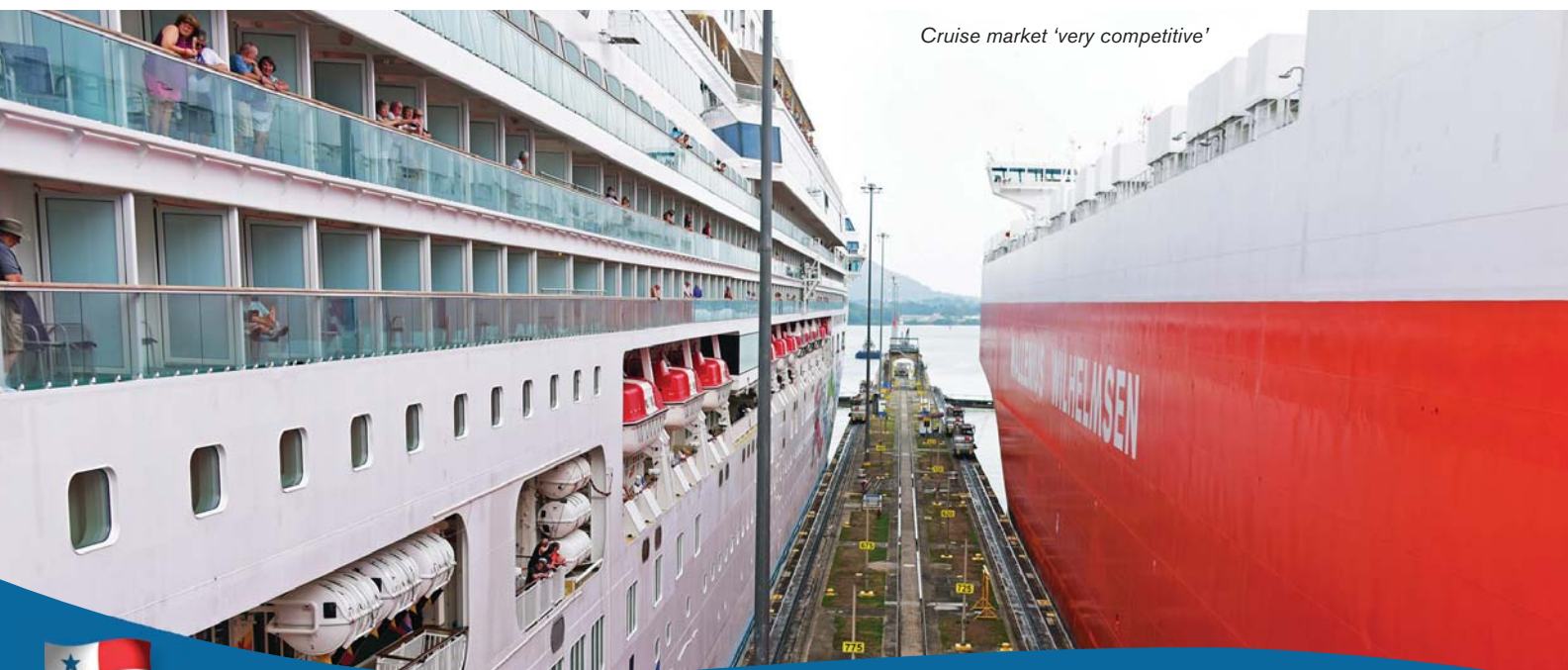
A recognised specialist for mooring, towing and wire ropes and hawsers, Mercansa also sells specialty marine and heavy duty coatings, marine fire-fighters suits and chemical proof clothing, fire-extinguishers, fire extinguisher cabinets, foam concentrate, foam proportioning systems, fixed and portable 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 (Fire, Rescue & Safety) not only provides consulting services on the best products available in the sector to comply with an ever increasingly complex legislation, but offers a high setting of life-raft and rescue boat service station, with inspections realised by qualified and experienced technicians for safety products, should they be marine-related or industrial.

Mercansa ceo Vikash Deepak, also president of Panama Chamber of Shipping, believes [the Panama Canal expansion] 'will definitely and positively affect our business, as it will attract ships that had not passed through the canal before; gas carriers and super post panama ships.' However, the business is not necessarily to serve more ships, but that ships allocate a greater portion



*Cruise market 'very competitive'*





of their budget to purchasing goods and services in Panama, rather than in other ports, he says. 'The expanded Canal will also represent a logistical challenge for suppliers, since it will allow ships to transit faster, limiting the time to supply them,' he added.

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

#### **Panama Ship Supply**

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

#### **Protecsa (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.

**MEC Stores** is one of the companies of the holding MEC Group, dedicated specifically to ship chandlery. The company came to existence eight years ago, when the need to supply stores and equipment for vessels was identified as a legitimate need for regular customers of the company. 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, thinking outside the box, provides a wide range of services from bilingual boarding officers to complementary launch service and cold chain improvements, among many other features. Since the opening of the MEC Shipyard in Balboa, the company started focusing on the needs of the vessels arriving to the facilities, therefore changing the scope of supplies from general ship chandler, to



technical marine stores distributor, giving the shipyards 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.

### **Charts**

#### **Islamorada International S.A.**

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

The company, created some forty years ago by the present owner father, is a treasures' cove, selling nautical charts, nautical books and publications, maritime software, and instruments. It is also a must-do meeting place for visitors from round the world looking for the indispensable maps that will make their journeys safe and free of unpleasant adventures.

But those are not the only bookstore's customers since the experienced company caters not only to those who call Panama but also to clients who regularly use the services well outside the region as the

company is a part of a network of Admiralty chart agents around the world. To save time and costly courier expenses, Islamorada International 'is working closely with other appointed admiralty chart agents to supply their customers in our region in a more expedited fashion,' 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 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 United States (NIMA and NOS) and New Zealand hydro graphic products, has a staff of fully bilingual and skilled people to provide service to ships and companies not only in the Caribbean and Latin American region, but worldwide.

Chart Folio Management Services are provided for Admiralty, NZ, and US hydro graphic products, ranging from just the steady

*Islamorada*

www.islamorada.com



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 the AVCS, allowing operators a very flexible and economical ENC service which licences cells for periods of three 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 Hydro Graphic Office and original equipment manufacturers, to educate and assist owners in this process, with information on the systems, what ENCs are legal, what equipment is legal, training requirements and more,' says Critides.

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

## Dredging

The **Panama Canal Authority (ACP) Dredging Division:** The dredging work for the canal modernisation programme is being performed simultaneously with the expansion dredging and should be completed in 2017, once the widening of the southern part of Gatun Lake is accomplished. Meanwhile, the ACP

completed widening 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.

As part of the expansion dredging project, the Gatun Lake has been deepened to an elevation of 9.14mtr above sea level or 16.76mtr Mean Lake Level (MLL) and the navigation channels widened to a minimum width of 218mtr. 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.

In December 2012, the Dredging Division finished the deepening of Gaillard Cut from -15.52mtr (MLL) to -16.76mtr MLL and, to this depth, has continued working on widening the 14km stretch from Bas Obispo reach to Pedro Miguel reach from 192mtr to 218mtr, which concluded in December 2014. The scope of this project included the excavation and dredging of 29.8m cu mtr of material, including the drilling and blasting of 11.8m cu mtr of these materials, and the relocation of aids to navigation within the widened reaches.

The widening of Gaillard Cut up from 218mtr will improve navigation safety during transiting the narrowest part of the Panama Canal.

Additionally, channel reaches of Chagres Crossing and Gamboa will increase width to 300mtr, on a 7.7km portion of channel, in order to have two Neo Panamax vessels transit parallel to each other, and the expansion of Gamboa's mooring area to accommodate a Panamax (up to 4,400teu) and a Neo Panamax (from 5,000teu to 14,000teu) vessels. This requires the removal of approximately 10.4m cu mtr of earth and rocks. The \$122m project began in October 2013 and should conclude by September 2017. The scope of works includes drilling and blasting, dry excavation, and dredging.

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

The ACP dredge fleet, composed by the dipper dredge Rialto M. Christensen, the recently introduced backhoe excavator 'Alberto Alemán Zubieta', cutter suction dredger 'Quibian I' and cutter suction dredger 'Mindi', have been kept extremely busy maintaining channels depth through maintenance projects while developing capital projects.

## Dredging International – DEME Group – (DI)

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

DI had deployed in Panama, 9 units in total, brought new vessels with the latest technology, including the drillship Yuan Dong 007, a mix of very new and proven dredges specifically selected for the job. Those included DI's cutter flagship, 28,200kW self-propelled heavy-duty vessel 'D'Artagnan' that



ACP dredger Mindi



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 ACP awarded DI their second Panama Canal contract to dredge Gatun Lake since the Belgium Company offered the lowest price of \$39.98m for widening and deepening the existing navigational channel by dredging approximately 4.6m cu mtr in the northern most reaches of the Lake. This contract was one component within the ACP Fresh Water Dredging and Excavation Project for the Canal expansion, which included the dredging and/or excavation of about 30m cu mtr in the

425sq km Gatun Lake and Gaillard Cut.

Belgium-based **Jan De Nul Group** in Panama. People and global expertise. These are the corner stones of Jan De Nul Group's success. Thanks to its skilled employees and the world's most modern fleet, Jan De Nul Group is a leading expert in dredging and marine construction activities, as well as in specialised services for the offshore industry of oil, gas and renewable energy. These core marine activities are further enhanced by Jan De Nul Group's in-house civil and environmental capabilities offering clients a complete package solution. Our professional and innovative solutions are trusted across the industry, together with our customers we build for further economic development.

In Panama, the largest project Jan De Nul Group is involved in is without a doubt the construction of the new third set of locks complex for the Panama Canal, one of the most prestigious infrastructure works in the world.

Jan De Nul Group is part of the consortium Grupo Unidos Por el Canal (GUPC) which was awarded the \$3.2bn contract for the construction. In August 2009 the construction of six new locks was commenced, comparable to the Berendrecht lock that was realized by the company 30 years ago in the port of Antwerp. It is especially its size that makes

the work in Panama complicated. The six locks along the Atlantic Ocean and the Pacific Ocean together require 5m cu mtr of concrete, 40m cu mtr of dry excavation, 50,000 tonnes of steel doors and sluice gates, and no less than 6,000 to 7,000 workers. Hence, the challenge is not only in the technical difficulties, but especially in the use of the large numbers of means and employees. The assignment was won thanks to a number of creative and innovative solutions, among which the choice not to have the concrete supplied but to produce it ourselves from the broken rocks that we grind to granulated material and sand.

The filling of the locks has started mid-June at the Atlantic side. In less than a year the passage through the renewed Panama locks will be possible for maritime traffic and the country will benefit of the added value of this project.

Based in Rotterdam, The Netherlands, **Van Oord (www.vanoord.com)** took the strategic decision to locate a permanent office in the region four 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,

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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 investment programme resulting in a very

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

In addition, there are also a number of opportunities outside Panama: In Mexico the 2013-2018 National Infrastructure Plan 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.

**Maritime Services**

The maritime sector has grown significantly in recent years as most of the Canal customers shipping lines have established regional operations in the country to handle directly their operations with the

**Royal Boskalis Westminster N.V.**

Royal Boskalis Westminster N.V. (Boskalis), a leading global maritime services company operating in the dredging, maritime infrastructure and maritime services sectors, has become a regular feature in the various infrastructure works in the isthmus with dredging projects since 1989. 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 have also executed a couple of dredging works in the past for the Panama Canal Authority (ACP) and more recently has written history with the construction of the first artificial island in the Americas for Grupo Los Pueblos.

In March 2015, Boskalis was awarded a contract from Compañía Insular Americana, S.A. to construct the second artificial island off the coast near the residential area of Punta Pacifica in Panama City. The client Compañía Insular Americana, S.A. is an affiliated company of Ocean Reef Island Inc. for which Boskalis constructed the first artificial island.

This project follows the successful construction of the first island by Boskalis, which was handed over to the client in early 2013. With a contract value of more than €55m (\$58m) the project is scheduled to commence in the course of the second half of 2015 and is expected to last for two years, said Boskalis Panama general manager Marc de Leeuw, a civil engineer with 15 years of experience with Boskalis in places as far as Australia and India and who arrived early 2015.

The project involves constructing the second artificial island – La Pinta – in the Pacific Ocean off the densely populated



Artist's view of the two islands

shoreline of Panama City. Nine hectares of land will be created by using approximately 600,000cu mtr of rock to form a perimeter and filling it with more than 1m cu mtr of sand. A bridge will be built to connect the second island to the first island. The first artificial residential island in the Americas construction began early in 2011 and that was concluded 'on schedule' in February 2013.

Boskalis will use tugboats and barges to transport the rock and a clamshell and excavators to install the rock perimeter. Thereafter, the island will be filled with sand supplied by a large trailing suction hopper dredger, explained De Leeuw. The sand will be borrowed from existing submarine sand concessions.

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 72 lots already sold out and is linked to the shore by a bridge. 'The island's sale of lots was a success. Also for the second Island the demand is high,' explains De Leeuw.'

Once the construction of the Panama Canal third set of locks is near closing, there will be other important projects that come to tender such as the expansion of the Port of Singapore terminal in Rodman and the widening of the Pacific Entrance to the Canal which for Boskalis has been invited to participate in the tender.

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

waterway, many of them having based their regional offices in Panama. Since the beginning of the construction of the third lane and the Canal expansion, companies providing auxiliary services- from inspection, class and survey companies for the Ship Registry, to port construction, security, distribution firms of port and shipping equipment and consulting firms have opened offices in Panama to be present when the expanded canal commercial operations begin next year in 2016.

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 ten staff members, one office with the opening of two services, the Andean Service covering the US East Coast, Panama and 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. Panama is the regional office for Latin America but also calls other Panamanian terminals.

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, ZIM, and P&O lines on a service, US East Coast to Asia and vice versa.

The French carrier **CMA CGM** is amongst the top ten first customers of the Panama Canal and is a leader in the international container shipping industry, which plays a predominant role in the global economy by carrying more than 90% of all goods bought and sold around the world. The CMA CGM Group operates globally through a network of



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650 agencies in more than 150 countries. With its five main hubs located in Malta, Tangier, Khor Fakkan, Kingston and Port Kelang, the Group serves both major shipping lines and secondary axes.

CMA CGM started operation in Panama on January 1, 2006 under the new joint venture named CMA CGM Panama, Inc. Before that date, the French company, the world's third largest container shipping company, was represented in Panama by French Shipping Agency until December 2005.

CMA CGM calls Panama ports on both Atlantic and Pacific sides. Two offices are located in Panama: one in Panama City and one in Manzanillo International Terminal (MIT) in Colon. CMA CGM team in Colon takes care about Colon Free Zone exporters, in close relation with Panama City office. With an organisation dedicated to reefers and a network of experts in over 85 countries, CMA CGM moves most of agricultural Panamanian exports, in particular fruits such as watermelons and pineapples. CMA CGM owns one of the largest and youngest fleets of reefer container ships: 170,000 teu of reefers in the fleet within 90,000 low energy teu.

**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 Group**, headquartered in Panama, was founded in 2006 and started its activities in the sector of the transport of trucks between Mexican ports and Peruvian ports. In 2008, the Group began a regular route between Mexico and Colombia for the

transport of International trucks destined for the Colombian market, route that grew rapidly. The range of services offered was expanded beyond its original scope with maritime connections including 12 ports in 10 countries of the continent.

It is the only present Panama-registered shipping line. Currently, the shipping line has five operating ships, two of which have been built in the last three years. SC Line has branches in Colombia, Mexico, Panama, Dominican Republic, USA and Venezuela. SC Line Group, as leader on the American continent the ro-ro transport, has been dedicated to the development of transport service by ro-ro cargoes has introduced two new state-of-the-art High Speed ro-ro vessels, 'Strait of Gibraltar' and 'Strait of Dover', capable of transporting up to 450 trucks each one and capable of reaching speeds of up to 22 knots, that operate the liner service between Mexico and Colombia.

On September 20, 2015, SC Line began calling Cuba every 14 days, sailing from Port Everglades, Florida, USA, and arriving in Mariel and Santiago de Cuba. The Caroline Russ motor-vessel berthed at the Mariel port in the first commercial voyage, Cuba-USA of this new SC Line service.

**Absolute – a Pole Star company – (www.polestarglobal.com)** 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. Pole Star currently provides ship monitoring and risk management services to 118 governments [including LRIT data centres for 46 maritime administrations and ship registries] and more than 1,100 organisations

## Marine Metal Coatings

Marine Metal Coatings Inc. is an innovative company with two main trades: corrosion control and concrete demolition with diamond tools.

The company specialises in the surface preparation (grit blasting and 40,000 psi ultra-high pressure water blast) and painting of ship hulls, cargo, ballast, fuels and water tanks. Marine equipment, miter gates, caissons, piping, penstocks for hydroelectric dams, bridges and piers have been serviced and protected from corrosion by their company.

'We have slab, wall and wire saws, as well as an assortment of core drill sets, ready to perform on any type of specialised concrete demolition with diamond tools. Through the work in extremely confined spaces as well as



high altitudes, we have acquired a vast experience, which allows us to comply with the most severe US federal and military specifications,' says Marine Metal Coating Inc general manager Harmodio Yuen Jr.

The personnel is comprised of engineers,

foremen, craft men and specialised labourers who are constantly under training and monitored by experienced quality control personnel, 'to guarantee that the performance always exceeds your expectations,' comments Yuen Jr.





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## Alfa Laval

Alfa Laval has maintained a very strong position in the marine industry for almost a century. The group's customers, in this industry, include shipbuilders and their subcontractors as well as the shipping companies that own and operate the vessels.

The majority of all ships around the world have Alfa Laval equipment onboard and the group has built up a broad product range to meet their needs. It includes: Separators for cleaning fuel oil and lubrication oil; Heat exchangers for engine cooling and air conditioning; Condensers for refrigeration; Fresh water generators;

Systems for fuel conditioning; Tank cleaning, amongst others.

Alfa Laval is committed to supplying solutions that help to protect the fragile marine ecosystems. These solutions include a chemical-free system that will effectively put an end to invasive species in ballast water which has become a serious problem for the oceans.

Alfa Laval Group cans also supply a system for removal of oil and particles from even the toughest bilge water mixtures without using chemicals. Recent innovations also comprise a separator for crankcase gas

cleaning-on-board, removing oil and soot and resulting in oil-free air that can be released into the atmosphere.

Alfa Laval's presence in the world's 50 busiest ports gives vessels access to fast service and support by its qualified service personnel. Alfa Laval opened some years ago a office in Panama from where it supplies Panama's maritime sector with their service of audits, maintenance and troubleshooting with qualified service engineers. Alfa Laval dedicated specialists are readily available at anytime and anywhere in the world.

based in over 90 countries. In total, the company tracks more than 40,000 ships – almost half the world's fleet.

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 maximize operational performance and safeguard their assets and crews. Over 15,000 vessels are managed by the company's Fleet Management (FM), Ship Security Alert System (SSAS), and Marine Asset Tracker (MAT) 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. Specialized 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.

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.

**Braemar (incorporating The Salvage Association) (Braemar SA)**, a world leading multi-disciplinary Marine Surveying and Technical Consultancy, has set up a new office in Panama. 'Panama has always been a strategically important location, and of course the expansion of the Panama Canal is set to change world trade patterns and open up the area to new markets,' says Richard Gayton, Regional Director, Americas. The Panama office is manned by staff surveyor, Elonys Lopez Cedeño, a Chief Engineer with Superintendence, Class surveying and extensive marine casualty experience, as well as experience carrying out loss prevention assignments and project cargo warranty inspections.

Braemar SA offers a broad range of technical and in-depth expert services to the

maritime industry. In addition to traditional Hull & Machinery damage surveys it has also successfully further developed our scope of services to include a broad range of expert marine consultancy services and also expansion of the project cargo warranty capacity. The company has offices in New York, Miami, New Orleans, Houston, Seattle, Montreal, Rio and a planned office in Toronto.

**Raytheon Anschutz**, the German navigation system manufacturer Raytheon Anschutz has established its new subsidiary **Raytheon Anschutz Panama, S. de R.L.**, in Panama City. The new company acts as the regional customer support and service coordination centre, including service training capabilities and a large spare parts depot for Panama, Middle and South America and the Caribbean.

The facility of Raytheon Anschutz Panama is located close to the Panama Canal and in decent proximity to the airport, enabling fast access to perform maintenance or repair tasks for ships passing the Panama Canal as well as in the whole region. It has acquired the activities of High Sea Support (HSS) Panama. Since its establishment in 2000 as a subsidiary of the Danish company Hans Buch

## Diesel Engine Services

Diesel Engine Services (Panama) S.A. (DES) represents Woodward Governors authorised service centre in Panama and Samgong – Mitsubishi Self-jector purifiers authorised service centre in America and the Caribbean.

In this business it is crucial to partner up with the best the market can offer to really understand the necessities of customers in an industry that never sleeps, that is why DES works around the clock ensuring effectiveness and success with our customers, using our employees as an instrument for commitment and dedication to ensure excellence in our services.

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 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 hours, 7 days a week services.

DES guarantees delivery of genuine spare parts to all its customers.



'As our representation covers America and Caribbean, we are also able to travel to any country to service your equipment during the 365 days of the year,' say DES officials.



A/S, HSS has been providing sales and service in Panama not only for Raytheon Anschütz equipment, but also for other navigation and communication companies.

The facility of Raytheon Anschuetz Panama contains a workshop and a warehouse with spare parts for the brands being served. In addition to service oriented tasks, the new company has access to a range of products and experience to provide a broad group of customers with tailored solutions for navigation and communication systems in newbuilding or retrofit programmes.

**ClassIBS – Isthmus Bureau of Shipping – ([www.ibs.com.pa](http://www.ibs.com.pa))** was founded in May 1995 in Panama and celebrated its 30th anniversary early this year. Class IBS was established as a classification society in order to promote the regulation and development of the shipping and shipbuilding industries.

Although ClassIBS has its head office in Panama, it has a network of representative offices and more than 75 surveyors around the world, which work under direction and coordination from its head office. In addition to its classification activities, ClassIBS conducts surveys on behalf of third parties including State

Administrations like Panama through the Panama Maritime Authority, Belize through IMMARBE (International Merchant Marine of Belize), and Jamaica through the Maritime Authority of Jamaica, among others. The society also verifies the safety management systems of ship-management companies and ships, in accordance with the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code and Maritime Labour Convention 2006 (MLC 2006).

**Intercoastal Marine Inc. (IMI)** ([www.imi.com.pa](http://www.imi.com.pa)) is the leading marine construction company in Central America.

Since its foundation in 1995, IMI has played a major role on the development of the marine sector in Panama completing most of the existing container terminals in the country. It continues to participate in all the tenders and large projects of the expansion of the existing terminals on both sides of the Panama Canal.

In 2011, IMI was acquired by two important construction companies in Latin America: Conconcreto from Colombia and Salfacorp from Chile through a Colombian outfit called Consafa. IMI, backed by its partners, offers solid management and depth technical expertise on each and every one of its workers and professionals. IMI is



### National Shipping Adjusters (NASHA)

National Shipping Adjusters (NASHA) ([www.nashapanama.com](http://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. Maintaining and developing a global presence in line with the needs of those using its services. Great importance is given to management policies, which will assure uniformity amongst survey services while maintaining its totally independent third party.

As time has evolved so have the needs of NASHA's clients, which lead for the group to expand in different services; hence in 2002 and keeping IMO's main objectives as its true north (maintaining a safe and secure environment and keeping the oceans clean), Seafarers Training Center (STC)



was founded. As it is well known the unification of standards of training for all seafarers is regulated by the International Convention on Standards of Training, Certification and Watch-keeping for Seafarers (STCW-78 as amended).

STCs training expertise devolves on instructors, who in NASHA's case are highly experienced seafarers, each having served for many years on board multi-national-flag merchant ships and having been trained on the teaching methods to properly prepare the practical skills and competences underpinned by theoretical knowledge needed by today's crews.

NASHA conducts training for all levels of personnel but with a greater emphasis towards the support level (RATINGS). Its courses are intended to provide the crew member with the proper knowledge that will proof his proficiency with the standards required by the Convention.

Other services that can be found amongst the group are the chartering services founded in 2007 (Shiptrade Panama) where the company will find for its customers the right vessel for their cargoes and the right cargo for the ship owner's vessels under the three step of chartering (pre-fixture, on-fixture and post-fixture).

## Marportmad Group

Marportmad is a group of companies specialising in the multimodal transport maritime field and also air cargo. It has offices and warehouses in Venezuela, United States and the Republic of Panama, as well as in cities around the world through its network of associated agents, with the main objective to do the best and most efficient integrated logistics solutions for handling

cargo, based on technical quality, operational rigor, legal support and professional ethics.

Marportmad has its own infrastructure and experienced human resources in the processes of the international shipping, who provide all necessary support to achieve the satisfaction of its customers.

Currently, the Group is connecting Central America and the Caribbean, and from

major ports in South America, Asia, Europe, Mexico, Brazil, USA, among many other destinations worldwide.

Amongst the services the Group provides are: ship agency; freight forwarder; port agency; crew management; Panama Canal transit coordination; water and bunker supply; ship chandler; bulk cargo discharge and 24/7 launch services (Balboa and Cristobal).

an equipment intensive company and offers a large series of heavy cranes that range from 12 tonnes to 300 tonnes and it has bought its sixth 2,100hp-25 tonnes bollard pull-tug boat. IMI has been able to maintain its sustainable growth in Panama and simultaneous start its internationalisation in other Latin American markets such as Guatemala and Dominican Republic.

**International Marine Experts (IME)** ([www.ime.com.pa](http://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. 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 in Shanghai, China and Dubai, UAE, IME offers worldwide coverage.

**The Inter maritime Group**, founded by Eng. Santiago Torrijos, is formed by six companies dedicated exclusively to the

maritime business for the most important Flag states. **Inter maritime Certification Services (ICS Class)** giving class and statutory services to ships flying Panama, Belize, Honduras and Kiribati flags as Class Society, Recognised Organisation (RO) and Recognised Security Organisation (RSO) for the issuance of Class & Statutory Certificates. ICS Class is a classification society with headquarters located in Panama, Republic of Panama. ICS Class is an independent and non-commercial organisation carries out its classification activities in an impartial and objective way in compliance with the ICS Class Rules and Regulations. ICS Class Rules and Regulations set appropriate standards for the Classification and Construction of Ships providing all the information you need for classification purposes.

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

**MEC Panama** is a one-stop-shop located in the Isthmus of Panama that offers a wide array of services catering to the maritime industry from dry dockings and floating repairs to ship chandler. The company owns a fleet of floating equipment which includes a tug boat, a barge with a crane, and other supply vessels as well as fast boats for the transportation of personnel to projects at anchorage. Additionally, MEC



Gatun locks (left) and the new Agua Clara locks (right)





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## ***Pintuco: experience and quality in paints and coatings for the marine industry***

Pintuco S.A. is the market leader for paints from Central America to the Andean Region, with 70 years of experience offering products for the decoration, construction and high performance coatings segments in different industries, among which we find specialised solutions for the marine sector. It counts with commercial presence in 11 Latin American countries and production plants in seven cities in the region.

One of its plants is located in Tocumen, Panama. It has a production capacity of seven million gallons of paint per year, with which it is prepared to supply the market growth and demand during the next years. In the decoration segment its paints offer a pallet of over 6,000 colours, American technology and over 50 years of experience in Panama with this factory.

The company has ISO9000 and ISO14001 certification, granted by the Costa Rican Institute of Technical Norms (INTECO), which guarantees that Pintuco and Protecto products, leading brands in the business, carry the seal of environmental responsibility.

For over five decades quality paints have been elaborated by Panamanian workers in order to satisfy the needs of its demanding

consumers. The PINTUCO brand offers a complete line of products for the architectural, industrial, automotive, marine, wood finishes and traffic segments.

Pintuco is an authorised distributor for International Paint in the region, in industrial maintenance products as well as the marine industry, which allows it to be in the market with high-tech solutions which are recognised worldwide, as well as presence with its own brands Pintuco, Protecto and Corrotec.

It counts with a sales network of over 100 points of sale all over Panama, amongst large retail outlets and distributors, Pintacasa® shops and stores specialised in industrial and construction material; as well as a sales team specialised in the industry in order to provide clients with technical support.

Some of its most important clients are Empresas Bern, RM, Brisas de Golf (construction firm), SUCASA, CUSA, and in the marine sector, the Panama Canal, for which protective coatings for the floating equipment and special projects are provided; MEC Shipyards, for services for shipping lines worldwide and Petroterminales de Panamá, recently with a project for loading

buoys in the Atlantic.

In the marine line different projects stand out which were undertaken with the company owned brand Corrotec, which offers a portfolio for different processing ports and its fleet of vessels, present in ports such as Vacamonte and Caimito; all this with the Pintuco seal and quality as well as experience of over 25 years in this market.

In Honduras it participates in Puerto la Ceiba and Roatan attending the maintenance of shrimping and fishing ships in the zone. In Colombia some of its clients are Barcasas de Impala Terminals, a land and water transportation multinational which is part of the Project to restore navigability to the Magdalena River; and the Cotecmar Shipyard, in the development of projects for the construction and maintenance of new vessels for the Colombian National Army, private companies and other Armies in the region.

Pintuco S.A.'s marine line stands out in the market because of its permanent technical follow up and complete product portfolio, all of them high quality and with the right technology for each project or need in the marine industry.

Panama has the capacity to do all types of underwater repairs and civil engineering projects under ISO certification. Furthermore the shipyard division of the company is composed of two shipyards located on the Pacific entrance of the Panama Canal; The first being Veracruz, which is a slipway yard with a capacity to hold eight vessels of up to 80mtr attending mostly to the local market and the second being the Balboa Shipyard – former Braswell Shipyard which has three dry docks, the biggest with capacity to hold a Panamax size vessel.

### **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 in the 1990s. Dr. Hugo Torrijos, one of the architects of Panama's maritime boom, passed away in December 2010 and his widow, Magali de Torrijos has been successfully managing PMG to maintain his legacy.

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 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

### **RTI Latin America (RTI)**

**(www.rtiforensics.com)** is a subsidiary of RTI Group, a global company with headquarters in Annapolis, Maryland and





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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. Captain 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](http://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](http://www.oceanpollution.net)) is a Panamanian response company which is operating in Panama as mandated by a 20-year contract with the Panama Maritime Authority. The company has operating bases in Panama (Pacific side) and Colon (Caribbean side). OPC has all required marine equipment and shore installations to respond to oil spills, recover contaminants and provide final disposition to contaminants and material employed in its recovery.

It has opened new offices in Honduras and Guatemala in 2008 and before the end of 2008, OPC added Costa Rica to its offshore business with a basic response centre in Puerto Limon. Previously in 2005, OPC formed a partnership in Nicaragua where it began operations providing environmental services to oil companies, including soil remediation and land farming just outside Managua, the capital of Nicaragua. OPC keeps investing in newer

## QRS Class

Qualitas Register of Shipping, S.A. (QRS Class) is a company offering diversified inspection services, which comprises Qualitas Marine Surveyors and Qualitas Register of Shipping.

QRS Class's staff is made of the best engineers and technical personnel committed in providing the international market with reliable surveying services, while protecting human life, property and environment.

QRS Class is a Recognised Organisation (RO) and Recognised Security Organisation (RSO) authorised by several flags' maritime administrations to acting on behalf of them to the issuance statutory certificates and approval of manuals, plans, etc. QRS is a

QRS Class member and offers to worldwide customers quality services with a competitive prices and high technical support.

QRS is carrying out surveys and issue statutory certificates for the following registries, directly authorised by Panama and Tanzania and through a representation agreement for Togo, Moldova, Sierra Leone, Belize.

QRS Class performs the necessary technical reviews, audits and surveys for statutory certificates including those related to: 1974 SOLAS Convention-1969 International Convention on Tonnage Measurement of Ships-1966 Load Line-MARPOL 73/78-COLREG 72-Maritime Labour Convention 2006-IMO Codes-STCW Convention-AFS

Convention and others.

QRS Class provides inspection services to cargo insurers, shipping agencies and other shipping industry clients with high quality standards and efficiency, while helping them meet the requirements from our customers in accordance with national and international regulations. QMS offers the following Marine Surveys and Investigation Services: Marine Surveys/Investigations; Surveys of Damages; Unloading/Loading Monitoring; Cargo Condition; Delivery Control at Project Site; Transhipped Cargo; Loss Control; Load, Stowage and Securing of Cargo Surveys; Insurance Consideration Survey.





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 Panama Maritime Group **Port & Cargo Co**, began operations in 2004. The company is considered the first labour outsourcing company in Panama. It started offering stevedoring and port workers to Evergreen's Colon Container Terminal (CCT) on the Atlantic coast, marked the introduction of outsourcing in the maritime industry in Panama.

**Tecniport New Mindi Port Development Corp**, was formed in 2008 and represents Capacity Trucks of Texas (COT), Cummins Engines, Allison Transmission and Terex Port Equipment in Panama. It provides services to all Capacity Trucks located in Panama and provides servicing, warrant support, full technical solutions and sales of OEM parts. It is the only authorised dealer for Capacity Trucks; Terex Port Equipment and Allison Transmission in Panama and also serves as a non-exclusive dealer for Cummins Engines. It has 67 technicians.

### Shipping Agencies

Shipping agencies have seen their activity reduced, many have joined in alliances or mergers and redirected their activities offering a variety of other services.

**Associated Steamship Agents (www.shipagents.com)** is considered the 'dean' of shipping agencies, having operated in the country for nearly 120 years. The original owner Capt. William Andrews opened an office in the Atlantic city of Colon in 1889, the same year the French Compagnie Universelle du Canal Interocéanique 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 United States and the Far East. Associated Steamship Services, together with Wilford & McKay, Fernie and Gateway Transit, has formed a strategic alliance. The business remains largely dominated by domestic agencies that offer experience and know how. It represents shipping lines and cruise lines.

**C.B. Fenton & Co (www.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 US and the major shipping capitals of the Far East and four offices located in the country, two at each terminal of the canal with the capability to provide full agency services at all ports within the Republic of Panama. CB Fenton has a large clientele of cruise lines. Since October 2010, C.B.Fenton & Co has moved its headquarters in Panama-Pacifico, at the International Business Park, Las Brujas Ave. Building A, Suite 210, the former Howard Air Force base transformed into an economic development area. It was purchased By the Chilean company Ultramar but has retained its brand name.

**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. Inchcape Shipping Services-Panama roots go back to the Pacific Steam Navigation Company (PSNC), which began operations in the Gulf of Panama in 1845. After the

construction of the Panama Canal, PSNC opened its offices in the Atlantic Terminal, Colon and was represented by the Ford Company in Balboa in 1961, when the two companies merged creating Pacific-Ford. In 1984, the company joined with Inchcape Shipping Services and completed its union with the company in 1995, becoming Inchcape Shipping Services, S.A.

ISS Panama City provides full husbandry services to vessels transiting the Panama Canal, or calling at Panamanian ports and anchorages. Its experienced bilingual operations team have an excellent working knowledge of local marine regulations and utilise this expertise to save vessel time.

**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.

**Rozo & Cia (Panama) S.A. (www.therozogroup.com)** is part of the Rozo Group which is composed of Jaime Rozo Gomez & Cia Ltda, ship chandlers founded in 1961, Rozo & Cia Ltda, maritime agents (1989), Rozo y Cia (Panama) S. A., ship agents (1997) and, Overseas Ship Suppliers Corp., general ship chandler at the Panama Canal, in Panama since 2001 which offers services of shipping agency and supply services in Cristobal and Balboa, Manzanillo International Terminal, Chiriqui Grande, Almirante and Bahia Las Minas.

The **Rozo Group** offers quality service to meet the goals and objectives of its clients since it will always go the extra mile to ensure that the specific needs of its clients are fulfilled to the best of their interest. Expertise, availability of resources, and supervision of personnel, allows Rozo & Cia (Panama) S.A. to perform an excellent service and easier handling of port operations from vessel's arrival to departure. Since being established in 1961 with its first company Jaime Rozo Gomez & Cia in Cartagena 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 Rozo Group has gained a well-





known reputation as reliable Agents and Ship Chandlers for ships of all kinds, offering service on a 24/7 basis.

Other shipping agencies established in Panama include **Agencias 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

With the Panama Canal expansion to be inaugurated in 2016, the ship repair sector is seen as one of the most promising amongst auxiliary businesses of the maritime sector. However, the problem is a lack of space to expand activities. Many international ship repair companies are looking at Panama to install shops and companies already in place are hunting for land to build new facilities. President Juan Carlos Varela and Panama Maritime Authority Administrator Jorge Barakat are keen to develop the sector trying to list areas where new facilities could be established. Most ship repairs, besides the shipyards already operating, are done afloat and in ship repair installations on dry land.

Beyond the existing players, there have also been major newcomers attracted by canal expansion, such as Wärsilä that opened shop in Panama in 2007. The company, which has recently moved to Panama-Pacifico, in the former Howard US air force base, is servicing its main customers, which include the Panama Canal tugboats and other private companies.

Panama-Pacifico has seen several companies offering this type of services coming to the economic-free zone located in the former US Howard Air Force base, which provides ware-houses for repairs and spare parts.

The **Panama Canal Authority (ACP) Fleets and Equipment Maintenance Division** executes all repairs to the Panama

Canal's tugboats, barges, 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 synchro-lift with a capacity of 1,720 metric tonnes that lifts and transfers vessels and locks gates from the water into its eight repair areas for servicing. Additionally, dock and synchro-lift space are rented to maximise the facilities utilisation and support the local commercial emerging ship repairs industry.

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-

people aluminium launch for the Canal's personnel transport in 2005, completed the construction of the 51mtr long drill barge 'Baru', equipped with four drilling rigs that can bore holes up to 30mtr deep in a single pass and has constructed four spillway gates as well as two of the lock's vehicular bridges.

With the Panama Canal expansion programme in the final stages, the Fleets and Equipment Maintenance Division expanded the tugboat fleet through a capital investment programme, adding fourteen new and more powerful tugboats and five crew launches in order to meet the new operational demands of the expanded Panama Canal.

### Astillero Bayano

([www.astillero bayano.com](http://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 woodworking, from hull construction and repair, to detailed cabin finishes; a sand blasting & painting shop with sand blasting equipment and all types of marine and epoxy paints; fuel tanks for supply of diesel fuel and lubricants; marine chandlery containing a wide variety of replacements for basic vessel equipment and a 200ft dock suitable for loading and unloading, as well as afloat repairs.

### International Repair Services S.A.



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**(INREPSA) ([www.anchorpanama.com](http://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. 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

### Talleres Industriales (TI)

Talleres Industriales (TI) was founded 46 years ago and is now led by the second generation of the Arosemena family. At TI 'we have a family protocol, a document in which the Arosemena Family writes down the rules that will govern the relationship between the family and the company,' says TI gm, Lino Arosemena. This document deals with the company's history, the values that need to be enforced to manage the company, its long term objectives, the rules concerning access from the members of the family to positions inside the company, the rules about payment as well purchase and sale of stock, and most important establishing regular communications meetings as well as basic rules for conflict resolution.

In 1969, Engineer Rafael Arosemena founded the company along with Ricardo Husband, Ricardo Williamson (R.I.P.), Mr. Gustavo Castro (R.I.P.), and Mr. Eloy Williamson. Lino Arosemena, the youngest

son of Engineer Rafael, is now the managing director. With a BA in management and economy and graduate studies at Harvard Business School, Lino Arosemena began working at TI in 1993 and since then, has promoted its growth and expansion by implementing new strategies. Consequently, he made direct contacts with ship owners and operators around the world to raise the company's profile.

The oldest son, Rafael Arosemena Del Cid, began working in the company after a successful career as Chief Mate in several ships and countries and a few years later, coming from the banking and consulting sector, Rafael Arosemena's oldest daughter, Denise Arosemena de Carrizo also started working at the company. They are both now members of the board of directors along with three outside members.

Talleres Industriales is amongst the largest and most prestigious ship repair



companies in Latin America. It has a highly skilled and dedicated work force of over 400 employees, led by experienced and dedicated engineers and managers. 'Together, we work toward one goal: to fulfil our clients' needs and our reputation in the industry regarding quality and responsiveness is in line with our corporate values,' says its gm. 'Talleres' team has a company ownership. We strive to conduct our business with the highest ethical standards, and continue our pursuit to improve in order to keep customer trust and satisfaction,' he adds.

The company performs repair works in over 18 countries in the Americas and Caribbean and is owner and operators of 13 floating equipment – supply boats, deck barges, crane barges, diving boats, crew boat in Panama and Colombia. TI is located on both sides of the Panama Canal with two workshops and a Branch office at Cartagena, Colombia. All the equipment, including underwater, welding and lifeboats are certified ISO, ABS, DNV-GL, Lloyd's Register, BV, NK, RR, RINA, KR and CR.



Rafael Arosemena



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; Luggar Marine Diesels; Northern Lights Generators; Lister-Petter Inc (Diesel engines); F.G. Wilson Engineering Ltd.; Marol Steering Gear.

The **PMS Group** ([www.msupply.com.pa](http://www.msupply.com.pa)) comprises **Professional Manpower Supply, Professional Diving Services and Professional Ship Suppliers.**

**Professional Manpower Supply S.A. (PMS)** has a team of technicians, engineers and staff with more than 20 years of experience in the ship repair business. The company's main works involve repairs and maintenance of ships including a-float repairs, on dock, dry-docking, marine structures and industrial repairs as well as underwater repairs. PMS's fully equipped and well-maintained facilities located in the Panama Canal area, allow marine repairs on all kinds of vessels. The company provides services for a wide range of clients from Panama and

overseas and is certified by ABS, Bureau Veritas, and GL.

The new division of underwater repairs attends hull cleanings, CCTV inspections, propeller polishing, anodes renewals and special diving works. The operations are done with correct procedures, experienced personnel and safety and knowledge with guarantee their success.

Professional manpower supply division offers a series a services that include steel repairs; pre-docking; commercial diving; mechanical repairs; sandblasting, water-blasting and painting; tank cleaning; electric repairs; a/c repairs; steel pre-fabrication; crane services; launch services; voyage repairs; thermographic analysis and non-destructive testing, amongst others. The team also specialises in a-float repairs with complete logistics as pier movements, mobile crane displacements, launches co-ordination, loading and unloading materials, tools and personnel in both locations of the Atlantic and Pacific anchorages as it is always an opportunity for the vessels awaiting transit at the Panama Canal to use waiting time for afloat repairs.

**Professional Diving Services S.A.** is in

charge of the Group's commercial diving operations, which in addition to those previously mentioned, covers underwater welding and cropping, removals and salvage and re-floating.

**Towage**

**Boskalis subsidiary SMIT Harbour Towage** – now **SAAM SMIT 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.

From July 2014 onwards Boskalis has teamed up with SAAM to create a strong regional harbour towage company in Canada, Mexico, Panama and Brazil named SAAM SMIT Towage. SAAM is the largest tug operator in the Americas, and the fourth worldwide, with 126 units. With the closing of the alliance, SMIT and SAAM operate a modern fleet of over 96 tugs in the countries involved. Both partners view this new co-operation as their growth platform in the Americas for their towage and marine transport related services.

SMIT Harbour Towage Panama Inc. has

**MEC Shipyards**

2016 will be an important year for MEC Shipyards as it will mark the 100th anniversary of the Panamanian facility, which began operations a year after the inauguration of the Panama Canal. The shipyard is located on the Pacific entrance, next to the port of Balboa and was built last century by the US Panama Canal Company. It is considered a very important asset for the maritime industry.

In July 2012, MEC Panama won the concession for the operation of the Balboa Shipyard after placing a bid for \$99m paid in full by the end of the term which amounts to \$250,000 a month plus 5% of the total sales. Also, apart from the monthly fee, MEC Panama has an obligation to invest a total of \$12m during their term in order to assure that the facilities will be taken care of.

Balboa's facilities include Dry Dock 3 with a length of 70mtr, Dry Dock 2 with a length of 130mtr, and Dry Dock 1 with a length of 318mtr and a capacity to hold a Panamax-vessel, without mentioning the two docks for quayside repairs. Equipment investments include three brand new Potain tower cranes, as well as two refurbished 45 tonne cranes that are original hardware from the shipyard and one mobile crane with a capacity to pick up 66 tonnes. Also included in the original hardware from the shipyard are the main pumps that are used to fill up the dry docks. As it would be almost impossible to build a new pump to

perform this job as well as those, special attention has been paid to refurbish them and bring them to a new condition. Additionally countless of other hardware has been purchased for the operation such as; cherry-pickers, forklifts, bobcats, ultra- high pressure washers, vents, etc.

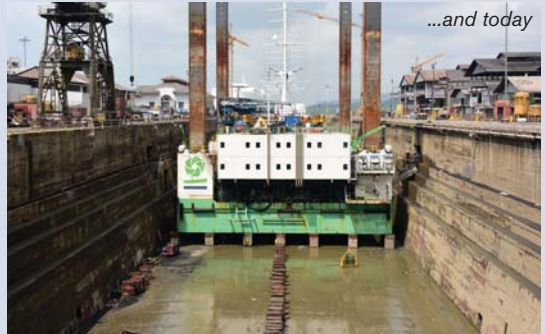
Since it began operations, MEC Panama has already invested more than \$5m in the facilities and \$10m in equipment in order to guarantee the productivity and safety that is offered by other shipyards around the world says its ceo Marvin Castillo. 'We just want to be the best shipyard in the region,' he adds. The goal in MEC Panama is simple, 'becoming the best shipyard in the world', says Castillo. Additionally, MEC Panama is very committed to their employees and is generating around 800 jobs for local workers every month.

When the new administration started operations January 19, 2013 it took a month to get ready for receiving the first vessel, a Panamax tanker that came from Peru, explains Castillo.

Shipyard in 1917...



...and today



Today, the shipyard is very busy since it enjoys a particular good location for the vessels transiting the Panama Canal which need repairs. 'We at MEC Panama look for continuous improvements in safety and productivity driven by customer's satisfaction,' he adds. Making the shipyard more productive has been a priority for the MEC Panama management but safety and environmental protection policies have also top the list of to do's, explains Castillo.

operated in Panama since 1986 until 2011 and now SAAM SMIT Towing continues to work through its affiliated company named Virtual Logistic Marine Services, Inc. Virtual Logistic Marine Services started its operations at the Manzanillo International Terminal (MIT), expanded to the Colon Container Terminal (CCT) and since 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. As market leader our fleet is an essential contributor to the life of the Panamanian ports where we operate. Our dedicated staffs in combination with our modern equipment, high training standards and resources offered by these two world leaders in towage and salvage makes the difference for our clients. That is how we can deliver reliability and safety year round,' says general manager Walter van der Dussen.

'As part of a global network of professional harbour towage and port services providers, we constantly monitor our quality levels and our customers' special wishes. Our working relations with both large and small parties, such as ship owners, agents, 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 staff and crew for a round-the-clock service in every port in which we operate, in all weather conditions,' he says. 'They are assured that we can adapt our fleet to the need of the shipping community in the event this will be required by the opening of the new Panama Canal locks in 2016'.

**Compañía Marítima de Panama**



([www.cmpggb.com](http://www.cmpggb.com)) through its subsidiary **Tug Services Panama** 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](http://www.svitzer.com))** a wholly owned subsidiary of the A.P. Moller-Maersk Group, has been on the forefront of specialised marine services for more than 175 years. A fleet of more than 500 vessels worldwide makes Svitzer a global market leader within towage, salvage and emergency response.

Svitzer's regional office in the Americas, located in Miami, Florida, is responsible for serving ports and terminals in Bahamas, Canada, Chile, Dominican Republic, Mexico, Panama, Peru, Puerto Rico, Trinidad & Tobago and Venezuela.

In the Americas Svitzer operates more than 55 tugs. The tugs operated by Svitzer, basically are large tugs of 65 tonnes bollard pull and 85 tonnes bollard pull. But tugs of smaller or bigger size can also be provided

based on needs of Svitzer clients in the Americas region

In Panama, Svitzer Panama with a contract with Petroterminal de Panama, 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 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 upon the proven S65/31 in-house design. The last vessel is the 'Svitzer Nereid', which with its 88 TBP 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.

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



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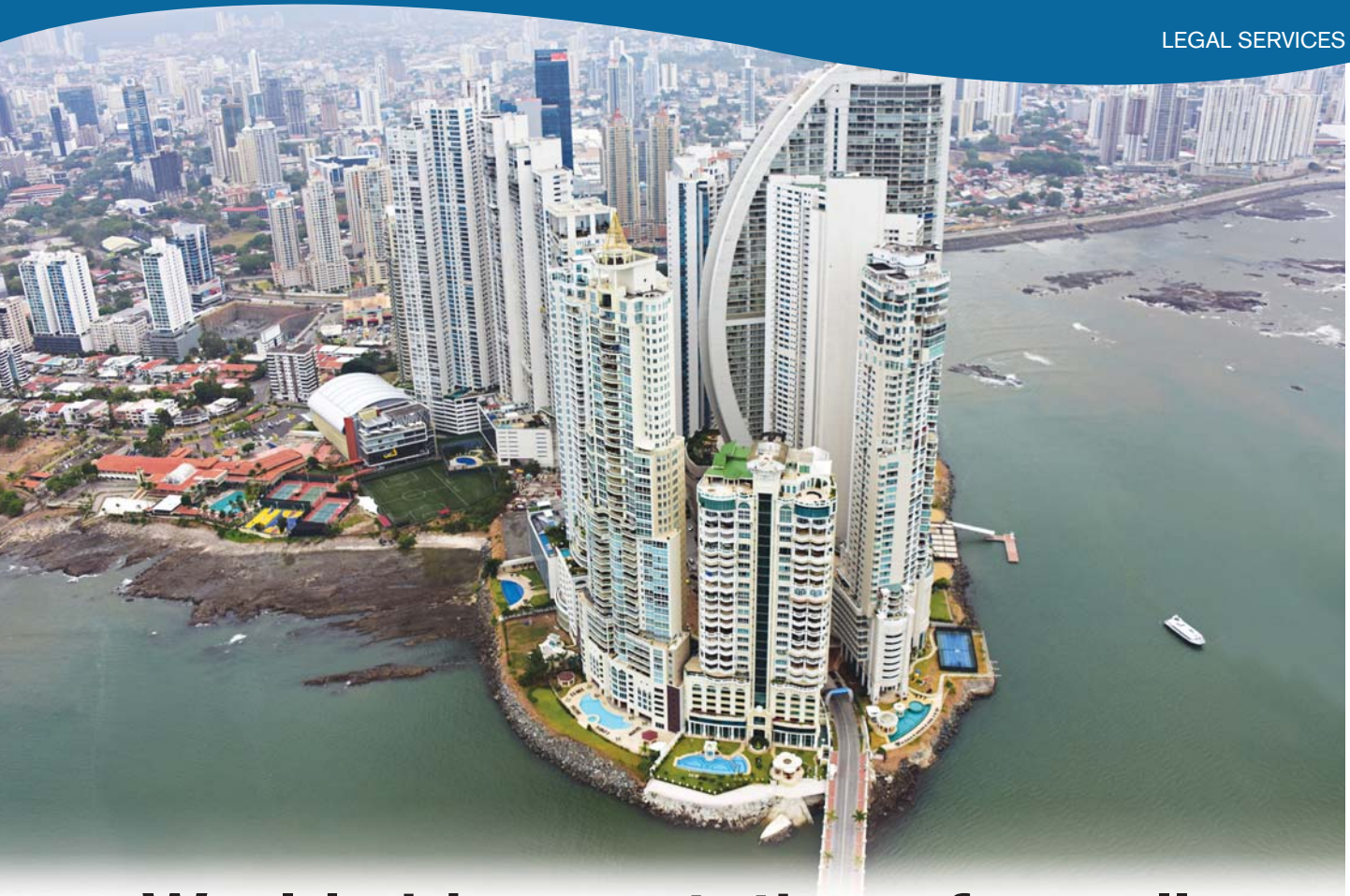
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## Worldwide reputation of excellence

**P**anama law firms represent an important segment of the Panamanian service economy. For more than a century, law firms have forged Panama lawyers' reputation worldwide giving the country additional accolades of excellence and internationally renowned legal and offshore services.

A great number of Panamanian law firms have opened offices in the main capitals of Europe, Asia and the US, offering services from maritime to corporate business.

Therefore, it is no surprise that several law firms date their creation with the beginning of the Republic: The law firm Morgan & Morgan celebrated in 2013 its 100th anniversary and the following year 2014, Icaza, Gonzalez-Ruiz & Aleman commemorated 95 years of services to the sector; and there are several more firms having coming celebrations.

Panama's law firms have been essential to the building of the Ship Registry and helped developing a strong maritime sector in the country and abroad, through their main offices in Panama and branches in the world's major financial and maritime centres. This was possible due to two initial legislations enacted in the 1920s, Law 65 of 1917 creating the Ship Registry and Law 32 of 1927 establishing the organisation and management of corporations although the first registration of vessels flying the

Panama flag in 1919 with the registration of a Canadian vessel.

With the installation and relocation of the headquarters of multinational firms and corporations to benefit from a series of legal and tax incentives, the demand for legal services has grown with the expansion of ancillary activities related to the maritime sector and to corporate business since a number of transport companies including shipping, ports and cargo companies have established in Panama, attracted by the Panama Canal expansion.

The Panama Maritime Law Association (PMLA, Asociación Panameña de Derecho Marítimo, [www.apademar.com](http://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 2015-2016, the association has elected the board which will be presided by Belisario J. Porras, director-president, from the firm Patton, Moreno & Asvat; Francisco Linares, director-vice-president, from the law firm Morgan & Morgan; Ms Giovanna Avedaño, director-treasurer, from Giovanna Avedaño Law Office; Ramon Franco, director-secretary, from Franco & Franco; Ms Pilar Castillo, director-deputy secretary from the law firm Arias, Fabrega &

Fabrega; Ricardo Eskildsen, director-deputy treasurer from the firm Eskildsen & Eskildsen and former PMLA president Ms Iria Barrancos as director, from the firm AMYA Law Office. Two members of the PMLA, Gian Castellero and Jazmina Rovi, have been appointed to the Panama Maritime Authority (AMP) Board of Directors as director and deputy director respectively.

PMLA president Belisario Porras' programme for this on-going year focuses on continuity and innovation. 'We should carry on our work in relation to the up and coming events regarding our country's maritime affairs. The official inauguration of the Panama Canal expansion in 2016 which will be most probably mark a before and after in our country's history once the expansion is finished. We must be vigilant and co-operate with the involved entities, private and public, in order to procure, in the means of our possibilities, the successful completion of this grand project,' he says.

'Also, we must see how we can support and facilitate the growth and development of the maritime auxiliary services as bunkering, shipbuilding, ship repair, towing, supply servicing, etc. This is a key element for our domestic maritime sector.'

But in addition 'we



Belisario Porras

should revise the present transportation laws of the Commercial Code, General Law of Ports No.56 of 6th August, 2008 and other laws regarding Customs to strengthen the legal structure of the logistic services in Panama. We understand that at the moment, a project to regulate the transport of cargo and goods by land is being studied. We nevertheless, require a general law adopting the main legal issues affecting each sector in transportation and movement of goods including not only those by land but also by sea and air. We must also look forward to modernise and simplify and reduce as much as possible the burdening red tape that always exists in public services.'

Another issue on which the PMLA has worked along the past years has been the maritime judiciary. 'We have to seek the efficient operation of the Maritime Courts through the appointment of capable magistrates which requirements have been complied as established by law, including the useful management of the English language and continue to strengthen and promote the Panama Arbitration Centre [CECOMAP] as a main maritime arbitration centre in the region.'

The PMLA has, by tradition, been very supportive of the Panama Maritime University and 'we will keep up supporting and being the sponsors of the Panama Maritime University (UMIP) providing scholarships to deserving students with high GPA's' and 'the PMLA will be proactive in supporting and promoting the Panamanian Merchant Marine in close cooperation with Panama Maritime Authority (AMP) by participating in joint projects. There are some projects which have begun in joint alliance as a potential

law to promote Panama as an international financial centre for ship mortgages taking advantage of its geographical position, present legal and monetary structure and banking centre.'

Every two years and in co-operation with Panama's Chamber of Shipping, both associations organise the successful exhibition-conference Panama Maritime, alternating the management and organisation of the event. The latest Panama Maritime XII took place at the Megapolis Convention Centre from April 12 to April 15. The Exhibition and Conference were inaugurated by Koji Sekimizou, Secretary General of the International Maritime Organisation.

For Panama Maritime XII, it was the turn of the Chamber of Shipping to be lead-manager and was co-ordinated by Capt. Orlando Allard, as president of the Organising Committee. The event attracted over 500 delegates and 46 international and local speakers to discuss the current and future development of the sector with the opportunities and challenges presented by the Panama Canal expansion. It was a success and more than 80 public and private companies showcased their products and services at the event.

For the next Panama Maritime XIII, the president of the organising committee is lawyer Flor Torrijos, from the law firm Panama Maritime Lawyers, in representation of the PMLA. The exhibition-conference will be the first under the scenario of a fully completed and operational expanded waterway and will also mark the 100th anniversary.

The Centre of Arbitration (CECOMAP in Spanish) is finally a reality. The

proceedings for the Centre of Arbitration will follow laws in existence [Law No.131 of 31 December, 2013] regarding Arbitration, Conciliation and Mediation and Panama, as well, is part of two fundamental International conventions of commercial arbitration: The New York Convention of 1958 and the Panama International Convention of 1975. Panama in summary follows the legal structure of dispute resolution provided by the United Nations Commission on International Trade Law (UNCITRAL).

At the moment, The Centre of Arbitration is located at Panama's Chamber of Commerce. However, the arbitration hearings may be held in any other site which the parties may agree to. The intention is that the parties may freely appoint any person to serve as arbitrators in proceedings. However, there may be in the future, a recommended list of arbitrators by the Centre of Arbitration though.

Some cases have already been commenced and are in process. None have concluded.

'The arbitration is a successful method for alternative dispute resolution. It is faster and many times less expensive than the usual judicial procedure. It is expected that cases which the Centre of Arbitration would be inclined to attend are aspects of disputes in maritime contracts as carriage of goods, charter hire, transfer of property in ships, bunkering, etc. Many contracts use an arbitration clause and we understand that some have now included Panama's Centre of Arbitration as its arbitration centre for dispute resolution,' says Porras.

'We understand that there are investigations in process regarding wrong

## Panama Maritime Lawyers & Corp

Panama Maritime Lawyers & Corp, a member of the Inter-maritime Group has grown and expanded its services to Insurance regulatory matters, Customs and Maritime Law, with a focus on commercial approach that is cost and time effective.

The firm addresses administrative procedure into the Panama Maritime Authority (AMP) and Panama Canal Authority (ACP) as well as Admiralty before the Panamanian Maritime Tribunal Courts representing ship owners, cargo, charterers of vessels arrested and their underwriters and P&I Clubs.

'We have a strong position in shipping finance and vessel registry being recognised as one of the leading firms in Panama, Belize

and Honduras for vessel registry. Today we represent [as Deputy Registrars] more than 10 flag administrations of the likes of Belize, Honduras, Bahamas, Niue, Vanuatu,' says Panama Maritime Lawyers & Corp partner Flor Torrijos.



Flor Torrijos

PML has extensive experience in the insurance industry understanding the business itself, having some of its lawyers representing in directive positions insurance service providers. 'We cover licencing local and international Insurance and Reinsurance Companies and brokers unto local regulatory authorities. Our expertise extends to maritime

and transportation areas, encompassing P&I, hull and cargo,' she explains.

Panama Maritime Lawyers & Corp

include amongst its clients prestigious ship owners, international law firms, banks and insurance companies and to name a few, The Ship Owners Club, North of England, The New India Assurance Co.

Every two years, the Chamber of Shipping together with the Panama Maritime Law Association (PMLA), co-organises the successful Panama Maritime Conference-Exhibition. Panama Maritime XIII will take place in March 2017 and this time will be organised by the Panama Maritime Law Association, with lawyer Flor Torrijos presiding the Organising Committee.

Panama Maritime will be of special importance as it will celebrate the 100th anniversary of the establishment of the Panama Ship Registry with the registration of the first vessels under the Panamanian flag.





doings made by entities and officers from the previous administration. We believe based on the present actions by the Panama Maritime Authority (AMP) that the actual administration is committed to correct the shortcomings and guide the general operations of the public maritime institutions in the path of legality. This conduct, if maintained as well as consistent positive public relations with present and past clients of the registry, would be the most important method to improve the damaged reputation of Panama's image due to prior actions,' he explains.

Much has been said that the new Varela Administration (who took office July 1, 2014) wanted to change the consular system [which assumes the registration of vessels abroad] but 'it is rather difficult to change the system which has been applied in practice for so long from one day to the other. We still do not think that the initial plan for changing the system has been cancelled all together. The government still has the time to put forward a practical and

methodical plan to professionalise the Diplomatic Corp of Panama,' comments the PMLA president.

The PMLA and the Panama Maritime Authority, rector of the maritime sector and the Ship Registry, have traditionally maintained good working relations and 'we believe that up to date, the relationship [with the present Administration] has been very good. There is a feeling of open door policy. Since the beginning of this administration, the public sector has been more than ever, interested in having the private sector participating not only in the future projects planned by the AMP, but also as consulting partner for the daily operations,' says Porras.

Since Greek shipowners constitute an important segment of the Ship Registry, 'the economic situation in Greece is important to monitor. We think that depending on how the Greek situation evolves, there may be opportunities for Panama to take advantage of-in the way of more ship enrolments by offering the latest tax incentives approved by the registry, or to the contrary, a negative

backlash to our Registry could follow if the Greek market feels the need to either support the government (by enrolling back to Greek flag) or use jurisdictions which could mix their area of comfort with European control (i.e. Cyprus),' he comments.

The Panamanian Registry as well as many members of the PMLA is eager to see if this year there is a final decision by the Supreme Court of Panama regarding the unconstitutional action filed against art. 18 of Law No.27 of 28 October 2014, on the registration in Panama of mortgages directly in English. 'Most of our membership believe that if the article is confirmed constitutional it would tremendously boost the future growth of our fleet as mortgage registrations would not only be cheaper and faster to complete, but also the evidence of permanent registration would be presented under its original English format as done in the jurisdictions of our main competitors Marshall Islands and Liberia,' explains Porras. ■

## **Global Risk Management Services, S.A. (GRMS)**

Global Risk Management Services, S.A. (GRMS) is a company acting as consultants in the transportation and insurance fields, of course with main emphasis in shipping and ports, including advisory services and claims handling.

The recently founded company will not only provide services in Panama but also in Central and South America, being located in Panama City.

GRMS is related to the Caracas-based law firm Sabatino Pizzolante Abogados Maritimos & Comerciales and Globalpandi, S.A., well known in the business for more than four decades as maritime lawyers and correspondents for P&I clubs and other insurance providers, nowadays leading companies in Venezuela ([www.sabatinop.com](http://www.sabatinop.com)/[www.globalpandi.com](http://www.globalpandi.com)).

GRMS is definitely a vehicle to take its expertise and philosophy to the international community by being based in Panama, undoubtedly a strategic place to be, both geographically and commercially speaking. Insurance is a fluctuating market with its ups and downs relatively stable at the moment; following 2012, named as the 'Annus Horribilis' due to the Costa Concordia disaster and Sandy hurricane, business has returned to stability although with low increase in premiums and an over-surplus in insurance products, making insurers happy, especially in the P&I sector where, according to the latest results, but well aware of the fact that it is after all a volatile market where beyond the unexpected loss prevention and a good claims management are of paramount importance.

'Our services are aimed to provide to shipping, ports, logistic transport operators and insurance providers throughout Central and South America with advisory services on insurance covers, loss prevention and management of claims, in order to make cost-effective use of available resources,' says lawyer José Alfredo Sabatino Pizzolante. The expert points out that in view of the wider offer of insurance products in the global market and the need to keep costs down, the key point is not to insure but with whom and under what terms to do it, definitely keeping a vigilant eye on the performance of the policy. In line with the former, Sabatino Pizzolante says GRMS is an option to assist assureds and insurers in this necessary task.





## Growth remains solid

**P**anama's main indicators show the economy cooling during 2014 to 6.2% with an even slower pace in 2015 but economic growth at mid-year remained solid at 5.9% if compared to the rest of Latin America. When taking office, the Varela administration had to juggle a long list of half-finished projects and a huge bill of turnkey projects which required audits for eventual over-costs, slowing the execution of its five-year economic programme.

But President Varela is making a reality its promise of tackling the endemic corruption that has tarnished the previous government; investigations continue on several members of the former cabinet; many awaiting trial for having signed contracts with flagrant cost overruns or received kick-backs.

As he said in his presidential address at the National Assembly July 1, 2014, on his first year in office, President Varela decided to introduce a number of bills, in particular reforms to Law 22 of 2006, which governs public procurement. During former President Martinelli's administration, the law was

modified nine times in 2009, four times in 2010 and three times in 2012, ostensibly to benefit his circle of business friends. The proposed reforms include the creation of shorter bidding procedures, which should curtail possibilities of corruption when awarding contracts. Companies that are involved or investigated for corruption should not be allowed to participate in public tenders.

The Varela administration has drawn a five-year economic plan forecasting to invest US\$19.5bn in 2015-19, according to the strategic plan presented by the Minister of Economy and Finance, Dulcideo De La Guardia, who identified four key areas of development: logistics, agriculture, tourism and mining. Almost one-third of public investment will go towards infrastructure projects.

A total of \$6.4bn is to go towards projects including the expansion of metro line number one, the construction of metro line number two, construction of a fourth bridge over the Panama Canal and development of a mass transit system for Panama West province. Social programmes will represent 55% of the strategic investment plan, \$10.7bn focusing on basic

healthcare, potable water, housing and the renewal of the Atlantic city of Colon. Some \$1.2bn will be dedicated to economic infrastructure, primarily aimed at the agriculture and energy sectors; \$973m for administration and justice; and \$216m for environmental projects.

The investment plan is based on assumptions of average GDP of 6% over the next five years; an increase in current savings of 4% of GDP from 2017, and a reduction in the gross debt/GDP ratio, from 38% of GDP in 2014 to 34% of GDP in 2019. De La Guardia noted that in order to comply with its macro-fiscal projections for the five-year period, it would limit the growth of non-financial public-sector current expenditure to 22% of GDP and reduce public investment to an average of 6.2% of GDP. Although the forecast infrastructure investment will support GDP growth, it is understood that economic growth could gradually slow over the next years.

Metro Line 2 contract was signed in July 2015, pending the Comptroller-General's approval [at the time we go to press]. It will be 6km longer than Line 1, inaugurated in April 2014 and will total 22km, linking Line 1





to the populous of Panama East-district of 24 de Diciembre. The project, Metro Line 2, was open for bids from September 15, 2014. Interested contractors had three months to submit their tenders. The route will have up to 16 stations located in sectors such as: Via Cincuentenario, Villa Lucre, Brisas del Golf, El Parador in Pedregal; and the Technological University of Panama. A future connection could link the system to Tocumen Airport.

The government also looks at the future construction of a fourth bridge over the Panama Canal, on the Pacific side, that could sustain a monorail or similar and that will join Panama to the highly populated western area of La Chorrera and Arraijan bringing the population a transport solution to Panama City. The two new metro lines alone are expected to cost around \$5.5bn. This is part of an ambitious plan that enjoys consensus across the political spectrum to modernise Panama's urban transport, which includes four Metro lines by 2025,

connecting suburban neighbourhoods with the centre of the city.

According to a July 2015 report by the Comptroller-General of the Republic, Panama's exports have fallen by 10.8%. Between January and May 2014, exports totalled \$324m, whereas in the same period of 2015 the amount was \$289m. This negative trend has affected numerous products, with sharp declines in some cases, like that of coffee, which has gone from \$3m to \$0.8m, shrimp larvae, with practically no shipments, or pineapple, with the value of exports dropping from \$15.9m to \$9.6m. During the period at hand there were also some positive figures. Such is the case of melons, with a 79.4% growth, or bananas, up 6.2%. Most experts consider that there is a lack of action on the Government's part, that keeps but with no structured plans for agricultural producers.

On March 13, the IMF completed its annual review of the Panamanian economy in which it indicates that Panama is well

positioned to maintain high economic growth and relative macroeconomic soundness in the short term, although swifter policy action is required to enhance financial-system transparency in order to preserve the financial sector's stability. Reform is also required to secure long-term fiscal sustainability, thereby supporting continued high GDP growth.

The IMF expects the economy to expand in 2015 at a similar rate as 2014 (6.2%), although downside risks prevail, chiefly coming from the potential for further deterioration of the international environment. GDP growth could remain at 6-7% per year in the medium-term, on the back of the completion of the Panama Canal expansion and new investments, such as the \$6.7bn required for the mining copper project 'Cobre Panama' which plans to extract around 270,000 tonnes of copper a year by 2017. Both inflation and the current-account deficit should fall this year, whereas the fiscal deficit is projected to decline by 0.4% of GDP, to 3.7% of GDP, according to the IMF.

The IMF, as well as other entities such as the Financial Action Task Force (FATF, an inter-governmental organisation dedicated to fighting money-laundering and terrorism financing), continue to press Panamanian authorities to strengthen the country's controls against asset laundering and the financing of terrorist organisations. Since 2014 Panama has been on the FATF's grey list, which has made it difficult for some local financial institutions to maintain correspondent banking relations and conduct international financial transactions.

Panama's National Assembly has approved a law to reinforce supervision and control standards in financial and non-financial sector activities, which, according to the Ministry of Finance and the Economy, should bring back Panama in the White List

### ***Law 23 of 2015 on the prevention of money laundering***

Law 23, of 2015 on the prevention of money laundering will be regulated by an Executive Decree. A recently created supervisory body in Panama will seek to better monitor business sectors generally used by money launderers when they are unable to exploit the financial system. That is the mission of the Superintendence for the Supervision and Regulation of Non-Financial Entities, not to serve as a 'policing regime, but rather as a means to help business leaders shield a sector that is misused by criminals, who take advantage of legal loopholes to commit their crimes,' the new Superintendent Francisco Bustamante said. Bustamante is an economist with a long career at the World Bank and IDB.

The new entity will supervise a total of 16 business sectors that are frequently used to

launder money when the financial system is shielded. Those business sectors [a section of the economy that was not being supervised] include casinos, pawnshops, jewelry stores, free zones, property development companies and car dealerships.

Banks, insurance companies, cooperatives and the stock market will continue to be supervised by the normal regulatory bodies. The new supervisory body, which will have an initial staff of 20 officials, will monitor these business sectors to ensure that business leaders have sufficient information about their customers and report suspicious transactions.

Panama created this body as it seeks to remove itself from the Financial Action Task Force's 'grey list.'

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when it comes to revision by FATF in October 2015.

The significant increase of the fiscal deficit in 2014 [by 80% from its level in 2013, to 4.1% of GDP] met the LRSF requirements, but only after special legislation was passed in October 2014 to make the rule more flexible whenever contributions from the Panama Canal are below 3.5% of GDP. In line with this provision, the 3.7% of GDP fiscal deficit targeted for 2015 accommodates previous public investment commitments and slow revenue growth as the economy cools. One of the main calls in the IMF review is to remove this special provision and avoid the repeated revisions to the LRSF's ceiling, as well as to reduce its level.

Part of the IMF's recommendation is to widen the definition of public debt to include other liabilities, such as contingent pension debts, as well as other public financial-sector assets. This will bring more transparency to the fiscal accounts. The Fund believes that a structural reform is required to reduce the pension debt, while revisions to the tax laws should be aimed at raising more revenue on a structural basis, rather than through the usual tax amnesties.

The banking sector continues to perform well, reaching high liquidity of 63.49% at

August 14, 2015. The 91 banks of the Panama banking centre registered \$114.05bn in total assets at June 2015, up 10.84% compared to December 2014, with total deposits up 4.77% to \$81.41bn, of which local deposits grew by 7.1% to \$46.86bn and foreign deposits by 7.77% to \$34.53bn. Liquid assets almost remain the same (+0.9%) at \$21.32bn.

Total credit grew by 4.77% to \$69.19bn of which local credit took the lion's share with \$42.33bn growing by 9.39% and foreign credit by 4.5% to \$27.39bn.

The recent revision of Panama's bank capital rules is an important step toward Basel III standards, yet falls short of full adoption according to Fitch Ratings. The new rules should strengthen local banks' capacity to absorb losses and maintain higher quality capital, particularly for banks with high-risk appetites within the Panamanian banking system. Banks with greater reliance on hybrid instruments will likely be more impacted by the changes in the regulation. The new standards are providing banks greater discretion to limit coupon payments on certain hybrids, which strengthens the equity attributes of these instruments.

Previously, issuers could only skip dividends on noncumulative perpetual

preferred securities if a bank had no earnings to be part of Tier 1. However, under the new rules, skipping coupons may occur even when banks produce earnings. Incorporating the valuation of investments introduces variability to the regulatory capital position of banks, and, to a greater extent, would impact those entities with more aggressive investment portfolios. But Panama's revisions do not include Basel III's capital conservation buffer or a countercyclical buffer, which together would materially strengthen capital at local banks. The lack of such provisions makes Panama's current approach an incomplete adoption of Basel III rules, in Fitch Ratings' view. A further deviation from Basel III is Panama's permitting the inclusion of loan loss reserves (i.e. Dynamic Reserves) in regulatory capital ratios.

Panama's inclusion of these reserves in bank ratios began only recently, in September 2014. Nevertheless, new thresholds for common Tier 1 and total capital are in line with Basel III and should improve banks' loss-absorption capacity. The additional Tier 1 capital component, when combined with the common Tier 1 minimum of 4.5%, must be at least 6.0% of risk-weighted assets. Fitch does not anticipate any of its rated entities being required to strengthen their capital to comply with the new agreement.

Panama is the first country in Central America to incorporate select Basel III rules into their banking regulations. The country follows Brazil and Mexico, which are currently phasing their respective adoptions of Basel III capital requirements. Both Brazil and Mexico are adopting a more complete set of capital rules relative to Panama, including implementing capital conservation and countercyclical buffers. Panama's three-year phase in of the new rules period begins January 2016 and completes January 2019. •

*Banking district*





## More cruise ships to arrive in 2016

**P**anama's expectations for the 2015-2016 cruise season are riding high, with at least 150 ships full of tourists, expected to arrive at Port Colon 2000, between October 2015 and April 2016.

The season could attract 400,000 passengers, each spending an average of \$110, for an estimated total of at least \$45m, according to Port Colon 2000 general manager, Augusto Terracina.

The cruise industry has stabilised in recent years to an average of 125 cruises calling Panama. But for 'the 2015-2016 season, Port Colon 2000 alone will receive more than 150 cruise ships,' Terracina said.

'There is a significant benefit, since cruise ships arriving in Panama are sold and promoted by the cruise lines and the Florida Caribbean Cruises Association. They manage an extensive network of travel agencies in the US and the name of Panama as a tourist destination is always on the table,' the Port Colon 2000 gm explains.

Whilst the Canal is the main attraction for cruise passengers, the tourists also visit places like the ancient Spanish colonial Portobelo and Panama City. The Panama Colon highway allows tour operators to offer excursions, quickly and safely to Panama City, shopping

malls, the Causeway, Casco Viejo and the Miraflores visitors' centre at the Panama Canal Miraflores Locks. The train, the forts of Portobelo and San Lorenzo and the ecotourism attractions in Gatun Lake are very well appreciated by cruise lines, says Terracina.

This year, there will be two cruises departing from Terminal 2 Colon 2000 by Princess Cruises.

Norwegian Cruise Line is a new customer arriving in Panama. Norwegian Pearl will make nine calls, from November through April and AIDA Cruises and new entrant AIDamar will arrive in November and will make three voyages in December and one in January 2016.

Pullmantur's Monarch, a 2,744 passenger cruise vessel will depart every Friday calling at Colon, Cartagena, Aruba and La Guaira. Zenith will sail from Port Colon 2000 from December 5, 2015 and will continue visiting every Saturday until March 26, 2016. 'The two Pullmantur cruises out of Colon will cater particularly to the Latin American market,' says Terracina.

For the 2015-2016 season, the Spanish cruise line Pullmantur added a second vessel, filling the void left by Royal Caribbean last year when it closed its operations in the country after six

seasons. The withdrawal of Royal Caribbean affected tourist arrivals since this cruise generated 800,000 tourists who boarded the vessels in Colon.

Pullmantur decided to increase its frequency to meet the growing demand from Latin American countries such as Brazil and Venezuela.

One of the benefits of boarding a cruise in Panama is that travellers do not need visas, as if they had to begin their journeys in US ports. Since mid-2014 the cruise industry [in Panama] has recorded 100% occupancy and the numbers indicate that this pace will continue over the coming years.

Pullmantur gm, Luis Vizcay Vilella, said the new cruise ship Zenith, as well as the line's Monarch, will share Port Colon 2000 as a home port.

Monarch, with a passenger capacity of 2,800 has undertaken a 12-month season in Panama since 2014. Zenith will have the same route as Monarch, stopping at Cartagena (Colombia); Aruba and La Guaira (Venezuela). Finally, she will dock in Curacao and Bonaire, one of the biggest tourist attraction islands in the Caribbean. But unlike Monarch that continues to operate all year-round in Panama, Zenith's season starts in December 2015 through to April 2016. Vizcay Vilella said the cruise company is focused on the Latin American market with its regional offices in Mexico, Colombia and Argentina.

Of the company's five cruise vessels, two will be assigned to Panama since 90% of passengers embark in this country, representing a significant contribution to the economy, said Terracina. In 2014, about 90,000 passengers boarded cruise vessels in Panama, and for next season it is expected that the figure will exceed 110,000 people.

More than 50% of passengers boarding at the home port are from South America: Colombia, Argentina, and Ecuador, followed



Norwegian Pearl at Miraflores locks



## Queen Victoria transits Panama Canal during 2015 world cruise

After a 20-day refurbishment in Hamburg, Cunard's Queen Victoria departed Southampton end of January 2015 for a 103-night voyage and world cruise to the Americas, Australia, and the Pacific Islands.

It was the commemoration of the cruise line's 175th anniversary and passengers were greeted with a flag-raising ceremony at the ship's mast. The flag would be flown at destinations across the world and on all three of Cunard's ships, before being auctioned off to benefit The Prince's Trust, Cunard's official charity.

The vessel received a complete face-lift for which some 2,000 contractors worked a total of 600,000 man hours around the clock, installing nine new single staterooms, eight internet stations in the library, replacing all 215,278sq ft of carpet in the passenger areas, replacing 3.75 miles of pipe work insulation, and applying 2,695 gallons of paint, enough to cover 54 Boeing 737s. Outdoor spaces were enhanced, and beverage provisions were improved in the informal Lido restaurant. In addition to the construction work, new furnishings were installed, and all 3,167 mattresses were renewed.

'The results of Queen Victoria's refit are a true testament to Cunard's ability to respond



Cunard's Queen Victoria at Pedro Miguel locks

to passenger input. We also provided more single staterooms for our single travellers. It's this commitment to our passengers that keeps Cunard's 175 year heritage going strong,' said Rick Meadows, president of Cunard-north America.

The ship's first port-of-call was Ponta Delgada in the Azores followed by locations in

the Caribbean, then a transit of the Panama Canal will lead to stops in Hawaii and Australia and back to Southampton on May 3.

The 90,049gt Queen Victoria, no stranger to transiting the Panama Canal, is one of the largest vessels able to undertake the passage. The transit was recorded by our photographer, Jim Malcolm.

by Americans, Canadians and Mexicans. The number of European, Mexican and Costa Rican tourists has also increased considerably. One of the limitations faced by Pullmantur is large groups because of availability and cost of airfare. 'We are negotiating with some airlines to offer better prices to our customers,' says the Pullmantur gm.

UK operator Thomson Cruises will include Panama for the first time in its journey through the Caribbean. This year the company has already confirmed four arrivals in Panamanian ports. The cruise sails from Jamaica where tourists come from the UK and the company has also reported that by 2016 it will call 10 times in Panama.

Thomson Cruises, Princess Cruises, Holland America, Celebrity and Royal Caribbean are some of the cruise lines

planning calls to Panama in 2015 and 2016. Between January and October 2014, Panama received 281,645 cruise passengers. It is projected that the arrivals bring around \$35m to the local economy.

Six Holland America Line ships will sail 11 full transits of the Panama Canal between September 2015 and May 2016. Amsterdam, Maasdam, Nieuw Amsterdam, Oosterdam, Veendam and Westerdam will make a total of 11 transits between the Atlantic and Pacific oceans from six departure cities in the US and Canada. In addition to the Panama Canal transit, the ships' 14- to 22-day cruises include various port calls in Mexico, Colombia, Costa Rica, Guatemala, Nicaragua, the Caribbean and Half Moon Cay, Holland America's private Bahamian island. Zuiderdam will also make 14 partial

transits between November 2015 and April 2016. The 10- and 11-day 'Panama Canal Sunfarer' itineraries will sail to Gatun Lake and various southern Caribbean ports including Aruba, Bonaire, Colombia, Costa Rica, Curaçao, Grand Cayman, Panama and Half Moon Cay. Together, the full and partial transits will carry more than 44,500 guests through the man-made canal. 'With 25 departures we offer more ways to experience the Panama Canal than any other line,' says Orlando Ashford, Holland America Line's president.

In 2016, Princess Cruises will offer a voyage from Los Angeles to the Panama Canal and back, something it hasn't done since 2009. The 19-day sailing on the 2,214-passenger Island Princess will start November 20, 2016 and include stops in Mexico, Costa Rica, Nicaragua and Guatemala.

In late 2016 and early 2017, Island Princess will also offer a number of one-way, 15-day Panama Canal voyages between Fort Lauderdale and Los Angeles, as it has in been doing during winters in recent years. The trips will feature a two-day Canal experience that combines a Canal transit with a day at Fuerte Amador, where passengers either can tour Panama City and visit the surrounding rain forests, or tour the Canal's Gatun Locks. Two other Princess ships, Coral Princess and Pacific Princess, will also offer Panama Canal cruises over the winter of 2016-2017. •

Celebrity ship in Gatun Lake





## Panama keeps on smiling

**A**ccording to the Gallup-Healthways Global Well-Being Index, Panama tops the annual ranking of overall well-being, for the second year, Gallup said, with 53% of residents thriving in three or more areas of well-being, measures that include a person's sense of purpose, financial well-being and physical health. 'People in Panama report happiness, smiling and laughter, and daily enjoyment without much stress and worry,' Gallup said. The index was based on interviews with more than 146,000 people aged 15 and older, in 145 countries, territories and areas in 2014. Latin American countries topped the list, making up seven of the top 10 countries. Europe led the world in financial well-being, Gallup said.

This Well-Being Index just confirms the reason why Panama has been a chosen destination for retirees in recent years, attracting US citizens, Canadians and Europeans, eager to stretch their retirement payments and looking for sun and beaches.

However, many tour operators and hotels have complained about a lack of support from the Varela administration, that took office July 1, 2014, as it suspended the traditional international advertising campaign promoting the country.

Over the past five years, private investors, developers and even government institutions have joined forces to restore the Casco Viejo, the old part of Panama City

giving it some of its old prestigious image. The beautiful houses that once were inhabited by Panama's political and business classes have been refurbished, painted and brought to life with their new owners. As the revitalisation of the Old Quarter (Casco Viejo) is picking up momentum, the area has seen owners coming from Venezuela and Colombia and retirees from the US, Canada and Europe who continue to restore old houses, creating a vibrant new community.

Today, it is a 'revisited' Casco Viejo, with some of its past glory and a touch of bohemia, which is rediscovered by foreign tourists and Panamanians flocking to walk the squares and plazas, stopping for a drink, tea, coffee or ice creams. The number of restaurants, bars and cafes has tripled,

*Restored buildings in Casco Viejo*



hosting some of the best eateries one can find in town. The neighbourhood that was until recently, dangerous to visit at night has become one of the most secure in the Capital City thanks to efforts by the National Police and the Presidential police, black clad officers who patrol constantly the area in ATVs and golf carts.

The Casco Viejo has bought a new youth with cultural activities that animate the streets during the dry season (often called by Panamanians, the summer) from January to April. The Independence Plaza and Cathedral Square host in January the annual Jazz Festival with international artists while the 'Fete de la Musique' (the Music Festival) a traditional feature of the month of June extends in all the streets and the French Plaza during several days. The Old City,





Restored American Trade Hotel



founded in 1673, was designated by UNESCO as a World Heritage site and offers a unique feeling of tradition, history and colonial architecture later enhanced by the 19th century French influence, which can be seen at the Canal Museum on Independence Plaza or in some derelict buildings waiting to be restored.

There are the ruins of Santo Domingo Church and its Flat Arch, nearly horizontal with no keystone, and the Church of the Golden Altar, at San Jose Church. The legend has the 17th century gold-plated altar saved from the Old Panama, sacked and looted by the pirate Henry Morgan, by a priest who concealed its value under black painting and remains, to date, the only historic piece rescued from the burning old town.

The Presidential Palace dates from 1673 but has been rebuilt a number of

times and was adopted as the Chief Executive's residence and office in 1922 when President Belisario Porras ordered its reconstruction and enlargement in a Moorish-Spanish style. Also called the Palace of the Herons, because of the birds that walk loose in the entrance patio, it is surrounded by some very nice restored houses facing the Bay of Panama. Visits are not allowed but pictures can be taken from outside.

The French Plaza is circled by a seawall that housed the city's defence garrison until the beginning of the 20th century. The vaults [or Bovedas] of the wall which give the are its name 'Las Bovedas' were said to be used as barracks and even prison cells at some point. Two plazas, Bolivar and Herrera, have become centres of

entertainment and popular tourist attractions. Visitors and residents enjoy sitting at sidewalk cafes around the square in Bolivar facing the restored Ministry of Foreign Affairs and on the corner, the National Theatre, built in 1908 and inaugurated by the artist Sarah Bernard. The small theatre was restored in 1974 and is a lovely time-capsule of the early 20th century with beautiful frescos by Panamanian painter Roberto Lewis. Plaza Herrera is another favourite of tourists and locals for its restaurants and cafes.

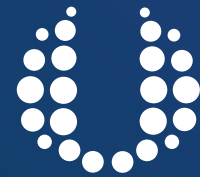
One jewel of restoration is the American Trade Hotel, at walking distance from Plaza Herrera. Built in 1917 by Leonardo Villanueva Meyer, a famous architect of that era, La Reformada as it was called was an apartment building and stores which included some elements of Art Nouveau, in vogue at that time and a novelty, an elevator Otis. After decades of abandon and squatters, the building was purchased in 2007 by a group of national and foreign investors, amongst them the great-grand son of the original builder the American Trade Developing Company, which re-opened as a hotel in 2014.

The American Trade Hotel is a combination of different styles neo-classic and French and has been restored with elegance, taste and efforts to preserve the 'oldy' style. It has 50 rooms, a large Salon [Salon Viejo], a library and a huge ball room-dining room [Café Unido], terraces, gymnasium and even a pool. Each room is decorated with pictures from a renowned Panamanian photographer Carlos Endara who captured the country's daily life, in the

### Tourism facts and figures

- Visitor spending in Panama jumped 14.7% in the first quarter of 2015 reaching \$1.29bn
- During Q1 2015 some 2,395,000 people entered the country, an increase of 8% over the same period last year.
- Of this amount 1,546,000 were people in direct transit and crew members via Tocumen International Airport.
- In the same period, 849,000 people were visitors (tourists, hikers and cruise passengers), 5.8% more than the first quarter of 2014.
- At least 150 cruise ships are expected to arrive at Port Colon 2000, between October 2015 and April 2016. The season would attract 400,000 passengers, each of them spending an average of \$110, around \$45m in total.
- 8.4m of passengers passed through Tocumen International Airport in 2014, an increase of 9.7% compared to 2013 [752,014 passengers], of which 4.3m were in transit (an increase of 12.2% compared to 2013)
- Flights increased by 6.6% in 2014, according to IATA figures; around 23,387 passengers passed daily through Tocumen Airport where 21 airlines and 18 cargo airlines operate.
- In 2014, 2.3m tourists came into the country, of which 48% came from South America, 24.3% from North America, 12.7% from Central America and 2.5% of the Antilles.
- There was a 75% increase in entry of French tourists in 2014, because at end-2013 the airline Air France established direct flights from Paris to Tocumen. In addition Argentine visitors decreased by 17% compared to last year.
- Of the total number of tourists who visited the country in 2014, 15%, 365,000 were on board cruise ships. As for the revenue generated by the sector, figures from the Comptroller General of the Republic showed that tourism spending reached \$3.23bn, or \$179m more than reported in 2013.
- Hotels with less than 100 rooms in the capital city obtained a cumulative occupation rate of 53.9% in 2014 while larger establishments reported occupancy levels of 56%.





**UBM**



**Seatrade  
Maritime Awards  
Asia**

16 November 2015

**Hong Kong**

[www.seatradeasiaawards.com](http://www.seatradeasiaawards.com)



**Seatrade  
Awards**

6 May 2016

**London**

[www.seatrade-awards.com](http://www.seatrade-awards.com)



**Seatrade  
Maritime  
Middle East**

31 October - 2 November 2016

**Dubai**

[www.seatrade-middleeast.com](http://www.seatrade-middleeast.com)



**Seatrade  
Maritime Awards**  
Middle East, Indian  
Subcontinent & Africa

31 October 2016

**Dubai**

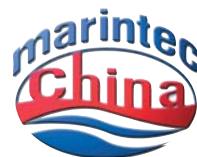
[www.seatrade-middleeastawards.com](http://www.seatrade-middleeastawards.com)



25 - 27 April 2017

**Singapore**

[www.sea-asia.com](http://www.sea-asia.com)



1 - 4 December 2015

**Shanghai**

[www.marintecchina.com](http://www.marintecchina.com)



19 - 21 September 2016

**Rio de Janeiro**

[www.marintecsa.com.br/en](http://www.marintecsa.com.br/en)

Represented Events:



6 - 10 June 2016

**Athens**

[www.posidonia-events.com](http://www.posidonia-events.com)



4 - 6 October 2016

**St Petersburg**

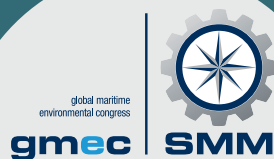
[www.offshoremartintec-russia.com](http://www.offshoremartintec-russia.com)



23 - 25 November 2016

**Jakarta**

[www.marintecindonesia.com](http://www.marintecindonesia.com)



6 September 2016

**Hamburg**

[www.smm-hamburg.com/gmec](http://www.smm-hamburg.com/gmec)

In partnership with Hamburg Messe und Congress



13 - 15 April 2016

**Tokyo**

[www.seajapan.ne.jp/en](http://www.seajapan.ne.jp/en)

[www.ubm.com](http://www.ubm.com)



Panama Canal Museum

early 1920-1930s.

The library is a treasure cove for history buffs and includes books from Panama's president Belisario Porras' personal library and collections of old magazines like 'Life' and Panama's 'Epocas'. The gymnasium shows a similar style to US gymnasium in the 1940s.

Administered by Ace Hotel which specialises in restoring old buildings giving

them back their glamour to satisfy the exigent 'executive client', the American Trade Hotel received the Design Prize 2014 given by the magazine 'Wallpaper'. In a couple of years, it will celebrate its centenary but meanwhile, it caters to celebrities such as Bill Clinton or the rapper Usher and has become one of the most trendiest places where to stay, lunch or dinner or set up a fashionable wedding. It

has become a place to see and be seen.

Located near the Panama Canal Museum, Canal House was built around 1893 by one of Panama's founding fathers, Federico Boyd and features an elegant, boutique hotel nestled in the heart of Casco Viejo with its beautiful colonial architecture, arty cafes and great restaurants. It is also the special destination for the 'famous' who generally do not hesitate to book the entire hotel. With three bedroom suites, each with its own special design but sophisticated, and a large shared social area that includes a library and living-dining room, it has a very intimate feel to it, with a highly personalised service in mind. The hotel also has a breakfast and lounge area and can arrange in-house spa treatments, gym passes and chauffeur services. Various day excursions and activities can be arranged further afield including golfing, shopping, fishing, birdwatching in the jungle, whale watching in season and visits to Colon by train and the impressive Panama Canal. ▪

## Barro Colorado

For the science and nature buffs, a trip to the 1,560-hectare-Barro Colorado Island (BCI) will fulfil their passion. The nature reserve, which is administered since 1946 by the Smithsonian Tropical Research Institute (STRI) headquartered in Panama, does not welcome daily visitors since it is STRI's primary site for the study of lowland moist tropical forests although organised visits are allowed once a week and must be prepared well in advance since the number of visitors is restricted. A contribution is collected from visitors to help STRI's activities [Foreign visitors: \$80.00; Foreign students \$50.00; Panamanian and residents: \$40.00] but once you arrive, it is a fantastic experience: trekking in the middle of a diverse and abundant fauna with an ecosystem very little altered by humans.

The island forms the 5,600-hectare Barro Colorado Nature Monument (BCNM), which is located in the middle of

the Panama Canal. The island was formed when the waters of the Chagres River were dammed to form the lake in 1913. When the waters rose, they covered a significant part of the existing rainforest, and the hilltops remained as islands in the middle of the lake, it has an area of 15.6 km<sup>2</sup>.

The island was set aside as a nature reserve on April 17, 1923 by the U.S. Government. Initially administered by the Panama Canal Company and then by the STRI, together with five adjacent peninsulas, as the Barro Colorado Nature Monument (BCNM). The BCNM has an area of 54 km<sup>2</sup>. It is among the most-studied areas of tropical forest in the world, for over eighty years within a great variety of biological disciplines. Only the larger fauna disappeared from Barro Colorado after the lake was flooded in 1914. STRI welcomes around 240 scientists from around the world every year at the field research station.



Three toed sloth

In 1923, entomologists working to eradicate malaria and yellow fever that had crippled French canal building efforts participated in the founding of a field station on Barro Colorado Island in the Panama Canal waterway. In 1946, BCI became a bureau of the Smithsonian dedicated to conducting long-term studies in tropical biology.

STRI researchers study biodiversity – insects, plants and marine life. Insect sampling in forest canopies suggests that the total number of species on Earth is perhaps 10 million, of which only two million have been identified to date. Panama has one of the world's best-known tropical floras, which is now being screened for biomedical compounds and the Panama Canal provides an ideal setting to study invasions by marine organisms.





## Preparing to make history

**T**he Panama Canal is making history again as it prepares for the 2016 commercial opening of the third lane that will allow the Neo Panamax vessels, larger ships than the original Panamax, to transit the Canal.

Pictures taken by the Panama Canal Authority (ACP), whose construction of the third set of locks is documented on a daily basis, look very familiar to history buffs. This year in particular [2015], the images of huge empty locks are very similar to those built in the early 1910s. The difference became to be noted when the first gates were installed and when the water-saving basins, on the sides, started to take shape.

As in every big project, the Canal expansion is experiencing some delay, missing the date forecast by Canal authorities, but the inauguration in 2016 will be celebrated by the passage of a Neo Panamax vessel which, like the steamer 'Ancon' on August 15, 1914, will remain the historic picture that will never be forgotten.

One hundred years ago, the waterway opened to international trade the day of the beginning of World War I and the event did not make the headlines it deserved, being pushed in the interior pages of all the world's major newspapers.

More than a million ships have transited the Canal since it was opened to the world shipping fleet. Along those years, the Canal has continuously modernised its operations to keep up with the contemporary maritime requirements and permanent evolution of shipping and the construction of a third set of locks is example of the waterway adaptation to the market.

The history of Panama is closely linked to its geographical position seen as early

as the 16th century as a passage between two oceans when it raised interest from Spain King Charles V who wanted to create a shortcut connecting Europe, the American continent and Asia that would shorten the transportation time of his recently discovered Peruvian riches to Spain. The King 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 but the idea was quickly abandoned when the crossing, which seemed only a few horse-days long, proved impossible to cut in the mountainous and thick-infested jungle.

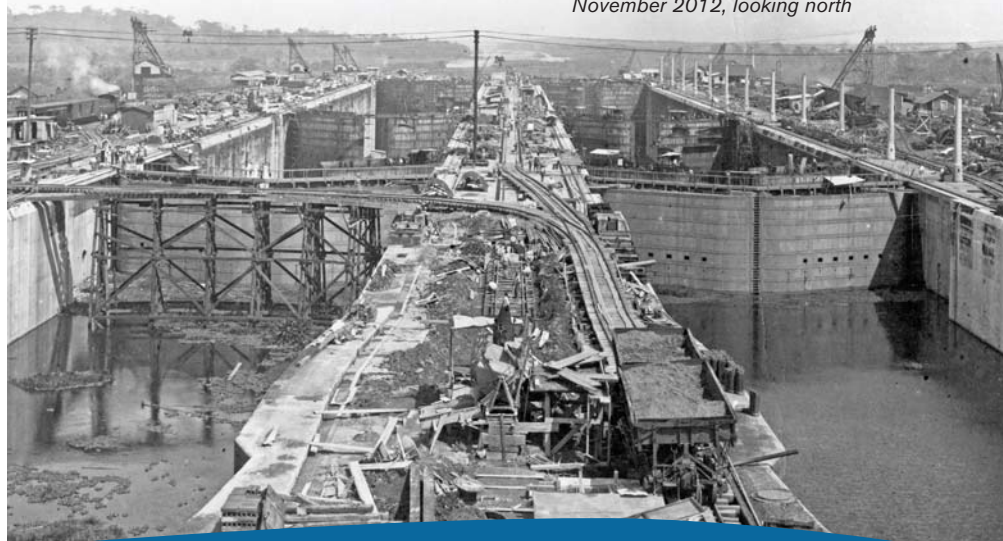
Panama will wait until the early 19th century when the idea of building a navigable canal surfaced in Europe and the US, supported by the inauguration of a trans-isthmian railroad by a US company in 1855. Several multinational and US expeditions were launched, to determine whether a canal should be built 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 those gates, the sliding model

*November 2012, looking north*



October 14, 2013 - First lockage through Miraflores Locks of Dredging Fleet



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.

The US received in 1902, US Congress authorisation for the construction of an interoceanic canal in Panama, then a province of Colombia. 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 United States, 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 and the following year, the US bought the rights and properties of the French Company for \$40m, gave \$10m compensation to Panama's government and began excavating.

The US undertook a major sanitary effort under Col. William C. Gorgas, wiping out the diseases that defeated the French. The monumental construction was completed in ten years at a cost of about \$387m. Its triumphant culmination was due principally to the 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 miter gates bigger than everyone had ever imagined and solve environmental problems of enormous proportions. Goethals completed the construction ahead

of time and under budget and on August 15, 1914, the US steamship Ancon made the historic first official transit.

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, which marked the 20th century.

With the waterway being transferred December 31, 1999, to Panama administration, Panama Canal officials presented to referendum in 2006 a proposal to build a third set of locks to increase capacity. The proposal was approved by overwhelming majority and the construction began in 2007 at a total cost of \$5.25bn.

The construction of the third set of locks was awarded to the multinational consortium Grupo Unidos Por el Canal (GUPC) at a cost of \$3.2bn and should be completed by end 2015 with commercial operations planned to begin in the second quarter of 2016 after a period of technical tests. The consortium is formed by Salini-Impregilo (Italy), Sacyr Vallehermoso (Spain), Jan de Nul (Belgium) and Panama's CUSA. •

## The Panama Canal Museum



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.

The Museum 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 31, 1999.

Its construction dates back to 1875 when it was built by French entrepreneur George Lowe to house the Grand Hotel, the most fashionable hostelry of its time in Central America and the building has remained a landmark of Panama for decades.

The historic building hosted the French Compagnie Universelle du Canal Interoceanique's operations in Panama after 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. In 1904, the US bought the French remaining installations, locating 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.

The typical French Mansard-styled windows and red tiled building was restored with financial support from the European Union; it remains today the best example of the French architecture influence in Panama.

The Museum is a treasure trove of remarkable collections of 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.

There is a special Treaties' room containing the original Hay-Bunau Varilla's treaty signed in 1903 that gave the US perpetual jurisdiction over the Canal Zone and the treaty signed by late Gen. Omar Torrijos and former President Jimmy Carter in 1977 that returned to the Panamanians the so-called colonial enclave.

The Museum is administrated by a board of trustees that include Panama Canal Authority's officials.

Most of the objects and Canal memorabilia permanently exhibited have been given by local collectors and the Panama Canal Authority and the collections are available to students and researchers who contribute with their works to enhance the collective memory of the Museum.

The Museum (Tel: +507-211 16 49/ 16 50) is open Tuesday to Sunday from 9:30 am to 5:30pm, closed Monday. Admittance is US\$2 for adults, US\$0.75 for children.





*New Agua Clara Locks (left) and Gatun Locks (right) – Atlantic side.  
September 26, 2015*



ATLANTIC OCEAN

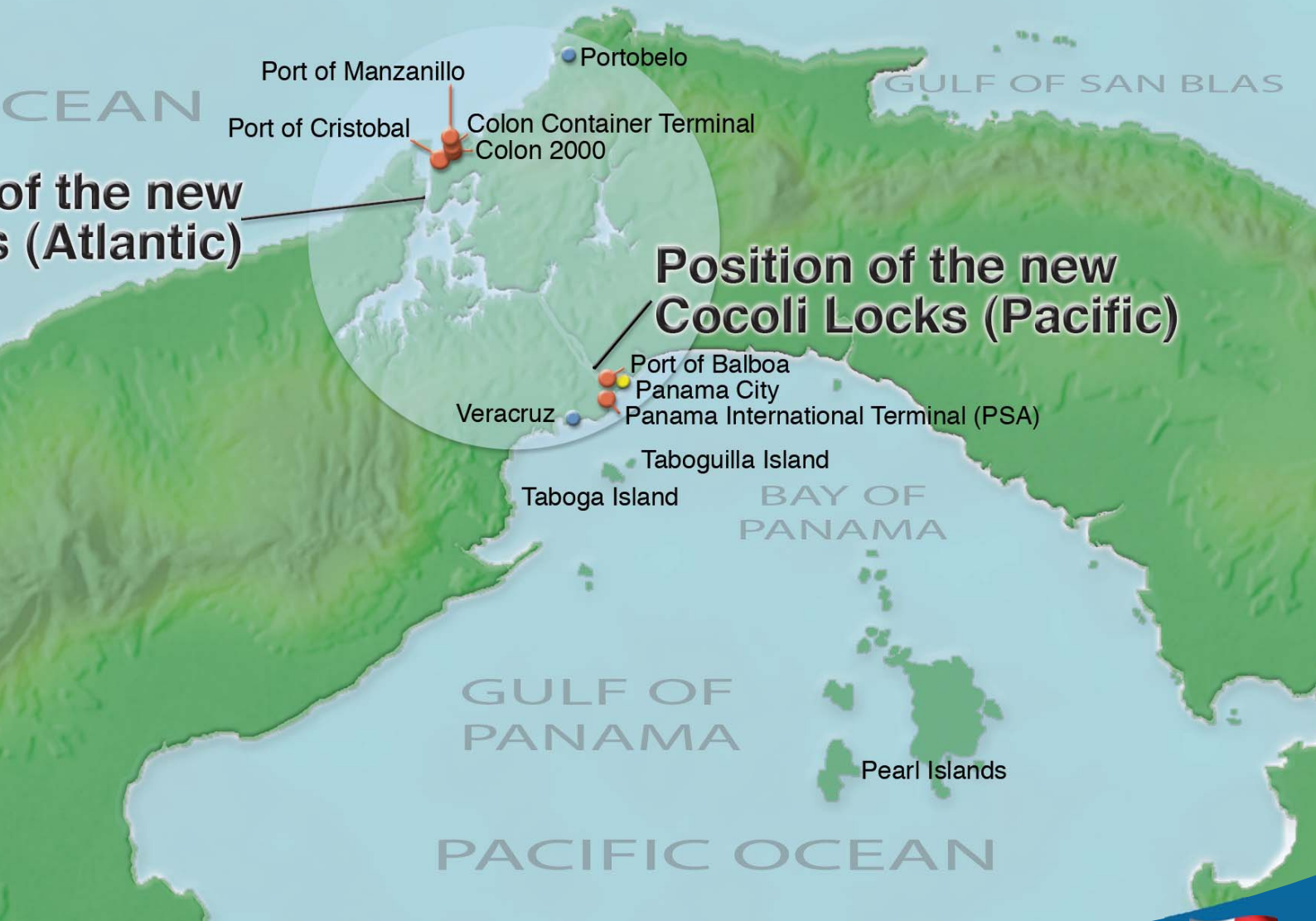
Position of  
Agua Clara Locks (A)

Bocas Del Toro

Cerro Punta

Puerto Armuelles





of the new  
s (Atlantic)



## 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 end-2015.

### Terminal Equipment

- 3 ZPMC Super Post Panamax Gantry Cranes, (to be installed in October 2015)
- 5 ZPMC Post Panamax Gantry Cranes
- 5 Mitsubishi Panamax Gantry Cranes
- 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 damaged containers, dry boxes and reefer containers, steam cleaning and reefer pre-trip (PTI) jobs.

### Security System comprehends:

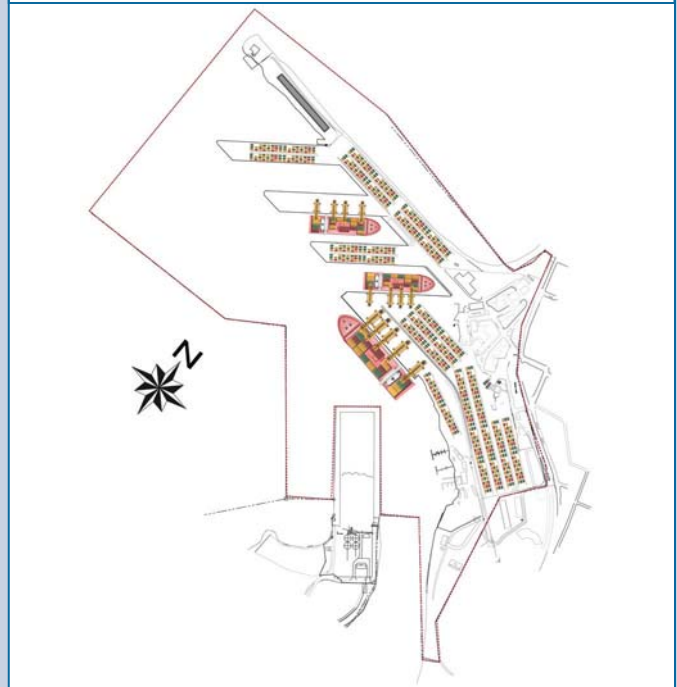
- CCTV System
- K-9 Dogs
- CCT owned Security Guards
- Boat Patrol guarding shipside operations
- Full compliance with ISPS Code and Basc.

### 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.

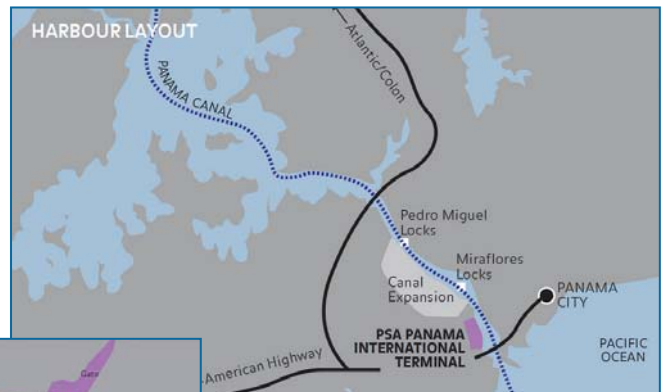
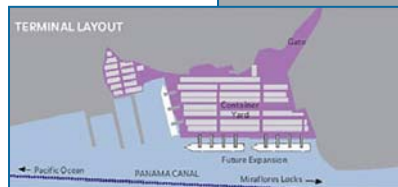
## PPC – PORT OF CRISTOBAL

FACILITIES	DETAILS
Total area	233.20 ha
Container berths	3
Length	970mtr
Depth	12.80/13.50mtr
Multipurpose/General cargo berths	4
Length	1,054mtr
Depth	12.50mtr minimum
Bulk berths	1
Length	304.80mtr
Depth	12.50mtr
Quay cranes	13
Panamax	8
Post Panamax	5
Harbour cranes	1
Rubber Tyred Gantry (RTG)	47
Reachstackers	6
Empty Container Handler	18
Top Loaders	11
Forklift	32
Customs House	6,342sq mtr



## PSA PANAMA INTERNATIONAL TERMINAL

FACILITIES	CURRENT	FINAL
Container berths	1	3
Quay length (mtr)	330	1,100
Area (ha)	22.5	40
Max depth at chart datum (mtr)	14.5	16.7
Quay cranes	3	11
Designed capacity ('000 teu)	450	2,000





PPC – PORT OF BALBOA



FACILITIES	DETAILS
Total area	181.04 ha
<b>Pacific terminal for transit of Panama Canal</b>	
Transport connections	International airport, Panama City, rail connection
Container berths	5
Length	1,710mtr
Depth	10.0-16.0mtr
Multipurpose berths	2
Length	320.12 mtr
Depth	6.2-10.3 mtr
Quay cranes	25 total
Super Post-Panamax	7
Post-Panamax	10
Panamax	8
Electrical Tyred Gantry Cranes (eRTG)	48
Rubber Tyred Gantry Cranes (RTG)	28
Hybrid Tyred Gantry Cranes (RTG)	2
Reachstackers	6
Forklift	20

COLON 2000



FACILITIES	DETAILS
Length	100mtr
Depth	11mtr
Passenger terminal. Offers shore excursions and retail shopping centre.	

MANZANILLO INTERNATIONAL TERMINAL

FACILITIES (MIT)	DETAILS
Navigation, berthing, pilotage/tugs	
<b>Container berths</b>	
Length	2,040mtr
Main Berth depth	-14mtr
Berth 5 and Berth 8 depth	-16.5mtr
2 Mediterranean-style ro-ro berths with total length of 500mtr and with a water depth: Berth 6, -12.5mtr and Berth 7, -10mtr	
All berths +2.5mtr above MSL. Tide variance is 30cm.	
<b>Ship to shore container gantries 19</b>	
Yard infrastructure/equipment	
Total paved CY area	520,000sq mtr
Storage	73,100teu
2,106 plug capacity for refrigerated containers	
<b>Yard gantries (RTGs) 24 (STS-15)</b>	
ASC	6
Toppicks	31
Sidepicks	35
Yard trucks	176
Bombcarts	148
Forklifts	46
Gates	3 inbound, 3 outbound lanes with weight scales
2 additional inbound/outbound lanes with direct access to the Colon Free Trade Zone	
<b>Container equipment and refrigeration repair facilities:</b> Inspections, preventive maintenance, and damage repair to container equipment including dry boxes, refrigerated containers, clip-ons, generator sets and container chassis. Also live reefer monitoring and maintenance, steam cleaning and pre-tripping.	
<b>Port security:</b> ISPS, CSI and C-TPAT Certified; a member of BASC. MIT also meets Super Carrier Initiative Standards.	
<b>Safety management/Hazardous cargo</b> 15 person emergency response team on call 24-hrs	
ISO 9001 Certified	
<b>MIT Logistic Park</b>	
Total area	100,000sq mtr



**Official name**

República de Panamá.

**Population in 2014**

3.92m

**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 2014**

\$46.21bn

**GDP per capita 2014** \$9,107 (+4.5%)**Inflation 2014** 2.6%**Annual GDP growth 2014** 6.24%**Natural resources**

Timber, seafood, mining (copper, gold), tourism.

**Foreign trade (excludes CFZ) 2014****Exports of goods** (FOB): \$818.2m (-3% on 2013).**Imports** (FOB): \$12,442m (+5% on 2013).**Colon Free Zone (trade 2014)****Imports:** \$11.06bn (-12.8% on 2013)**Re-exports:** \$12.96bn (-12% on 2013)**Foreign Direct Investment (FDI) 2014**

\$4.7bn (+1.3% on 2013)

**Fast growing economic sectors:** Fishing (19.6%), Construction (14.9%), Mining (12.5%) and Transport and communications

(6.0%). Positive performances from: Electricity, water and gas supply (5.6%), Wholesale and retail trade (4.5%), Private education (4.1%), Financial intermediation (3.7%) and Hotels and restaurants (2.2%), among others.

**Panama Ship Register**

8,122 vessels exceeding 500gt, totalling 218.36m tonnes at Dec 31, 2014, according to Lloyd's Register figures.

**Services**

75% of GDP of which 24% is for the maritime sector including the Panama Canal, ports and related services.

**Agriculture and industry**

Primary sector (6% of GDP) includes agriculture and cattle farming; secondary sector (24% of GDP) includes industry and infrastructure: services (70%) includes Colon free Zone, banking, transport and telecommunications.

**Land**

Agricultural 24%, exploitable forest 20%, others 56%.

**Government**

Panama is a democratic republic with elections held every five years. It is composed of three governing branches: Executive, Legislative and Judicial. Panama is divided into nine Provinces and four Comarcas or Indian territories. These are divided into 67 districts. President Juan Carlos Varela, from the Partido Panamenista, was elected May 4, 2014 and was sworn in July 1, 2014 for a five-year term.

**Government branches****Executive:** President (head of state), one Vice President.**Legislative:** Legislative Assembly: (71 members).**Judicial:** Supreme Court: The president proposes judges for the Supreme Court; they are approved by the Legislative Assembly and sit for terms of 10 years; a system of appeal originates in courts of first instance, rising to the Supreme Court at the apex.**Religions**

Roman Catholic 85%, Protestant 15%.

**Languages**

Spanish (official); various indigenous native languages.

**Education**

Compulsory for primary education. Including universities and smaller colleges, there are 14 institutions of higher education in Panama attended by 90,000 students.

**Literacy**

Approx. 93% overall (urban 94%, rural 64%).

**Workforce**

1,200,000: Government &amp; community services 250,000, private sector 500,000, others 350,000.

**Unemployment in 2014**

4.8% (+0.7%)

**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 93 national and international banks have branches in Panama, 52 with general licence, 28 with international licence and 13 with representation offices. Total consolidated assets at end 2014 were at \$124.85bn. Opening hours vary but most are: Mon to Fri from 9am to 1pm/3pm. Most banks are also open on Saturday mornings.

**Colón Free Zone (CFZ)**

Some 2,100 international and national companies and 20 foreign and national banks are established in the Colón duty free zone.

**Measures** Metric system.**Source**

Comptroller-General office, report 2014 and World Bank, Panama 2014.

**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

### CARGO & OTHER SERVICES

#### Air Sea Worldwide Panama

P.O. Box 0815-00883, Rep. of Panama  
Tel: +507 269-8988  
Fax: +507 269-8061  
Email: info@asw-panamacity.com.pa  
www.airseaworldwide.com

#### AMT Cargo International

P.O. Box 0818-00286, Rep. of Panama  
Tel: +507 236-5843  
Fax: +507 236-9705  
Email: amtcargopma@cableonda.net  
www.amtcargop.com

#### Intertrade

P.O. Box 0819-10090, Rep. of Panama  
Tel: +507 232-8588  
Fax: +507 232-8078  
Email: interoper@cableonda.net  
www.intertrade.pt.com

#### Naves Supply

P.O. Box 0832-1499, Rep. of Panama  
Tel: +507 232-5415  
Fax: +507 232-5469  
Email: navessupply@cwpanama.net  
www.navessupplypanama.com

#### Sea Cargo

P.O. Box 0816-00665, Rep. of Panama  
Tel: +507 210-9600  
Fax: +507 210-9635  
Email: seacargo@seabournmarinepanama.com  
www.seaboardmarine.com

#### Servicio Internacional de Carga

Tel: +507 260 17 47  
Fax: +507 260 6562

#### Supreme Overseas Corp.

P.O. Box 0834-01456 Panama, Rep. of Panama  
P.O. Box 0302-00482 Colón, Rep. of Panama  
Tel: +507 430-3537 / 261-0044  
Fax: +507 430-0627 / 430-3705  
Email: supremepty@supremepty.com  
www.supremepty.com

### DREDGE, LAUNCH, TUG & PILOT SERVICES

#### Boskalis Panama, S.A.

Tel: +507 3177000  
Fax: +507 3177099  
Email: panama@boskalis.com

#### Caribbean Pilots Corp.

Tel: +507 430 35 36  
Fax: +507 430 35 38  
Email: administration@caribbeanpilots.com

#### Cía. Marítima de Panama

P.O. Box 0843-02951, Rep. of Panama  
Tel: +507 211-1111

Fax: +507 211-3140  
www.boluda.com.pa

#### Coastal and Inland Marine Service

P.O. Box 0843-00538, Rep. of Panama  
Tel: +507 260-0088 / 260-0096  
Fax: +507 236-1776  
www.boskalis.com

#### Dredging International

P.O. Box 0833-00284 Rep. of Panama  
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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 Panama  
Tel: +507 430-2127  
Fax: +507 430-0496  
Email: panamapilot@cwpanama.net  
www.panamapilot.com

#### Panama Tugs Group Inc.

Tel: +507 398-0163  
Fax: +507 398-0166

#### Saam Smit Towage Panama Inc.

Tel: +507 831 5020  
Fax: +507 321 6629  
www.saam-smit.com

#### Svitzer Panama, Inc.

Tel: +507 210-6500  
Tel (Mexico): +52 1999 2714 265  
Fax: +507 206-2211  
www.svitzer.com

#### Transiberica

P.O. Box 0831-01887, Rep. of Panama  
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 Panama

## Panama Canal Authority (ACP)

Balboa - Ancon, Panama  
Tel: +507 272-7602 Fax: +507 272-7693

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 Panama  
Tel: +507 223-0452  
Fax: +507 263-5535  
Email: apsager@cableonda.net

#### Boluda Corporation Maritima

P.O. Box 0843-03328, Rep. of Panama  
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Fax: +507 211-3120  
Email: cmpgb@boluda.com.pa  
www.cmpgb.com

#### CEPSA Panama

P.O. Box 0831-02143, Rep. of Panama  
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 Panama  
Tel: +507 265-5070  
Fax: +507 265-5088  
www.chemoil.com

#### Clipper Oil

Tel: +1 619 692 9701  
Team: bunkers@clipperoil.com  
Website: www.clipperoil.com

#### DECAL Panama

P.O. Box 0819-11975, Rep. of Panama  
Tel: +507 213-1013 / 1917  
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#### Eco-Klean

P.O. Box 0834-01866, Rep. of Panama  
Tel: +507 268-7303 / 448-1771  
Fax: +507 268-2289  
Email: Ecoklean@gmail.com

#### Esso Marine Supply Company

P.O. Box 0843-03064, Rep. of Panama  
Tel: +507 211-0800  
Fax: +507 211-0843

#### FAMM Antilles Ltd (Fuel and Marine Marketing)

P.O. Box 0843-00358, Rep. of Panama  
Tel: +507 314-1500



Fax: +507 314-1497  
www.chevrontexaco.com

**Interoceanic Supply Services Corp. (ISSC)**

P.O. Box 0831-01849, Paitila  
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Fax: +507 232-8751  
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**Isthmian Petroleum**

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**Kamca Trading**

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Email: info@kamcapetrol.com  
www.kamcatrading.com

**Maxum Oil Services de Panama**

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**Melones Oil Terminal**

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**Monjasa S.A.**

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**Oil Tanking Panama**

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**Panama Central Terminal INCZ**

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www.pct.com.pa

**PetroAmerica Terminal (PATSA)**

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Fax: +507 316 41 00

**Petróleos Delta**

P.O. Box 0819-07409 Rep. of Panama  
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Fax: +507 279-3025  
www.petrodelta.com

**Petróleos Independientes de Panama S.A./PIPSA**

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**Petroterminal de Panama**

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**Refinería Panama**

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**Rio Energy Panama**

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Fax: +507 360-2011  
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**Shell Marine Products**

P.O. Box 0833-0124, Rep. of Panama  
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www.shell.com

**Star Tankers Bunkering**

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www.maritimetankers.com

**Trader Tanker/Bunker Vessel Management**

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**Universal Oil**

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**Vital Energy Bunkering**

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**GALLERIES**

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**Bufete Illueca**

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**De Castro & Robles**

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**Fabrega, Molino & Mulino**

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www.fabamm.com



**Franco & Franco**

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 Email: franco@sinfo.net  
 www.francoyfranco.com

**Galindo, Arias & Lopez**

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 Email: gala@gala.com.pa  
 www.gala.com.pa

**Gerli & Co**

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 Email: info@gerlico.com  
 www.gerlico.com

**Icaza, Gonzáles-Ruiz & Alemán**

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**Jacome & Jacome**

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**Kosmas & Kosmas**

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**Mata & Pitti**

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**Mendoza, Arias, Valle & Castillo**

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 Email: mavc@mavclex.com  
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**Morgan & Morgan**

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 Fax: +507 265-7700  
 Email: info@morimor.com  
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**Mossack, Fonseca & Co.**

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**Rivera, Bolívar, Castanedas**

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 www.riveboca.com

**Robles & Robles**

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**Ruben J. Levy & Co**

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**Rubio, Álvarez, Solís & Abrego**

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**Shirley & Associates**

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 www.shirleylaw.com

**Solís, Endara, Delgado & Guevara**

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 www.solendeg.com

**Sucre, Arias & Reyes**

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 Email: sucre@sucre.net  
 www.sucre.net

**Tapia, Linares & Alfaro**

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 www.talial.com

**Torrijos & Associates**

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 www.panamamaritime.com

**Vallarino Vallarino & García Maritano**

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**MARINE SUPPLIERS & CHANDLERS**

**Centralam Panama S.A.**

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**Electromar Services**

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 Email: electmar@cwpanama.net  
 www.electromar.com

**Hi-Tek Marine**

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**Intermarine Supplies Inc.**  
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**Islamorada Internacional, S.A.**  
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 Tel: +507 228-4947  
 Fax: +507 211-0844  
 Email: info@islamorada.com  
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**IST Accounting**  
 P.O. Box 0823 03939 Rep. of Panama  
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**Marine Metal Coatings**  
 Zona Procesadora de Corozal, Rep. of Panama  
 www.mmc.com.pa

**MEC Stores**  
 P.O. Box 0830-00196, Rep. of Panama  
 Tel: +507 314-0179  
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 www.mecstores.com

**Mercantile Shipstores (MERCANSA)**  
 P.O. Box 0301-02498 Rep. of Panama  
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 Email: sales@mercansa.com  
 www.mercansa.com

**MISHAL, S.A.**  
 P.O. Box 0302-00855, Rep. of Panama  
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 Fax: +507 430-6016  
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**Protecsa**  
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 Tel: +507 227-3533  
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**Tagaropulos International**  
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 www.shipsupplies.com

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 EC3N 3DS, UK  
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 Tel (UK): +44 203 036 0536  
 Email: fmt@aqlmtd.com  
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**Global Marine Surveys**  
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