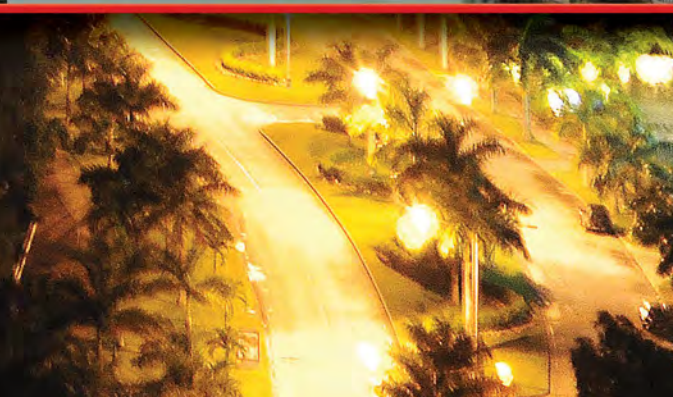


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*Although every effort has been made to ensure that the information contained in this review is correct, the Panama Canal Authority, Panama Maritime Authority and Seatrade accept no liability for any inaccuracies or omissions that may occur.*

Panama Canal Map

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# WHY THE PANAMA CANAL?

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# Connecting the world

*We are proud to be working toward a historic moment in 2015 when the new locks and channels will open to oceangoing vessels.*

**A**s the Panama Canal expansion presses on, we can report a couple of new milestones: completing the construction of the first monolith for the new locks on the Pacific end of the Panama Canal as well as achieving the placement of the first million cubic metres of structural concrete.

The works on both the Atlantic and Pacific locks sites ensue at a good pace, pushing the overall expansion programme progress to 43%. We are looking forward to receiving the first shipment of valves in November while the first four gates which are being built in Italy are expected to arrive in Panama early in the second quarter of 2013. Other components fabricated abroad are being delivered in Panama on a regular basis and concrete placement, a major element in the construction of the future locks, is increasing every month.

I am honoured to assess the expansion programme from the position of Administrator of the Panama Canal Authority where I succeeded Alberto Aleman Zubieta who had the vision to give the ACP a corporate orientation and create a model of management of excellence.

As I begin my term, I am committed to successfully deliver the expansion programme and to that end I must recognise the Panama Canal Authority workforce whose dedication and effort make our accomplishments possible.

In less than two years we will



celebrate the Canal's 100th anniversary of its inauguration. We are thrilled that our waterway of the 21st century will introduce an expanded Canal that will have an extremely far-reaching international impact through the creation of new trade routes and the opening of new markets. We, at the Panama Canal, are proud to be working toward a historic moment when the new locks and channels will open to oceangoing vessels, thus further connecting the world in a reliable and competitive manner.

As we prepare for the first transit of the redefined New-Panamax of much larger dimensions and tonnage in 2015, we are focusing on implementing intensive training programmes for our maritime operations professionals and upgrading traffic management and other core business support systems that will assist us in running a more complex operation. The new locks and wider channels will allow the introduction of new segments such as LNG amongst others.

The Panama Canal serves 144 routes, 160 countries and reaches some 1,700 ports in the world. With the inauguration in 2015 of the expanded Canal, the waterway will certainly change the patterns of world trade and position Panama as the transportation and logistics hub of the Americas since the country, located at the narrowest point of the Americas, provides unparalleled connectivity to world markets, access to two oceans through very large port facilities and short rail and road connections and the most important air transportation hub in the region.

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, the evolution of the Panama Canal expansion programme and of Panama's thriving maritime and logistics sector.

**Jorge L. Quijano**  
Administrator/CEO  
The Panama Canal Authority



# A visionary leader



1999



2001



2002



2006



2007



2009

**A**lberto Aleman Zubieta, a successful ceo of Panama's largest construction company, became the Panama Canal Commission (PCC) Administrator in 1996, proposed by Panama but named by US President Bill Clinton and ratified by the US Congress. Two years later, he was appointed the first administrator of the Panama Canal Authority (ACP), the Panamanian entity which was to succeed the bi-national PCC on December 31, 1999, Aleman wore both hats for another two years until the waterway's transfer to an all-Panamanian management.

During the crucial period of preparations and setting up of the ACP, a new title for the Panama Canal was added to Panama's Constitution, while a group of notables wrote the entity's Organic Law that would give the ACP its unique structure and independence.

Aleman would see a number of historic events during the 16 years he worked at the helm of the ACP, but one of the most important was the seamless transition to Panamanian administration in December 1999. The success of the transfer, which was watched worldwide with dubiousness, was the essential change to the way

business was done at the Canal, creating a model of management and the so-called Canal mystique.

With a love for doing a job well and to the best of his ability, inherited from his grandfather and father, Aleman introduced direct contacts with Canal customers. He established relationships never seen before, which provides long-term benefits for Canal's shareholders – the people of Panama – by adding value and high quality services to its users and stakeholders. From this, the ACP has continuously increased its contribution to Panama's coffers.



2006



2012



2012



2007



1999



Seatrade Awards 2001  
Personality of the Year

2003

Aleman made another impressive transformation for a government-owned entity by giving the ACP a corporate vision and orientation to be a model of excellence, integrity, and transparency, which has given the Panamanians a sense of pride.

Only two years in as the ACP Administrator, Aleman embarked on a gigantic project, the expansion of the present waterway. A fully assembled team began working on the design of a Master Plan, the basis for the presentation of expansion for the country, a decision process that was ultimately put up for a national referendum.

On October 22, 2006, the \$5.25bn Canal expansion project was approved in a referendum with a large majority – nearly 80% – showing Panama’s commitment and support for the project. ‘The benefits of the expansion will extend to the people of Panama, to the country’s economy in general and help enhance Panama’s strategic location,’ Aleman said at the time. The results were immediate and since the expansion works began in 2007, its impact on Panama’s economy has been reflected in constant economic growth.

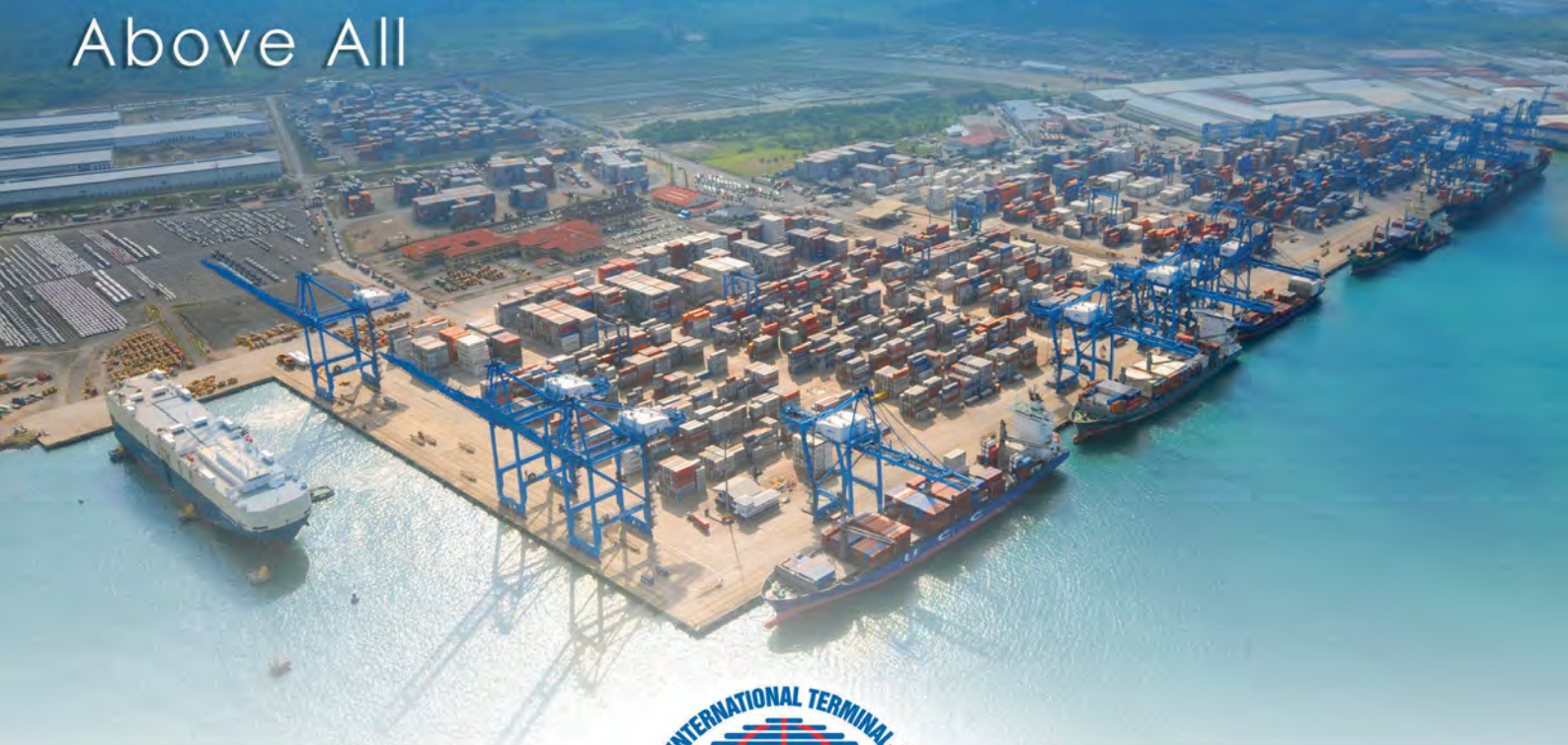
Aleman was honoured with several local and international awards, receiving

the Seatrade Awards 2001, Personality of the Year and International Maritime Prize from the International Maritime Organisation in 2008.

Although he will no longer be in charge of the Canal management, Aleman said, ‘working with the people of the ACP brought me honour and joy.’ Aleman will not be far from the maritime scene. For a man of active vision, the future is full of challenges and his new goals will centre on making Panama a regional logistics hub, and there is no doubt that he will succeed in this new self-imposed task.



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# Business as usual at ACP



Since September 4, the Panama Canal Authority (ACP) has a new Administrator, Eng. Jorge Quijano, succeeding Alberto Aleman Zubieta who concluded his two, seven-year-terms at the helm of the Canal. It is business as usual at the ACP Administration building.

Jorge Quijano, who took over the management of the expansion programme in 2006, until his designation as Administrator in March 2012, can now see the construction of the Pacific new locks from his office's balcony. His historic desk belonged to [US chief canal engineer] Colonel Goethals [who presided over the completion of the Panama Canal] where Quijano will now review the progress of the waterway expansion that is transforming the centenary Canal into a 21st century means of transport. Coincidentally, the future expanded canal will be tested for transits one hundred years after Colonel Goethals, from the US Army Corps of

Engineers, observed the first official transit of the steamship Ancon.

The expansion of the Canal that includes a large portion of works performed by the ACP in addition to the construction of the two sets of longer, wider and deeper locks, had reached at mid-August 43% of execution. ACP officials expect its conclusion by early 2015 as the Canal is at full capacity.

Fiscal Year 2012 report (FY-October 2011-September 2012) shows record cargo volume likely to reach 330m in Panama Canal/Universal Measurement System (PC/UMS) tonnes, up from the already record-breaking years of FY 2011 with 322.1m PC/UMS tonnes and up 7.1% compared to FY 2010 and to 2007 when cargo volume hit 313.0m PC/UMS tonnes.

'Although we see a diminution in Canal oceangoing transits in the past three years, tonnage is increasing which indicates that the trend is towards

larger vessels carrying more cargo,' says ACP evp of marine operations Manuel Benitez. For FY 2011, there were 14,684 total transits of which 13,141 were oceangoing transits and for the period October 2011-July 2012, the number of oceangoing transits fell to 10,940 from 11,169 during the same period of 2011, with cargo volume increasing to 278.4m PC/UMS tonnes up from 271.8m PC/UMS tonnes a year before.

Canal Waters Time (CWT), that measures the time a vessel spends in Canal waters, was improved by a reduction of time to 25.9 hours from the period October 2011-July 2012, down from 26.7 hours a year ago. 'That is a good result since we transport more cargo in less time,' says Benitez. This is also reflected in a decrease in bookings that fell to 4,934 for October 2011-July 2012, compared to 5,333 the year before. Non-booked customers have seen an average reduction of almost



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## Dredging and Marine Contractors



## The New Panama Canal Chief

On September 4, Jorge Quijano took the helm of the Panama Canal Authority (ACP) as its new Administrator/ceo.

As executive vice president for engineering and programmes management, the 60 year-old ACP Administrator has been in charge of the Panama Canal expansion since its beginning in 2006. He has 'the knowledge and experience needed to manage the waterway at this key moment in its history,' said Romulo Roux, then-Panama's canal minister and chairman of the ACP board at the time of Jorge Quijano's appointment to Administrator in March 2012.

Jorge Quijano's appointment has pleased the industry worldwide where he enjoys a strong reputation in the shipping world since when he was the Canal's coo. He is known to be committed to 'deliver successfully the expansion programme.' A Master graduate in industrial engineering from Lamar University in Texas, Jorge Quijano joined the Panama Canal Company (as it was known) in 1975 and has gone through all the Canal



administration departments during those years. He is an affable man, great listener and workaholic who writes up reports even on weekends.

New challenges face him in the months to come, the most critical of them being to conclude the expansion and make it operational. The preparation for the first post-Panamax transit, likely in early 2015, requires more complex operations planning systems [than the present Canal booking, transits and schedule systems]

to accommodate the larger vessels that will transit the waterway concurrently with those employing the present canal locks. The new locks and wider channels will allow the introduction of new segments such as LNG amongst others. This will require the canal to incorporate early on training programmes for pilots and other maritime crews. Over the next 18 months the Panama Canal must define a creative price structure to give the route its real value as the new locks come on line. This structure must be one that insures that it balances the tonnage transit between the new and present locks.

Quijano is convinced that the expanded Canal will increase Panama's connectivity attracting investments in the logistics sector, creating added value not only for goods transformed in the country but for the route itself if Panama – in addition to being the largest transshipment centre of the region – grows into an important logistics centre for the continent, augmenting cargo transported through the Canal and benefitting its customers alike.

five hours in their Canal Waters Time. 'Customers spend less time in Canal waters and tend to reserve fewer bookings,' he says. 'That is a clear demonstration of the best service we provide. If a client has to book, he is not a happy customer, so less time in Canal waters is best for the Canal that can transit more vessels and for the customer who spends less time, saves time and money,' explains Benitez.

At the Marine Operations Department, 'our mission is to be reliable and safe, providing our customers, through the Operations Department, with a better service and more safety in terms of a timely transit,' he adds.

The Operations has established a new classification on accidents and incidents, including near-misses, upon the recommendation from the Canal International Advisory Board presided by former IMO Secretary General William O'Neil. 'Everything is investigated from personal injury to fumes and collisions or any event in damages to a ship or damages sustained by a ship or Canal infrastructure, is investigated by the Board of Inspectors,' explains Benitez. 'Operations has created, two years ago, a data base that registers all details on pilots, near-misses, locations and why it happened.'

In the period October 2011-July 2012, there were a total of 138 accidents and incidents, but 'none of

those registered has affected Canal operations,' notes the head of operations. 'In spite of the expansion, we have not had an accident in Canal waters related to the works.'

In preparation for the completion of the expansion which will require more powerful tugs to manoeuvre the vessels into and out of the future locks, since the traditional 'mules' will only continue to operate in the existing locks, the ACP has purchased since 2007 a number of more powerful tugs aiming at having a total of 46 tugs in 2015. To date, the existing fleet totals 36 tugs.

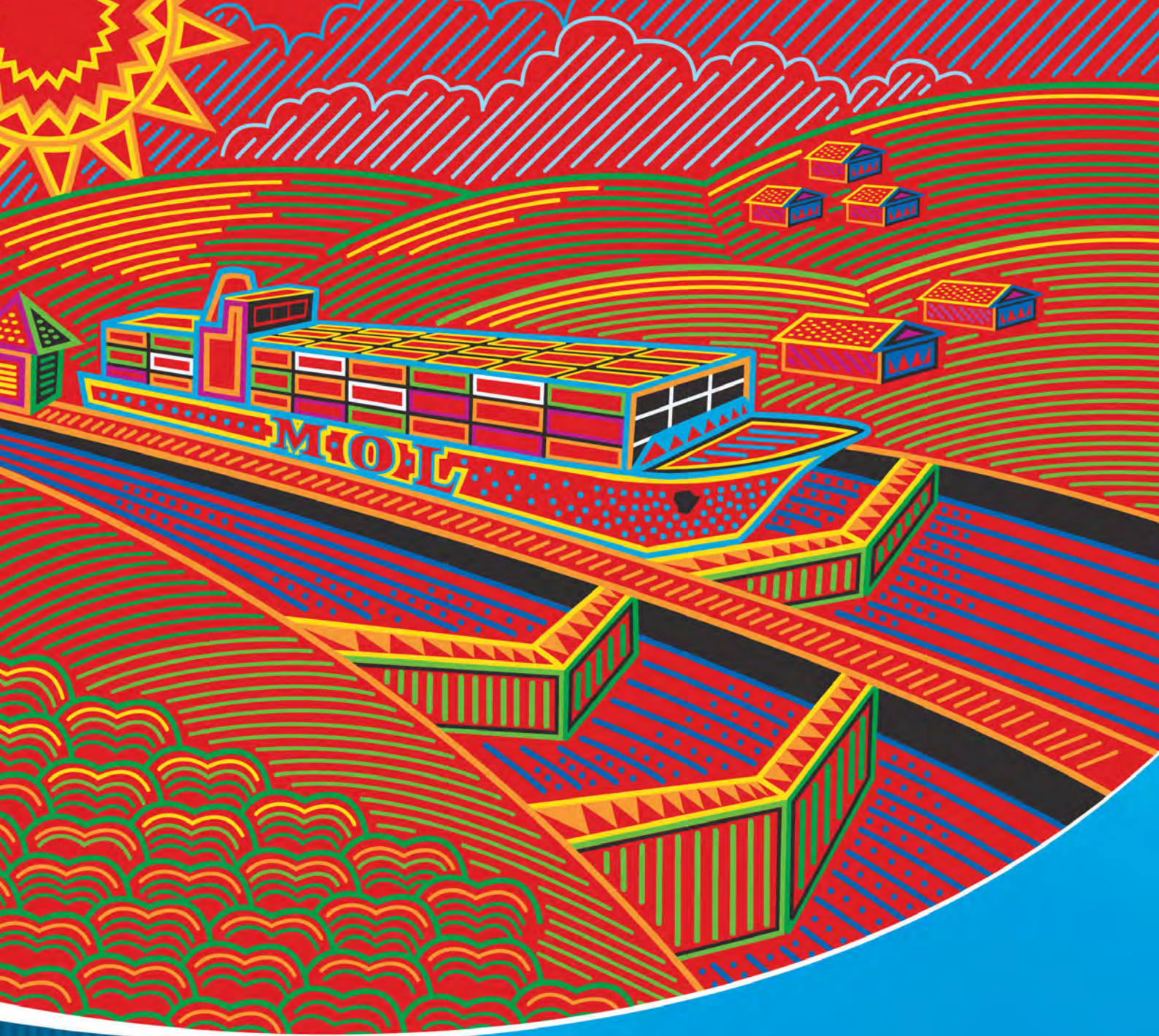
In October 2011, the Panama Canal Authority awarded Astilleros Armon S.A., a ship building and repairing company based in Spain, a \$158.3m contract, on best value proposal for the construction of 14 tractor-type tugs of 70 tonnes bollard pull to increase the current fleet to meet the projected growth of transits on the waterway. The new tugs will be received by tranche, four in 2013, six in 2014 and the remaining four in 2015. It has also acquired two tugs of 55 tonnes bollard pull for its dredging operations that were delivered in July 2012. 'We are presently making tests with what we know of the currents in approaching the locks. Those tests will condition the operating scheme that will be used in the new locks approach,' explains Benitez. 'We have an outlook of ten years and we revise it every year to be accurate and update on

equipment and personnel needs before planning new purchases,' he adds.

The Gaillard Cut-Gatun Lake expansion dredging project which will deepen to 9.14mtr elevation and widen the navigation channels in Gatun Lake and Gaillard Cut to a minimum width of 218mtr, is expected to be concluded by the end of 2013. As part of the expansion programme Gatun Lake level will be raised by 0.45mtr to 27.1mtr (PLD) a year later.

The new biggest cutter suction dredger Quibian 1 arrived at the Panama Canal in 2011 and was immediately put to work on the expansion programme. And also in 2011, the ACP awarded a \$43m contract in April 2011, to Dutch company IHC Engineering Business Ltd., for the design and construction of a new backhoe dredge that will arrive in January 2013 to increase the ACP ability to effectively dredge as part of the expansion programme and future maintenance projects.

For the second consecutive year, the Panama Canal Authority (ACP) was recognised by the Ethisphere Institute as one of the World's Most Ethical Companies. According to the Ethisphere Institute, the ACP secured a spot on the list for 'demonstrating leadership in ethical business practices.' When receiving the award, former Canal Administrator Alberto Aleman said being 'truly honoured by this award at the



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Biggest cutter suction dredger Quibian 1 arrived at the Panama Canal in 2011

Panama Canal. At the very core of our principles is our commitment to transparency, honesty, responsibility to the Panamanian people, our customers and the environment' adding 'these core values reinforce our will and passion to serve our customers and provide a safe, reliable and efficient service to the shipping and maritime industry.'

The Ethisphere Institute is a leading international think-tank dedicated to the creation, advancement and sharing of best practices in business ethics, corporate social responsibility, anti-corruption and sustainability and publishing every year a list of the World's Most Ethical Companies, highlighting organisations that show leadership in promoting ethical business standards.

In March 2012, two consortia and one company presented documentation to pre-qualify for the bid to build the bridge on the Atlantic side of the Panama Canal. There were Odebrecht – Hyundai Joint Venture (Brazil – Korea), Acciona Infraestructuras – Tradeco

(Spain – Mexico) and Vinci Construction Grands Projets (France) and after an evaluation process based on best-value criteria, were selected to participate in the final selection of the contractor who will build the bridge, which will be awarded in September.

The Chinese infrastructure giant, the China Communication Construction Company (CCCC), was awarded a contract in June 2011 to design the bridge, in partnership with US-based engineering consultancy firm Louis Berger Group. The bridge design is inspired on similar infrastructure work in countries such as Spain, Korea, France, China and Japan. The double-plane, twin pylon, cable-stayed bridge will feature two lanes of traffic in each direction. Its length will be 4.6km, 190mtr high at its tallest point, and it will stand 75mtr above sea level and the part that goes over the water is nearly a kilometre long. It is planned to be double delta-shaped cable-stayed inverted "Y" with four lanes. The eastern approach is about a one and one-third

kilometre in length, while the western approach extends for two and one-quarter kilometres. This new bridge, the first-ever on the Atlantic side of the waterway, will double trans-canal traffic capacity once the bridge and approaches are completed in 2016.

The bridge will be located three kilometres North of Gatun Locks and the new post-Panamax locks on the Atlantic side province of Colon. Once completed, it will benefit neighbouring communities as it will expedite crossing over the Canal.

The ACP hosted its first-ever best practices International Engineering and Infrastructure Congress from April 20 to April 22, with sounding success receiving more than 700 delegates. The congress gathered world-renowned experts in the fields of geotechnical, electrical, structural and civil engineering, while introducing a number of infrastructure projects from around the world. The attendees, who listened to Panama Canal officials on the progress of the expansion, also visited the sites of the project viewing in situ the execution of that gigantic work. 'This is a fundamental project of global importance. Expansion will change the way in which the world trades increase the advantages of the route and reaffirm our commitment to the interoceanic waterway,' said then-ACP Administrator Alberto Aleman.

Several key speakers participated in the two-day conferences: Steven L. Stockton, Director of Civil Works at the U.S. Army Corps of Engineers, CH2M HILL ceo Lee McIntire who highlighted the company's customisable approach to programme management on some of the world's largest infrastructure projects and Fredric S. Berger, Chairman of The Louis Berger Group, Inc. •

### Minister for Canal Affairs and ACP Board Chairman

At end August 2012, President Ricardo Martinelli designated Roberto Roy, Minister of Canal Affairs and Chairman of the Panama Canal Authority Board of Directors. He replaces Romulo Roux who had been appointed in 2009.

Roberto Roy, who wears the two hats of Secretary of the Metro, overseeing the construction of Central America and Panama's first subway and Minister of Canal Affairs, is no stranger to the waterway: on the contrary, he has great knowledge of its administration and operations having been a member of the five member Blue Ribbon Engineering Committee, created in 1994 to act as a counterpart to the US Army



Corps of Engineers in the elaboration of a report on the Canal physical conditions prior to its transfer to Panamanian Administration in 1999. The report was published in 1996.

A year later Roberto Roy, a graduate in engineering from Georgia Tech University, was appointed by then-president Ernesto Perez Balladares, for nine years, member of the Panama Canal Authority Board of Directors from February 1, 1998 to February 10, 2007.

The Minister of Canal Affairs and Chairman of the ACP Board of Directors is a successful businessman having founded in the 1980s, Ingenieria R-M, one of the most important construction companies in Panama.

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Atlantic side – new entrance to post-Panamax locks (left) and entrance to existing Gatun Locks (right) – aerial view from north to south



## Tugs will takeover from mules

The Canal expansion programme shows an execution at mid-August of 43%, and even though there might a deferment of some months for its inauguration because of delays in the construction of the new locks, Panama Canal Authority officials visualise transits of post-Panamax vessels to begin by mid-2015.

The future longer and wider locks feature three important novelties in relation with the existing Canal infrastructure: vessels will be moved into the locks by powerful tugs instead of the traditional 'mules' that will continue to position the ships into the present locks; rolling gates will replace the miter gates and will be installed in dry, allowing maintenance in situ in their niche on the side of the chamber itself; water saving basins, built along one side of the chambers, will recycle and save the water

used for vessels transits and the filling and emptying system will consist of a double lateral; culvert with side ports instead of the chamber-floor openings for filling from the bottom.

Although the consortium Grupo Unidos Por el Canal (GUPC) says that it will deliver the new locks completed and operational in April 2015, the ACP maintains 'it still holds the contract at October 21, 2014. We acknowledge there might be a delay, therefore a penalty for each day of \$300,000 up to \$54.6m which represent 182 days,' says Ilya Marotta (see box below) the ACP new evp of engineering and programmes management, who succeeds Jorge Quijano, the designated Panama Canal Administrator.

Grupo Unidos Por el Canal (GUPC), the consortium led by the Madrid-based construction company Sacyr

Vallehermoso, with Italy's Impregilo S.p.A, Belgium-based Jan de Nul n.v. and the Panamanian Constructora Urbana, S.A. (CUSA) received August 25, 2009, the notice to commence works for the \$3.23bn construction of the third set of larger and wider locks. According to the terms of the fixed-price contract, the consortium has 1,883 days (269 weeks) to deliver the project from the commencement date but if GUPC delivers the project ahead of time, the ACP is committed to pay the consortium a bonus of \$215,000 per day, up to \$50m.

On April 2, 2012, GUPC presented the ACP a letter indicating it would complete the locks construction in April 2015; on July 20, 2012 it presented a notice of claims totalling \$573m. 'After we evaluate whether the claim presented has merit or not, if GUPC is not in agreement with [the ACP's determination] it will be

### Meet the woman who will assume control of the expansion

Engineer Ilya Marotta is the first woman to be designated executive vice president of engineering and programmes management by the ACP Administrator and ratified by the Board of Directors July 26, 2012. She succeeds Jorge Quijano besides whom she has closely followed the development of the Canal expansion since its early stage, participating in the design of the Master Plan that would give the basis of the complete expansion blueprints and the numerous tenders for its execution.

A graduate of Texas A & M as Marine Engineer with a Master in Engineering Economics, and a certified Project Management Professional, Ilya Marotta has worked for more than 27 years at the bi-national Panama Canal Commission and later the present Panama Canal Authority (ACP), working

within all departments including the Industrial, Engineering, Finance, Maritime Operations, being appointed at



Ilya Marotta

the Expansion Project Development office in 2002.

Although some would see a petite woman, she calls respect for her profound awareness and expertise, having an 'intimate' knowledge of the project. 'Ilya is a woman of integrity who does not hesitate to put on her boots and hard hat to go down to the excavation site and supervise details of the works being done and to ensure they are done according to requirements,' says a colleague.

'Over the many years of service at the Canal, she has built a strong network of workers, supervisors, and managers who stand ready to assist her with any task or project. This is essential to ensure the Expansion programme continues to progress at a good pace,' says ACP Administrator Jorge Quijano.



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Atlantic site locks construction middle level, view from north to south



able to go to the Dispute Adjudication Board (DAB),' explains Marotta.

The ACP has 42 days from the day it has received all related information from the contractor to issue a determination, but it can request a time extension from GUPC to properly evaluate the claim before it issues a reply. The ACP has requested that the contractor confirms that all relevant particulars have been submitted. Without mutual agreement, the case goes to the DAB where time is not mandatory. Once the DAB has made a decision on the claim, the ACP and/or

won't do it since they have not proven to us that we are at fault—which would be the case if we have caused the contractor a delay for example,' says Marotta. 'It is in GUPC's interest to get a quick reading on that issue.' To date, the contractor has given 73 notices of claims to the ACP.

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

place concrete at the locks on both the Atlantic and Pacific sides in July 2011, after a six-month delay. The structural marine concrete design was accepted by the ACP after having demonstrated compliance with the American Standard of Testing Material (ASTM C 1202) used to determine the level of permeability and the 100 year durability

validated by the STADIUM model. According to accepted baseline programme, GUPC should finish pouring concrete in February 2014, but may not do it before July–August 2014.

ACP Administrator Jorge Quijano says that the latest schedule shows the locks structures (chambers and lock heads) being completed by February 14, 2014. The wing walls would be completed by

*The construction of the first monolith required 232 tonnes of reinforced steel and 2,605cu mtr of concrete.*

April 2014 and the water saving basins by December 2014. As soon as these areas are completed, installation of gates, valves, and electromechanical drives can begin, followed by a 'dry' test. In September 2014, the locks would start flooding so that full-scale tests can begin; first just locking water up and down, opening and closing gates, and later full lockages with vessels. If tests, which could take up to six months, are successful, then the locks could be considered as operational said Quijano.

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

The massive concrete and steel structure is 33.84mtr high, 7.5mtr wide and 27mtr



Atlantic Site locks construction, aerial view from south to north

GUPC can issue a notice of dissatisfaction, within 28 days, and then if the dispute is not amicably settled by the parties, an International Arbitration may be commenced 56 days after or later in Miami, where there is no time limit for a final decision.

'GUPC would like to extend the contract, but as of today (mid-August) we

Pacific entrance dredging, view from west to east



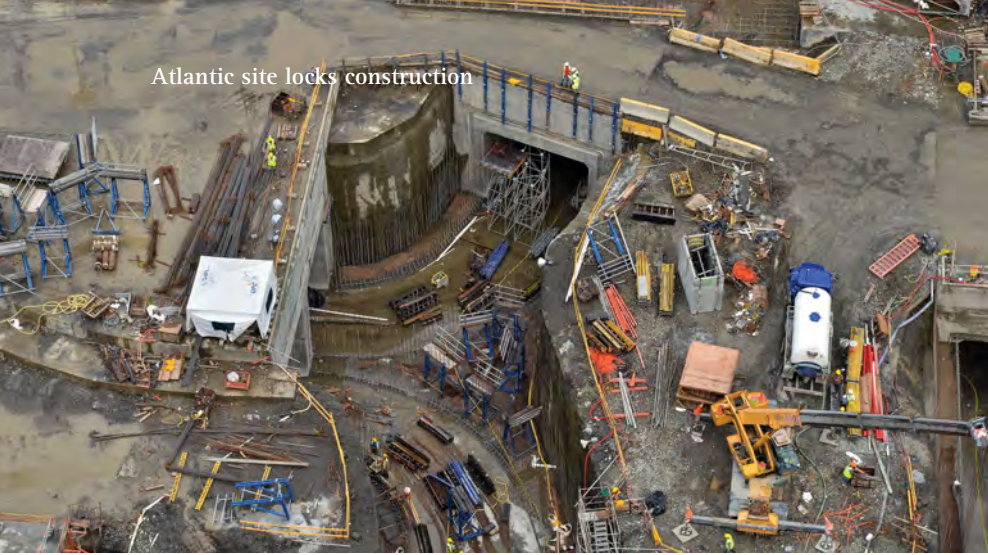


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deep and is located in the upper chamber's east side. The enormous culverts are part of the locks filling and emptying system and will run along the lock walls, made up of these monoliths. The main culvert alone is

8.3mtr wide by 6.5mtr, big enough to enable the simultaneous passage of two railroads. The lock walls will also contain the secondary culverts measuring 6.5mtr wide by 6.5mtr.

By mid-August 2012, GUPC was placing per month between 65,000cu mtr to 70,000cu mtr of concrete at each side-Atlantic and Pacific- having reached the total of a little more than 1m cu mtr to date, roughly 25% of what (4.4m cu mtr) the consortium must place, says Marotta. The consortium had faced a series of problems with the cooling, batching and crushing plants, but had been able to resolve the problems. There are still some problems with the placement of concrete in addition to the problems with concrete mix. Placing mass concrete in culverts is a slow process but once [GUPC] gets off the foundations of the lock chambers, placing concrete will be much easier at the higher levels, and GUPC could probably place 90,000cu mtr or more per month

### Grupo Unidos por el Canal (GUPC)

**B**ernardo Gonzalez, project manager for the Consortium Grupo Unidos por el Canal (GUPC), was designated in June 2011 head of the major contract for the Panama Canal expansion, the construction of the third set of locks. The 59-year-old Spanish engineer is conscious of the enormous challenge posed by such endeavour, which brings 'every day new and difficult situations and a tsunami of responsibilities,' he says.

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

'Time is flying; the weather seems to be working against us and we have had huge over costs,' says Gonzalez.

In July 2012, GUPC gave the ACP a letter indicating the consortium would likely conclude the locks construction in April 2015, six months after the date stipulated in the contract and presented claims for a total of \$573m 'for causes not attributable to the contractor,' says Gonzalez. 'This should give the contractor a time extension until one year, but we only required an additional six months and without penalties.' 'We have no interest in delaying [the completion of the locks] although finishing before [April 2015]

is impossible,' he says.

The problems [that caused the claims], detailed by GUPC, include the type of basalt found not adequate for the production of concrete and the ACP delays in approving the design mix of the concrete. GUPC's position was that the concrete porosity would be

progressing in the excavation of the three Borriquen dams, beginning to build the 1W dam with injections to make the walls of the dams impermeable.

GUPC has awarded the fabrication of the gates – designed by Netherlands-based IV Groep under the



**Bernardo Gonzalez**

measured with time while the ACP wanted to measure it before the concrete placement, explains Gonzalez. 'Those discussions took six months.'

The test schedule runs six months before the completion date with the flooding of the locks to allow a period of electromechanical tests in all the systems, according to Gonzalez who came to Panama with Sacyr in 2009 as project manager for the construction of the Atlantic new locks, before taking the management of the whole project.

The production of concrete averages 3,000cu mtr to 3,500cu mtr per site and per day, sometimes reaching 5,000cu mtr, depending of the weather. To date, GUPC is

direction of Montgomery Watson Harza – to Italian shipyard and bridge builder Cimolai, which is progressing satisfactorily. 'We had to change the transport company, now Geodis Wilson which will use one single vessel that will bring the gates to Panama. Sarens Company will fabricate the mammoths to carry the gates,' explains Gonzalez. 'Everything [related to the fabrication of the gates] is going well and sees a 20% execution.' The valves and culverts, being fabricated by Hyundai Samho shipyard, in Gwangju, South Korea will arrive in October 2012 for the installation during the construction of the locks. This part of the contract sees 32% of execution.



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### Canal expansion's fun facts

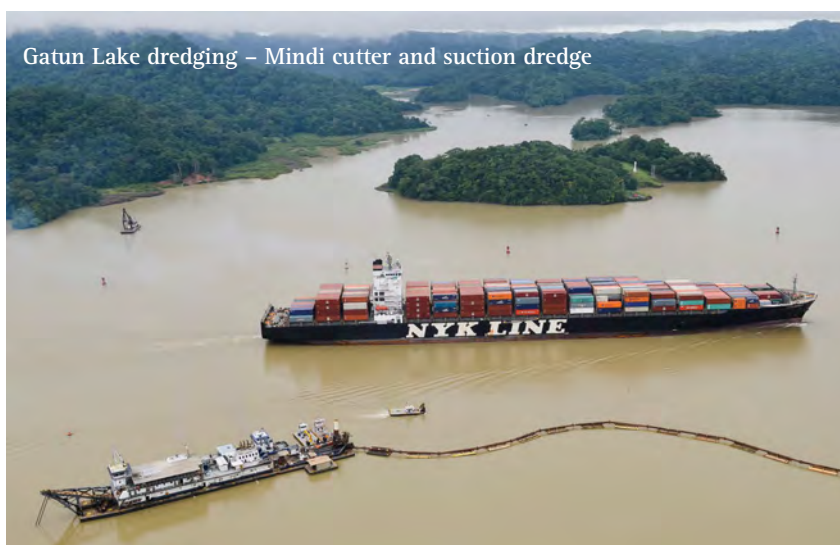
- 12m tonnes of basalt will be necessary to produce aggregates for the concrete used in the future Atlantic and Pacific locks, the equivalent of the weight of two Cheops Pyramids, in Giza, Egypt. The Great Pyramid or Cheops Pyramid is the largest pyramid of Egypt.
- Some 192,000 tonnes of reinforced steel will be used for the construction of the future locks on both the Atlantic and the Pacific side, the equivalent of 19 Eiffel Towers.
- The weight of the 52,500 tonnes of structural steel for the future locks

gates is identical to the weight of 26,000 SUV vehicles.

- The future locks will be 40% longer and 60% larger (458mtr x 55mtr) than the present locks. The future locks' length is comparable to four football fields, its width to three basketball fields while a six-floor-building could fit in its 18.3mtr draught.
- To build the future locks, around 147m cu mtr will be excavated. The amount of excavation is similar to the excavation of a 1.4km diameter 12,765km long tunnel from one end of

the globe to the other end.

- The present locks are 300mtr long and in each locks chamber would lay down the Eiffel Tower. In the future 458mtr long locks chamber there will have room enough to lay down the Chicago's 442mtr high Willis Tower, the tallest building in the US and the world 7th tallest building.
- The 4.7m cu mtr of concrete could build 35 Trump Tower Hotel and Marina – the highest building in Panama.



Gatun Lake dredging – Mindi cutter and suction dredge

on each side,' she explains.

In addition GUPC has added a second barge to move aggregates to the Atlantic side. 'We allowed GUPC to build a marine loading facility at the Cartagena tie-up station, shortening the trip to six hours.'

To date the first three of four \$371m dry excavation contracts for the Pacific locks awarded by the ACP have been completed. GUPC is required to excavate around 40m cu mtr for the construction of the Atlantic and Pacific locks, almost as much as the total dry excavations of

nearly 47m cu mtr needed for the Pacific access channel to dig the approach to the future Pacific lock complex. The first three dry excavations were awarded to Constructora Urbana, CUSA (PAC 1), the Mexican-Panamanian Cilsa Minera (PAC 2) and Costa Rica's Mecos (PAC 3).

The final and largest dry excavation contract, PAC 4, was at 65% completion as of July 31, giving the Pacific Access channel project a 74% total completion. This final and largest dry excavation contract, PAC 4, was awarded to the Mexican, Spanish and Costa Rican joint venture ICA- FCC-MECO. The \$267m-PAC 4 is the second-largest and most complex project after

the new locks – representing a key portion of the expansion's new access channel linking the new Pacific locks with Gaillard Cut, the narrowest stretch of the Panama Canal. This contract calls for the installation of a 1.8km long backfilled cellular cofferdam water barrier, which, along with the 2.3km Borinquen dam, will create the farthest part of the access channel's eastern bank and separate Miraflores Lake from the new channel. Although the excavation for the Borinquen dam is ahead of schedule, the PAC 4 consortium is slightly behind schedule for the construction of the dam, says Marotta.

'GUPC subcontractor for the excavation of the Borinquen dams-1W, 2W and 2E- and the Pacific northern approach channel, Consortium Borinquen S.A., has completed its excavation in the area for the first dam to the west and the foundation cleaning and mapping have started in the core zone,' says Marotta.

Dredging of the Pacific entrance, which was awarded to Belgium's Dredging International in April 2008, consists in widening the Canal's approximate 14km-navigation channel to a minimum of 225mtr and deepening it to a maximum level of -15.5mtr Mean Low Water Springs (MLWS), and has reached 90% completion of the initial contract, at July-end 2012.

The deepening and widening of Gatun Lake and the deepening of Gaillard Cut, the

Pacific Site locks construction, Lockhead 2 – view from west to east



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Pacific site Borinquen Dam Foundation – aerial view from north east to southwest

lock-heads. This is likely to begin in the last quarter of 2013 prior to the flooding of the chambers. This method permits the contractor to begin gate installation while finishing the buildings, the water basins, and the locks chamber walls,' says Marotta.

Another critical part of the locks system is the fabrication of the valves that control the flow of water through the

narrowest part of the waterway, which is mostly done by the ACP as it is most experienced to safely work around transiting vessels, have reached 74% of execution. The dredging of the Atlantic entrance is almost concluded, having a 98% of execution. In addition to the dredging work in Gatun Lake, ACP's own Dredging Division will carry out the remaining works of the modernisation programme which is in its last phase and should lower the navigation channel and Gatun Lake to 10.36mtr PLD elevation from 11.3mtr PLD elevation. The Gaillard Cut-Gatun Lake expansion dredging project which will deepen to 9.14mtr elevation and widen the navigation channels in Gatun Lake and Gaillard Cut to a minimum width of 218mtr, is expected to be concluded by the end of 2013. Another element of the expansion programme is raising Gatun Lake level by 0.45mtr to 27.1mtr (PLD). At end of July 2012, this part of the programme sees 8% of execution.

Along with the members of the consortium, the designers include the US' Montgomery Watson Harza (MWH) as leader which ranks amongst the top international design firms listed by Engineering News Record (ENR) and the first in the design of water structures according to ENR, the IV Groep from Holland, and the consulting and engineering firm Tetra Tech.

The construction of the gates,

designed by Netherlands-based IV Groep under the direction of Montgomery Watson Harza, was awarded to Italian shipyard and bridge builder Cimolai, that began the fabrication of the gates in October 2011.

Construction will take two years for the 16 gates to be fabricated using 49,000 tonnes of steel, with dimensions of up to 57.6mtr x 10mtr x 33mtr and weighing up to 3,700 tonnes each. The gate design varies between the Pacific and Atlantic locks. The gates to be used in the Atlantic locks will weigh 2,700 tonnes each, while those on the Pacific side will weigh 1,000 tonnes more because of more robust seismic requirements and higher tides. The lock gates will be shipped via submersible heavy-lift vessels operator. Their installation will take place once the construction of the chamber is concluded, by end 2013-early 2014 and in dry. 'We have approved the design for the first gates, since each gate type is reviewed prior to acceptance by [the ACP],' explains ACP Administrator Jorge Quijano who went to visit the Cimolai shipyard during spring 2012. The fabrication of the first gate should be finished by end of September 2012. The first four gates will be shipped in March 2013 and are expected to arrive in Panama a month later. They will be transported successively by groups of four. 'GUPC's advantage is that it will install the gates in dry into the

culverts and conduits. The valves for culverts (72) and conduits (76) are being fabricated at the Hyundai Samho shipyard, in Gwangju, South Korea. The first 34 to 26 culvert valves and eight equalisation valves will depart South Korea at end-September 2012. The imbedded parts on which these valves will operate have already arrived in Panama and are being put in place as the concrete work continues.

When the expansion is completed, the navigational channels will allow transit of what are presently described as post-Panamax containerships; Suezmax liquid-bulk tankers; Capesize dry bulk carriers; and larger sizes of LNG carriers up to 180,000cu mtr, passenger ships and other vessel types, within the established locks and channels dimensional limits. Each of the new lock complexes will have three chambers. The chamber dimensions of the new locks will be 427mtr long, 55mtr wide and 18.3mtr deep.

The corresponding maximum dimensions for vessels that will transit these locks are 366mtr LOA [length overall], 49mtr in beam and 15.2mtr draught in tropical freshwater. The third set of locks will double the capacity of the waterway which will peak out at 340m-350m tonnes PC/UMS to around 600m tonnes but it will also reduce water consumption, improve safety efficiency, and growth in profitability. •



Pacific site locks upper chamber construction - view from north to south



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# New opportunities

**W**ith the expanded canal scheduled to begin operations early 2015, there will be new options for transshipment of Asian goods to Latin American markets, among others, which will increase the exposure of Panama as a transshipment hub and reinforce the country's opportunities as a logistics centre. The expansion will also open new routes to and from Asia and the South American East coast, mostly Brazil whose minerals and other exports shipped on post-Panamax vessels, cannot transit the waterway and have to go through the Cape of Good Hope and the Suez Canal.

The Canal expansion project is already impacting the region as US East and Gulf coast ports are preparing to expand their facilities with important dredging programmes to allow post-Panamax vessels to call with new services and increase cargo volumes by bringing home a larger share of the transpacific trade.

'The opening of an expanded Canal has become essential to keep the route competitive,' says Rodolfo Sabonge, ACP vp for market research and analysis. Although the number of oceangoing transits is slightly decreasing, cargo volume is growing steadily to record tonnage, demonstrating that ship owners and managers want full utilisation of the vessel or have engaged in alliances to cut costs and increase profits.

'We see global demand in 2013 projecting risks since some economies such as the US and the Chinese economies are fighting to find clients for their productions, a situation that may affect global shipping as a whole,' says

Sabonge. '[For that reason] we believe that year 2013 could hardly be better in terms of cargo forecast that year 2012 (October 2011–September 2012) where we will likely register 330m Panama Canal/Universal Measurement System (PC/UMS) tonnes, up from 322m PC/UMS tonnes in FY 2011.

'What we perceive is that in spite of an uncertain global situation, [Canal] volumes are increasing, which proves that the service we provide is good, reliable and with a reasonable price and that Panama with its location, tax advantages and free zones, brings an added value to the Canal,' he says. More and more retailers 'have re-located their regional offices to benefit from the connectivity Panama offers, making of the country a centre of distribution that is expanding at the speed of the region's economy. That is the drive,' he explains. The constant augmentation of productive foreign direct investment (FDI) in Latin America is also one of the reasons why

the Canal route is growing even when the global economic situation does not show much improvement.

The routes between the US and Asia continue to be the most important for the Canal, being the US East Coast-Asia with the most cargo transported, 55.32m long tonnes in Fiscal Year 2011 (October 2010–September 2011), up from 52.27m long tonnes in FY 2010, followed by Asia-US East Coast with 26.50m long tonnes compared to 24.93m long tonnes in FY 2010, and South America West Coast to Europe with 11.80m long tonnes compared to 11.37m long tonnes the year before while the South America West Coast-US East Coast accounted for 10.77m long tonnes slightly up from 9.84m long tonnes, in 2010.

The US East Coast to South America West Coast saw 15.39m long tonnes transported, up from 14.38m long tonnes during the same period the year before. As for the ten first months of Fiscal Year 2012 (October 2011–July 2012), the

**PANAMA CANAL MAIN CARGO ROUTES FY2012 (long tonnes)**

Origin Cargo Route	Destination Cargo Route	FY 2011 (Total FY)	FY 2012 (Oct-Jul)
East Coast of the US	Asia	55,321,992	47,730,220
Asia	East Coast of the US	26,509,529	20,431,165
West Coast of South America	Europe	11,803,105	9,239,362
West Coast of South America	East Coast of the US	10,778,348	8,189,603
East Coast of the US	West Coast of South America	15,398,578	12,814,248
East Coast of the US	West Coast of Central America	8,973,886	7,475,173
East Coast of South America	West Coast of South America	8,213,151	6,052,865
Europe	West Coast of US	3,335,889	2,700,492
West Coast of US	Europe	2,999,070	1,601,721
East Coast of South America	Asia	7,359,439	4,868,766
<b>Others</b>		<b>71,661,862</b>	<b>63,113,770</b>
<b>Total</b>		<b>222,354,849</b>	<b>184,217,386</b>

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## China Ocean Shipping Company (COSCO)

China is the second largest user of the Panama Canal and China Ocean Shipping Company (COSCO) amongst its top ten customers. COSCO Group is also one of largest single customers of the Panama Ship Registry with approximately 350 vessels. Its fleet size ranks first in China and second in the world. By container fleet size, COSCO Group is again first in China and fifth in the world and the world's first by dry bulk fleet. COSCO made 356 canal transits in 2011.

COSCO-Panama that was transferred in 2003 to COSCON formerly COSCO Americas, handles six branch agencies in Central America covering Venezuela, Colombia, Mexico, Dominican Republic, Costa Rica and Panama and operates as a general agent for COSCO vessels and for other vessels as well. All branches account to COSCO-Panama which acts as an internal financial centre for the group operations in the region. COSCO-Panama also services vessels in the region.

The Chinese company has maintained its AWE 2 calling weekly Panama's Colon Container Terminal (CCT) which receives as well all the feeder services operated by COSCO. So far, COSCO has a feeder line operating with two 900teu-owned and managed vessels now out of CCT that links Barranquilla, Colombia, Puerto Cabello, Venezuela, and Puerto Limon in Costa Rica and since 2009 Kingston, Jamaica. The weekly feeder service sails every ten days with vessels chartered from CCT and is very successful. 'We receive an excellent service at CCT,' says COSCO-Panama general manager Capt. Zhang Fucun.

Since May 25, 2012, COSCO welcomes a new all-water weekly joint service with vessel-sharing partner HANJIN, transiting



COSCO Houston calling at CCT

the Panama Canal and calling Colon Container Terminal (CCT). The new service Gulf Mexico Express (GME) connects Asia and Houston, beginning in Busan, South Korea, calling Pusan, Shanghai, Ningbo, Xiamen and Yantian before crossing the Pacific Ocean, calling Mexico's Lazaro Cardenas, via the Panama Canal, calling Panama's CCT, and the port of Houston's Barbour's Cut Container Terminal. GME features six COSCO vessels and two from Hanjin.

The rotation for AWE2: Qingdao-Shanghai-Ningbo-Yokohama-Lazaro-Panama (transshipment)-New York-Boston-Norfolk-Panama-Qingdao. For AWE6, the rotation is: Yantian-Qingdao-Shanghai-Pusan-Panama (transit)-Savannah-Norfolk-Charleston-Panama-Pusan-Shanghai-Ningbo-Yantian. For the GME service: Pusan-Shanghai-Ningbo-Xiamen-Yantian-CCT-Houston-Panama-Pusan.



Capt. Zhang Fucun

GME was initiated with the COSCO Container Lines' new 4,253teu-MV COSCO Houston making her maiden voyage and her first US call, appropriately at its namesake city, docking at the Port of Houston Authority's Barbour's Cut Container Terminal.

'We feel that 2012 is going to be a good year as there is an increase of cargo between China and the US and also with the Caribbean basin,' says COSCO-Panama Capt. Zhang Fucun. 'Almost 70% of the containers we move are transhipped to Colombia, Costa Rica and Venezuela,' adds Capt.

Zhang. '[COSCO] has an important trade with Venezuela whose first importer is China,' he says.

'We had to increase the feeder service with another feeder vessel since one was not enough to supply the demand for the Caribbean basin. Both vessels are on long-term chartering.'

traditional routes remain in the same order. During this 10-month period, some 184.21m long tonnes transited the Panama Canal, slightly down from 187.34m long tonnes a year before.

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

Container cargo shows a slight decline during the first ten months of FY 2012 to 43.74m long tonnes compared to 46.06m long tonnes for the same period of FY 2011. However, among the main commodities, petroleum and petroleum products increased to 27.64m long tonnes during the first ten months of FY 2012, up from 24.58m long tonnes the year before while grains decreased slightly to 31.27m long tonnes, down from 36.12m

long tonnes a year ago.

The US is the main customer of the waterway with 144.4m long tonnes [in FY 2011] of the total cargo having as origin/destination US ports, followed by China, Chile, Japan, and South Korea, Peru, Colombia, Ecuador, Mexico and Panama.

Following the recommendation from the ACP Board of Directors, Panama's Cabinet Council approved August 8, 2012 the proposal to restructure the Panama Canal's pricing system to align Canal tolls charges with the value the route provides, by raising tolls effective October 1, 2012 and October 1, 2013, respectively. It also increases the number of vessel segments from eight to 10 by Panama Canal vessel type.

After presenting the proposal April 20, the ACP established a consultation period prior to a public hearing May 23

after which the ACP decided to continue studying the proposal and on July 27 then-Administrator Alberto Aleman announced the ACP would postpone implementation of the new toll increases, originally set for July 2012 and July 2013 by three months, at the request of the industry. 'The Panama Canal is the only organisation in the shipping industry that consults with customers and interested parties prior to implementing any modification to its pricing structure,' said ACP Administrator Alberto Aleman. 'This open and transparent process has given the ACP an opportunity to listen to the needs of its customers and to adjust its proposal accordingly.'

The new pricing structure will raise tolls by an average of 7% for the affected categories in October 2012 and then by



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another 7% in October 2013.

'The new toll structure was conceived in accordance with the commercial value that the route offers its users. We look forward to working alongside the industry to continue offering a reliable and competitive service,' said former ACP Administrator, Alberto Aleman Zubieta. 'The structure offers price stability to the Panama Canal clients over the next two years, while the approved tolls remains below the value it offers, as a safe, reliable and efficient route,' he added.

The new structure increases the number of segments from eight to ten. It also breaks down the tanker segment into

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

The ACP will increase the tolls for the following segments: general cargo; dry bulk; tanker; chemical tanker; LPG; vehicle carrier and ro-ro; others.

The remaining segments will not be adjusted at this time, nor will the price per teu for containers carried on-board a vessel. Additionally, there will be changes to tolls applicable to small vessels based on vessel length, to incorporate adjustments not previously considered.

The question on every shipper's lips is, what the tolls are going to be when the new locks are inaugurated by end-2014?

In recent months, ACP officials have embarked in visiting its major clients around the world, testing their likes for a complete change of toll concept, introducing the scheme 'cargo transported versus capacity,' explains Sabonge.

**M**aersk Line tops the list of the Panama Canal customers and is also the largest shipping line for Panama bound cargo. The Denmark-headquartered shipping giant, the largest container line in the world, made more than 500 canal transits in 2011. Maersk Line is the largest user of Balboa and Manzanillo-Panama terminals, making over 30 port calls per week in Panama.

Maersk Line moved over a hundred thousand containers in 2011 on the Panama rail, a 4% increase compared to 2010, between the terminals of Balboa and MIT where cargo is transhipped to the Caribbean, Europe or the US East Coast.

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

Maersk Line, the box shipping unit in the Danish AP Møller-Maersk empire, said in a statement that volumes increased by 11% to 2.2m teu in 2Q 2012. 'Global demand for seaborne containers is expected to increase by 4% in 2012, but with declining inbound European volumes,' APM cautioned.

The shipping line has two services from Asia and began calling Balboa with



## Maersk Line

post-Panamax vessels regularly in 2007.

'The Central American and Caribbean markets are growing and offering lots of opportunities,' says Maersk Line Caribbean Sea Cluster President, Dean Rodin. 'Colombia showed us [the industry] that GDP growth is not necessarily related to growth of containerisation, but it remains the biggest market in the region, as well as Panama where trade is booming,' he adds.

Panama offers an ideal position for transshipment, on the Atlantic coast, through MIT to the Caribbean and on the Pacific coast from Balboa linking South America West Coast and the economies of Peru, Ecuador and Chile, Rodin says. As Maersk Line is leader in trade to and from Asia and in the reefer trade, containers coming from that region constitute a large share of the market.

Maersk has and continues to expand its business in Panama with new services and products in the Central America-Caribbean region as the leading ocean carrier, explains Dean Rodin.

Some of the Maersk Line Top services covering Latin America from Panama:

**Asia Services--AC2** Nansha - Hong Kong - Yantian - Ningbo - Shanghai - Lazaro Cardenas - Balboa - Nansha -- **AC3** Qindao - Busan - Kwangyang - Yokohama - Lazaro Cardenas - Balboa - Buenaventura - Callao - Iquique - San Antonio - San Vicente - Callao - Balboa - Lazaro Cardenas - Qindao

**Europe Services--CRX** St Petersburg

- Bremerhaven - Veracruz - Altamira - Port of Big Creek - Manzanillo - Puerto Moin - Bremerhaven - St. Petersburg-- **ECUBEX** Guayaquil - Balboa - Manzanillo - Santa Marta - Rotterdam - Hamburg - Bremerhaven - St. Petersburg - Bremerhaven - Rotterdam - Antwerp - Santa Marta - Manzanillo - Balboa - Guayaquil--**ECUMED** Buenaventura - Guayaquil - Balboa - Manzanillo - Algeciras - Izmit Korfezi - Ambarli Port - Bosphorus - Novorossiysk - Yuzhny - Ambarli Port - Izmit Korfezi - Algeciras - Manzanillo - Balboa - Buenaventura

**US Services:** TP7 Balboa - Miami - Savannah - Charleston - Balboa--**TA5** Manzanillo - Charleston - Newark - Charleston - Manzanillo

**Oceania:** Manzanillo - Philadelphia - Charleston - Balboa

**Latin America Services:** **AC2** Lazaro Cardenas - Balboa--**AC3** Lazaro Cardenas - Balboa - Buenaventura - Callao - Iquique - San Antonio - San Vicente - Callao - Balboa - Lazaro Cardenas--**CRX** Veracruz - Altamira - Port of Big Creek - Manzanillo - Puerto Moin--**Columbus feeder**-Manzanillo - Point Lisas - Guanta - Manzanillo--**Caribbean feeder**-Balboa - Manzanillo - Caucedo - San Juan - Balboa--**La Guaira feeder**-Manzanillo - La Guaira - Manzanillo--**Puerto Cabello feeder** -Manzanillo - Puerto Cabello - Manzanillo.

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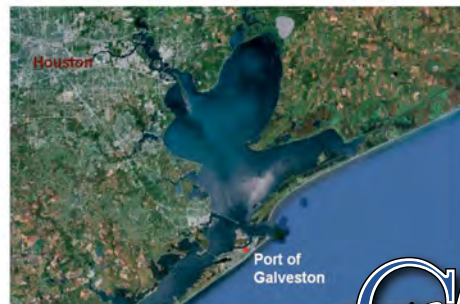
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Until now, the easiest way to charge a vessel transiting the waterway was based on net tonnage of the Moorsom system ratified by the International Tonnage Convention in 1969 but 'that [system] has nothing to do with the value of services provided by the Canal which is the shortest cut to one point to another,' he says.

The container having changed the way to look at shipping, every type of ship, now, corresponds to a different market, 'so we need to measure the value of the route for each market,' he says. 'We are looking at that alternative [better value] for post-2014, and analysing which commodities are different in the way they move. This formula may not be applicable to all segments,' notes Sabonge. In the case of containers, 'we will still use the teu as a reference. It will not be a uniformed [cargo] charge.'

Post 2014, the tolls will be the same for

*It is important that we remain committed to establishing partnerships with ports in the US as we move forward with the expansion of the Panama Canal.*

Panamax and post-Panamax vessels. 'If we move to the cargo [system], then it does not matter what size the vessel transiting the Canal is,' Sabonge emphasises. One thing for sure is that 'the reservation and slots system may become different [after 2014 for Panamax and post-Panamax ships] because it has a lot to do with

capacity and the use of the present and future locks,' he says.

The Panama Canal Authority signed a memorandum of understanding (MOU) with the port in Corpus Christi to work with one other to promote trade opportunities. 'We are proud of Port Corpus Christi's dedication to economic development throughout South Texas over the last 85 years. It is important that we remain committed to establishing partnerships with ports in the US as we move forward with the expansion of the Panama Canal. Our agreement will strengthen this commitment and promote trade along the Gulf Coast of the US,' said ACP Administrator/CEO Alberto Alemán Zubieta, at the time.

By taking advantages of the opportunities the Panama Canal, Port Corpus Christi will become South Texas' strategic shipping link to the world through the Gulf of Mexico. 'The

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

Listed amongst the top five Panama Canal customers, Tokyo-headquartered MOL (Mitsui O.S.K. Lines), founded in 1884, ranks as the world's largest ocean shipping fleet operator, and one of the oldest customers of the waterway, recording its first transit in 1915 a few months after the inauguration of the Panama Canal back in August 1914. The Japanese shipping line fleet registers 910 vessels totalling 63.24m dwt that include box ships, car carriers, oil and gas tankers, coal carriers and the world's largest fleet of LNG and dry bulk vessels. MOL makes an average of 32 canal transits per month.

In addition MOL is the largest single user of the Panama Registry having more than 200 vessels registered under the Panamanian flag. 'Some few selected cadets from the Panama Maritime University are recruited every year to perform their 12-month rotation on MOL vessels to become fully licenced engine or deck officers,' says MOL (Panama) President, Julio De La Lastra, who is also the Regional Director responsible for the Caribbean and Central America countries.

Through a re-organisation in 2003, the Japanese carrier opened its own commercial office in Panama and relocated the Vessel Operation Centre from Concord, Ca, to centralise the planning of all vessels movements and cargo stowage in North America, Central America, South America, Canada and the Caribbean. In 2010, the Coastal Logistics Centre was also relocated from the US.

Since then, in the region, MOL's Liner Division operates 10 containerised services calling Panama on a weekly basis:



Julio De La Lastra

ACW (Americas Coast West), CNY (New York Container Line), APX (Atlantic Pacific Express), CX1 (Carib-Manaus Container Service), CX2 (North Caribbean Container Service), CX3 (Caribbean Express III), ECX (Ecuador Express), NYX (New York Express Line), AEE (Americas Europe Express) and NSE (New Savannah Express).

Weekly Eastbound calls at Balboa and Manzanillo International Terminal (MIT) and a weekly westbound call at Balboa were added to the ESX service, says De La Lastra.

In April 2012, MOL announced the upgrade of its Asia - Mexico and WCSA service (CWL). MOL and its alliance partners ("K"Line and NYK) have consolidated the two loops (WL1 by 4,400teu-vessels and WL2 by 2,500teu-vessels) deploying 5,600teu-6,500teu post-Panamax vessels expects to provide more stable service and efficient

operations. However, MOL has maintained Asia-Buenaventura-Guayaquil coverage by transhipment from/to Mexico - West Coast South America feeder service (MSX). The new weekly CWL service (77 days rotation of 11 vessels) leaves Keelung, calling Manzanillo ( Mexico), Callao - Iquique - Valparaiso - Lirquen - Callao - Manzanillo (Mexico) returning to Keelung via Tokyo. The weekly MSX service (21 days rotation of three vessels) has the following rotation: Manzanillo (Mexico) - Buenaventura - Callao - Guayaquil - Manzanillo (Mexico).

MOL announced in May 2012 that it had established a subsidiary, MOL (Peru) S.A.C., in Peru. The country was chosen because it has showed very stable growth in recent years. With the new subsidiary, MOL will consolidate its business structure and further expand north-south containership routes to further improve customer services.

On the occasion of MOL 128th anniversary, its president Koichi Muto noted 'the extremely challenging business environment surrounding the company at present. Our long-term vision for the MOL Group - to make the MOL Group an excellent and resilient organisation that leads the world shipping industry - remains an unwavering polestar for navigating the tumultuous business environment,' said MOL president.

MOL also revised its consolidated outlook for the first half of FY2012 since it expects a recovery of freight rates in the containership business segment and a recovery in profits due to lower-than-anticipated bunker prices, compared to the business climate in early 2012.



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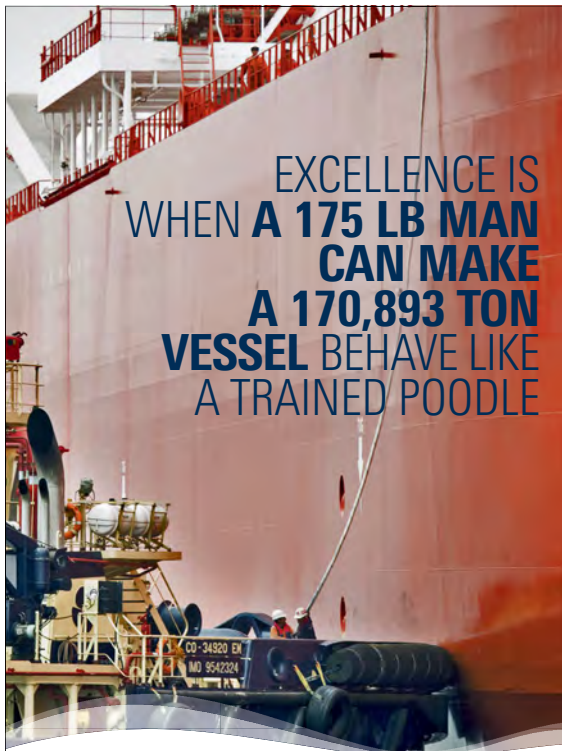
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enhancement of the Port's relationship with the Panama Canal Authority plays a very important role in linking our Port with ports in Asia as we continue to develop strategic business partnerships with countries in the Eastern Hemisphere,' said Mike Carrell, Port Corpus Christi Commission Chairman.

The Canal top ten ranking customers include Maersk Line, Nippon Yusen Kaisa (NYK Lines), Mediterranean Shipping Company (MSC), Evergreen Marine, CSAV-Compania Suramericana de Vapores, Mitsui O.S.K. (MOL), Hapag Lloyd, China Ocean Shipping Company (COSCO), Hamburg Sud, CMA CGM.

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

MOL (Mitsui O.S.K. Lines) one of the oldest Panama Canal customers, through a re-organisation in 2003, 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.

China Ocean Shipping Company (COSCO) was one of the first large shipping lines to open offices in Panama in the late 1990s and is among the Panama Canal

top ten customers. COSCO-Panama that was transferred in 2003 to COSCON formerly COSCO Americas, handles six branch agencies in Central America covering Venezuela, Colombia, Mexico, Dominican Republic, Costa Rica and Panama and operates as a general agent for COSCO vessels and for other vessels as well. All branches account to COSCO-Panama, which acts as an internal financial centre for the group operations in the region.

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 transhipment and connections to its own network of vessels.

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

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

Chile's Compania Sud Americana de Vapores (CSAV) and Crowley have also

MAIN COMMODITIES (thousand long tonnes) OCT TO JULY		
	FY 2011	FY 2012
Crude Petroleum	4,685,841	5,062,307
Petroleum/related products	24,583,907	27,641,476
<b>Grains:</b>	<b>36,122,066</b>	<b>31,278,030</b>
Barley	98,528	61,695
Corn	11,961,840	9,271,732
Grain, Misc	1,602,419	2,724,380
Rice	878,707	647,031
Sorghum	3,766,783	3,488,848
Soybeans	16,432,748	14,405,983
Wheat	1,381,040	678,361
Coal and Coke (excl. Petroleum Coke)	11,285,652	11,778,707
Container Cargo	46,026,924	43,743,063
Autos, trucks, accessories/parts	2,905,847	3,700,616
Canned and refrigerated foods	3,157,276	2,410,678
Nitrates, phosphates and potash	5,394,659	5,498,137
Lumber and products	2,584,204	2,291,480
Manufactures of iron and steel	5,724,371	4,577,723
Chemicals/petroleum chemicals	10,917,593	10,679,140
<b>Total</b>	<b>153,388,339</b>	<b>148,661,356</b>
Others	33,908,248	35,556,029
<b>Total</b>	<b>187,296,587</b>	<b>184,217,386</b>

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.

At the end of Fiscal Year 2011, the ACP's contributions to the State's coffers totalled \$1,043m, the largest sum in its 12 years of Panamanian Administration. Of that amount, \$366.9m correspond to the government percentage on net tonnage, \$1.9m for public services and \$674.2m for net profits during the fiscal year. The increase in the ACP's contribution comes from the record cargo volume registered in FY 2011. The total of monies given by the ACP to Panama's government during 12 years, including FY 2011 has reached \$6.57bn 3.6 times the \$1,883m given by the US to Panama during the precedent 85 years. •



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# Thriving maritime activity



The Panama Maritime Authority (AMP) ([www.amp.gob.pa](http://www.amp.gob.pa)) is the government body regulator of the maritime sector in Panama. The AMP not only oversees the Panama Ship Registry through the Directorate of Merchant Marine but the registrations, licences and tenders of ancillary activities of the private sector, as well as the compliance of international regulations, navigation controls, the obligations of Panama as a flag state, and the implementation, in co-ordination with other government agencies and the private sector of the national maritime strategy.

Since the AMP Administrator Roberto Linares took office in July 2009, he has dedicated the entity's efforts to increase the importance of the maritime sector, one of the most dynamic sectors of the economy, thanks to investments in ports and in ancillary companies that complement the already thriving maritime activity. Several port projects are in the making including the construction of a cruise terminal that should go to international tender before end of 2012 and the construction of a private container port terminal on the Atlantic side for which the AMP has given the authorisation to proceed.

In 2011, the AMP has completed the digitisation of its internal operations by creating an electronic network that connects AMP offices with its bureaus in London, New York and Manila and with Panama's 80 Consulates around the world. The digitalised seafarers IDs, the 'seafarer passport' is now implemented with the digitising of all the documents related to the vessels registered under the Panama

flag (over 9,000 vessels files) giving ship owners and ship managers access online for viewing and processing requests for licences, modifications, patents, certifications, exemptions and others. 'It is a big step forward and a long-awaited measure to ease procedures,' says AMP Administrator Roberto Linares.

The AMP has opened several technical offices round the world, since 2010, a measure that has pleased ship owners and law firms dedicated to maritime affairs since the technical offices work on a 24-hour basis. Segumar new offices and Japan, Tokyo, and Greece, Piraeus, provide ship owners with a quick response as they can process all documents 24 hours and Segumar New York had been reopened under the supervision of Segumar Panama. Additional technical offices were inaugurated this year in Seoul and Singapore, and the AMP is looking at opening a technical office in the Middle East since Segumar new offices have been

well received and applauded by customers as they offer an immediate response.

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

In January 2012, the AMP called an international tender, with opening of the proposals February 13 for the Braswell Shipyard concession, the sole dry dock shipyard existing in Panama, that ended in October 2011. The Spanish company Fextun that managed the site was not granted an extension to the concession.

The shipyard is located on the Pacific side of the Panama Canal, close to the port of Balboa and has three docks for repairing ships, one of which has the same dimensions as the locks capable of handling Panamax vessels or five small ships at once, and because of its



Roberto Linares, AMP Administrator

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characteristics and proximity of the Panama Canal, the shipyard is considered a very important asset for the maritime industry. According to the tender files, the Licensee should achieve optimal commercial development of the shipyard; comply with the Investment Plan necessary to adapt existing facilities and acquisition of any additional equipment needed; carry out all operations with a high degree of responsibility and care in order to do the utmost to avoid damage to ships, facilities, properties and personnel of the state, and personal property of others.

However, after a series of appeals, the Public Procurement Directorate (Dirección General de Contrataciones Públicas, DGCP in Spanish) decided to reject all the proposals presented in February and the AMP called a second international tender that was scheduled June 8, 2012.

The AMP formally awarded in July 2012 the new concession to the consortium made up of the Panamanian company MEC Balboa Shipyard having submitted the best offer. The consortium MEC Shipyard consisted of the Panamanian company Marine Engineers Corporation and MEC Balboa Shipyard of the Kardonski group.

Four consortia participated in the tender: Panama Dry Docks, \$67.7m (71.2 points); Astillero del Pacífico, \$38.5m (55.6 points) and Talleres Dry Docks, \$36.1m (45.4 points) and MEC Shipyard's bid was for \$99.1m (\$250,000 a year) for the 20 year concession for the administration and operation of the Balboa shipyard. MEC's economic proposal received 70 points being almost five times the reference price

established in the specifications by the AMP which was \$19.8m over the 20 years, receiving a total of 91 points.

The reference price for this bid was \$50,000 monthly lease payments with an annual increase of 5% or \$19.8m during the 20-year concession. In addition to this payment, the consortium that wins the bid must pay 5% of annual gross turnover during the duration of the concession period and make a minimum investment of \$8m.

The Bunker 2001 Convention entered force in January 2009 following Panama's ratification of the Bunker 2001 Convention. All ships registered under the Panama flag must present an insurance policy that, in addition, covers environmental contamination caused by accidental fuel leakage or hydrocarbon discharge. They will, therefore, require additional insurance to cover this. In addition to the ship owner, the company or person that chartered the vessel, the ship manager and the registered owner will have to pay compensation in the event of an accident or negligence on their part for damages to the environment caused by lubricants and fuel.

The AMP decided to move forward to June 1, 2012 the limit date for all tankers operating with a single hull and navigating in Panamanian waters, according to the International Convention for the Prevention of Marine Pollution (MARPOL) Regulations 20 and 21. From that date on, all tankers navigating in Panamanian waters are required to have a double hull.

Bunkering has been a sector of operations that has recently attracted many new players in a market

conservatively estimated at around 4m metric tonnes to date, such as OW Bunker, Aegean Marine Petroleum Network and Oiltanking and 'bunkering activities are now an important element of the Panama maritime sector,' said AMP Administrator Roberto Linares.

Investment in Panama's bunkering sector has reached about \$1bn, according to former Panama Chamber of Shipping president and VT Shipping general manager Jose Digeronimo.

In addition, several bunker storage companies have expanded their facilities while the construction of Melones Oil Terminal, a \$80m Panamanian venture with the latest-spec tank farm being built on a 38,700sq mtr island located at the Panama Canal Pacific entrance, should be operating before end-2012. Decal, that operates bunker tanks in Taboguilla Island at the Pacific entrance of the Panama Canal, will double its capacity to 2.4m barrels and other bunker projects are under construction such as Telfer Tanks, located in the Atlantic port of Cristobal. The project, a \$60m joint venture of international and domestic investors has begun construction of 1.3m barrels of tank capacity and berthing facilities to accommodate larger tankers that should be completed by 4Q, 2013.

Panama has established the tripartite Maritime Labour Commission formed by the State (AMP), employers (Panama Chamber of Shipping) and employees (represented by the ITF) of the maritime sector and rules and regulations have been approved by the tripartite commission. Panama was the fourth major shipping country to ratify the Convention, which means that seafarers working on more than 40% of the world's merchant fleet will be covered by the decent work requirements of the Maritime Labour Convention, 2006 when it enters into force.

The AMP through its departments of merchant marine and seafarers has delegated the implementation of the MLC 2006 to the Class Societies and Recognised Organisations (ROs). Both Class Societies and ROs are training local technicians for the voluntary certification and guidance to the ship owners before the issuance of certifications required by the Convention. •



Bunker farm, Malones Island



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# The world's leading flag state



**P**anama, the world's leading flag state, extends a tradition of excellence since 1925 when it began to register vessels as an open registry. The entry of Panama in the White-List designation of the Paris MoU in January 2011 has boosted the Ship Registry not only in numbers, but has also allowed the flag state to reduce the vessels' average age to 16.8 years from 19 years in 2009.

Getting into the Paris MoU White-List 'has been one of the greatest achievements which has increased the quality and safety of our fleet. The registration of new buildings that grew by 20% in a two-year period, was a determinant factor to lower the fleet's age,' says the head of the Register and Panama Maritime Authority's Director of Merchant Marine, Eng. Alfonso Castellero.

For many years Panama Ship Registry's goal has been to grow in tonnage and quantity, becoming the world's largest flag state in 1993.

The Panama Maritime Authority's (PMA) through the Merchant Marine Directorate issued a Resolution in August 2008, requiring vessels more than 20

years old to submit to a check by an inspection from a Recognised Organisation (RO) before docking at a port within the Paris MoU and failure to do could result in 'being deleted from the registry or subject to a fine', the flag warned at the time. In addition, any vessel of that age that has been detained twice in six months will be cancelled from the register. Given this measure, the register deleted a number of vessels and others left the Registry for other flags most of them being over 20 years old and with bad records, explains Eng. Castellero. In previous years 60% of the vessels registered were 20 years or older but 'as a result of the incentives laws enacted in 2008, 75% are under five years and 25% are above five years. We have reversed the figures,' he also mentions. And 'we are pleased to have entered in the White List for the first time, even if we had to impose very strict measures to the fleet.'

Panama's Ship Registry, which is under the Panama Maritime Authority's department of merchant marine, represents 21% of the world's total merchant fleet. As of June 30, 2012 Panama counts with 8,144 registered vessels which represent 217.97m

gt of the world fleet gross tonnage according to the World Fleet Statistics 2012 of Lloyd's Register.

The flag marketing strategy has targeted new-construction vessels with high tonnage and though 'we have obtained a substantial increase of tonnage with greater controlled quality in the process of registration, we will continue to focus on visiting our main customers and offering special incentives to large companies,' says Eng. Castellero.

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

Furthermore, there are no minimum tonnage requirements for the registration and ship owners are allowed to hire crews of any nationality. Applications for the registration of a vessel may be filed, through an attorney, to any of the Panama Private Marine Consulates



around the world or at the AMP's merchant marine offices in Panama and in the new Registrar's offices and Segumar offices in Tokyo, Piraeus and New York launched again in 2011, that offer technical support on a 24/7 basis. Additional technical offices were inaugurated this year in Seoul and Singapore, which have become very important markets as Panama flag presence in Asia is increasing. Next on the Ship Registry agenda is 'to open a technical office [Segumar] in the Middle East,' says Castillero.

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

more registrations of new-buildings.

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

All vessels sailing the country's flag must comply with the requirements and most important International Conventions and Codes, established by the International Maritime Organisation (IMO), such as the rules of the International Maritime Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Marine Pollution from ships (MARPOL), regulations from the ISM Code and ISPS Code, among others.

In addition, the Panama-flagged

vessels are also required to comply with the International Convention on Standards of Training Certification and Watchkeeping for Seafarers, 1978, as amended (STCW 78) and its inserted Code. Governments have to provide relevant information to IMO's Maritime Safety Committee which will judge if the country meets or not the requirements of the conventions.

The 2010 Manila Amendments to the International Convention on Standards of Training, certification and Watchkeeping for seafarers (STCW 78), were approved by Panama through Resolution ADM. No. 148-2011 of November 18th, 2011. Moreover, actions have been taken to ensure the full implementation of these Amendments, such as the issuance of Resolution JD 087-2010, adopting new certificates in order to be in compliance with the provision of the 2010 Manila Amendments, among others.

Furthermore, the AMP is also implementing the SOLAS and Load Line Protocol 88 and the Convention on Facilitation of International Maritime Traffic (FAL) 1965 all approved and ratified



Vessels awaiting transit at Panama Canal entrance



in 2008 by Panama's National Assembly.

The implementation of FAL-65 is to simplify documents and controls, to avoid public authorities from coming to port requiring the same information. The procedures are to facilitate the movement of ships and may reduce the stay of ships in port for several hours or for days.

In July 2011, Panama joined Globallast as Lead Partnering Country proving its commitment to the marine pollution prevention.

With this action Panama recognises the Project to be a timely and much needed initiative to assist the countries in preparing for the implementation of the IMO Ballast Water Management Convention, 2004 (BWM 2004) and also emphasises the support given to the GEF-UNDP-IMO GloBallast Partnership Project, currently being implemented by IMO, as a Lead Partnering Country (LPC).

Panama is an active member of the GloBallast Programme and as such, it benefits from the training, expert group committees on all aspects such as legal, technical, compliance as well as learning

from other participating countries that have already ratified this Convention.

The Panama Maritime Authority is fully aware that the LPCs are expected to take a fast track approach to reach the milestones of the Project, namely undertaking a national BWM status assessment, developing a National Strategy and draft a National Legislation as well as a National Plan, all of which would assist with the process of implementation. Also the AMP is aware that the Project would provide some resources and technical guidance to facilitate the national process. Panama would be committed to give the in-kind support necessary to undertake these national level activities.

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

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

contracting parties, thus complying with the number required by the Convention.

Nonetheless, a 10% of the required world fleet is still missing, since it currently counts with only 26.44% of the world's fleet gross tonnage, while the Convention establishes a 35%. Such requirement is eventually expected to be met, for the entry into force of the Convention.

Panama to date has not ratified the Convention as it would like to see a series of guidelines regarding operations and inspections on board the ship to be issued before it enters into force. Such guidelines are still being developed by the State Members of the IMO. The implementation of the Ballast Convention requires several phases, including deploying on-board the ship certification and verification of compliance by the Port State Control.

The implementation cost is heavy for the shipping industry though it may help protect the environment and does not alter marine ecosystems. In Panama, to avoid contamination, the Panama Canal Authority prohibits passing ships to

## AMTS – a Pole Star Company

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

Combining Pole Star's award-winning expertise in systems for commercial fleets, flags and maritime administrations with Absolute's proven credentials in fisheries management, together with its services to flags and maritime administrations, the enlarged organisation will offer cutting-edge technology to the maritime industry as a whole.

The merged company will now operate Long-Range Identification & Tracking (LRIT) data centres for 40 maritime administrations including Panama, Singapore, the Marshall Islands, Liberia, Australia, and Canada as well as providing LRIT Conformance Testing and Certification for more than 90 Flags. In addition, the combined company's increased technology resources will enable the group to deliver superior, cutting edge products more quickly to its customers.

'As a long-time customer of Pole Star, we are excited by this merger and look forward to the added benefits that

this will bring to us,' said Capt. Jude Dias, Company Security and Safety Manager of Wallem GmbH & Co, Germany. 'With the combined technology expertise and reach of these two organisations, Pole Star will provide us with the advanced technological solutions that we need to manage, track and protect our fleet in line with international regulations and compliance measures.'



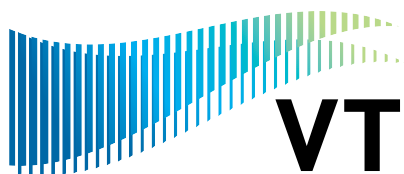
'Our goal is to be the world's leading provider of fleet management, ship security and vessel monitoring systems to the maritime industry as a whole. This merger is a big step towards achieving that,' said Colin Hook, the newly appointed ceo of Pole Star. 'Both Pole Star and Absolute have complementary businesses and technologies and together we can provide extended, more advanced services and systems to our clients around the globe. We are excited by

the opportunity of being able to offer fisheries solutions to many of our existing government clients.'

'Recognising Panama's advantages as a maritime, logistics and services centre, Pole Star will be investing in Panama and expanding the scope of its Vessel Monitoring Centre located at the City of Knowledge adjacent to the Panama Canal,' said John Ramsauer, the newly appointed coo of Pole Star. 'Our diverse, talented and innovative workforce, whose passion for excellence has enabled us to become one of the leading maritime Security Service Providers in the world.'

Pole Star has committed to further direct investment in Panama in order to provide a stronger base to support the 40,000 plus vessels that depend on the company for their Safety, Security and Technical support requirements.

Pole Star continues to experience very strong growth and sustained profitability in what has been categorised as one of the most challenging years for the shipping industry. Consistently ranked in the Sunday Times Tech Track 100 league, Pole Star is widely recognised as the safe harbour provider vessel safety and security services. As traditional providers are further weakened or disappear, the shipping industry continues to call on Pole Star for its mission critical requirements.



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discard ballast water in Gatun Lake.

It is likely that Panama will ratify the Ballast Water Management Convention, but the head of the Ship Registry says that it is necessary to have first 'clear rules of the game and an assurance that technology at a reasonable cost, is available before enforcement.'

The Panama Maritime Authority has purchased a tailor-made system to facilitate the work of more than 300 Panama nautical surveyors worldwide that helps centralising all the inspection results in real time. The \$3.7m-system is a mobile device with wireless network connection that will optimise the Annual Safety Inspections (ASI) of Panamanian vessels around the world.

The device will monitor the implementation of international conventions ratified by Panama, giving the surveyors immediate verification of the Panama-flagged vessel's status and compliance. 'It [the device] will help increase significantly the safety, security and control of the Panamanian shipping fleet, both in national and international waters,' says Eng. Castellero.

Data [of the inspection] will be electronically sent to the Ship Registry's offices at the Panama Maritime Authority while on-board, the inspection report will be printed on thermal printer and delivered to the Captain of the vessel being inspected. Panama is the first country to use this modern mobile device.

A new electronic Ship Register has been installed easing vessel registry procedures, as well as issuance of a new digital seafarer identity document issued by the Directorate of Seafarers. Access to the data centre, for authorised users of the Registry, consuls and lawyer bearing public key



Alfonso Castellero

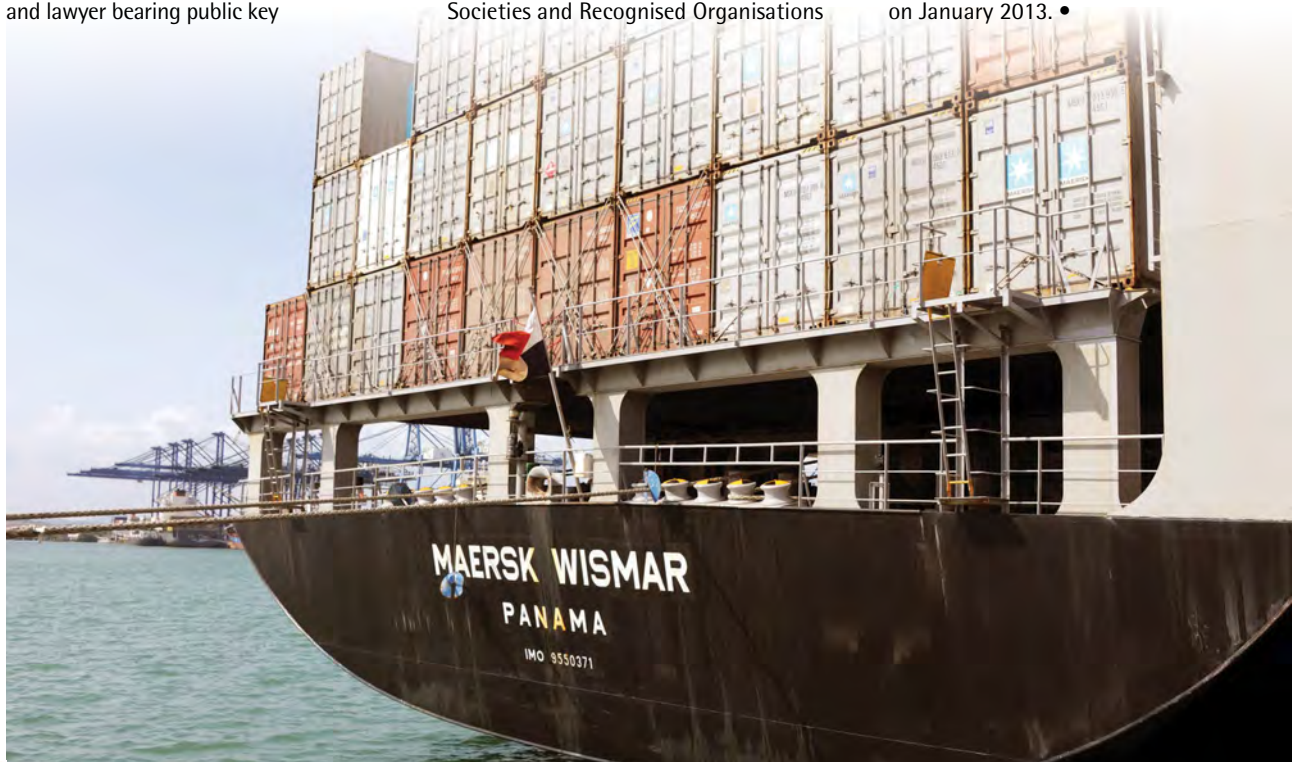
infrastructure (PKI) with their respective user identities, are granted further access onto an electronic page ([www.panamaregistry.com](http://www.panamaregistry.com)) for required document inputs and consultation. The system, praised by its users, saves AMP clients' time by accessing AMP's data centre interconnected worldwide via the Internet.

Panama has established the Tripartite Maritime Labour Commission formed by the State (Panama Maritime Authority), employers (Panama Chamber of Shipping) and employees (represented by the ITF) of the maritime sector and rules and regulations have been approved by the tripartite commission. The AMP through its departments of merchant marine and seafarers has delegated the implementation of the Maritime Labour Convention 2006 (MLC 2006) to the Class Societies and Recognised Organisations

(ROs). Both Class Societies and ROs are training local technicians for the voluntary certification and guidance to the ship owners before the issuance of certifications required by the Convention.

The Directorate General of Merchant Marine as the entity responsible for the Control and Application of the MLC 2006 and aware of its obligations as Flag State and Port State Control has trained around 200 collaborators, lecturing them on familiarisation of MLC 2006, and has started to certify the technical personnel as Maritime Labour Surveyors. 'We have also decided to delegate to the Recognised Organisations the issuance of the Maritime Labour Certificate and the Declaration of Maritime Labour Compliance, Part II. In addition, we have published Merchant Marine Circular 248 by which the authorised Recognised Organisations are allowed to begin the issuance of the Document of Compliance to vessels of the Registry with the purpose to achieve compliance with the regulations established on the MLC 2006 on board Panama-flagged ships,' says Castellero.

'Although MLC 2006 should unify all existing rules and regulations governing seafarers, there are a number of issues that are subject of interpretation by Port State Control,' says Eng. Castellero. The Tripartite commission of Panamanian entities that is involved in MLC 2006 implementation has defined the responsibilities of each party, but ship owners want the Panama Maritime Authority to serve as sole interlocutor. Nevertheless, Panama should be ready for the MLC 2006 when it enters into force on January 2013. •



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



Manzanillo International Terminal (MIT)

## Long-term benefits

Panama's box ports registered substantial increase for the second year in a row, with cargo volume growing by 18.5% in 2011 to 6.62m teu, though less than the astonishing 31.8% registered in 2010 when they moved 5.59m teu. The good news is that current year 2012 is already posting 12.23% growth for the first half of the year with 3.49m teu compared to 3.12m teu the year before, according to the Panama Maritime Authority (AMP) statistics.

In the Caribbean and Latin American regions, container movement grew by 11.1% in 2011 to 41.3m teu said to the UN Economic Commission for Latin America and the Caribbean (ECLAC) in its annual maritime report. The top 20 container ports in the region grew by 12.3% being Brazil the largest port moving 19.1% of the total cargo while

Panama comes in second position with 16% and Mexico with 10.23%. Chile remains in fourth position handling 8.1% of total cargo, followed by Argentina, 5.21%, Colombia, 5.16%, and traced by Jamaica, leader of the Caribbean basin with 4.58%. The region contributes for 7.3% of the total cargo moved worldwide, up from 7.2% in 2010.

Panama's transshipment hub has profited from the exceptional economic growth registered in Latin America in recent years since countries like Chile, Peru and Brazil have increased their commodities exports to Asia, the US and Europe.

The Panama Canal expansion, seen by many as a 'game changer', is already impacting the US East Coast ports which have embarked into dredging and expanding their terminals to allow post-Panamax vessels to dock at their piers

where the vessels cannot call because the majority of US East Coast ports have low draught. But will the expansion have a similar effect on all Latin American ports is to be seen, experts say. In the long-term, the expansion will benefit global trade and Latin American countries whose commodities are particularly sought after in Asia.

So far, Panamanian terminals have been the first to lead the way in preparing for 2015 when post-Panamax vessels will become a constant feature in the waterway carrying the double of cargo than panamax. Time will tell whether this increase of cargo will translate into greater cargo for transshipment? If so, Panama's terminals will be ready to welcome more containers.

Meanwhile, the Canal expansion has been a source of growth for the Atlantic



Port of Cristobal

terminals, Cristobal and Manzanillo International Terminal (MIT), and Balboa at the Canal's Pacific entrance, which have received huge volumes of project cargo- dredgers, heavy trucks and all kinds of heavy equipment arriving for the companies that were awarded the contracts for the works on both the Atlantic and Pacific sites. The most recent terminal to be built, PSA-Panama International Terminal (PPIT), positioned next to the site where the Grupo Unidos por el Canal (GUPC) consortium is building the future Pacific post-Panamax locks, received its first vessel on December 23, 2010, the 12,777dwt Beluga Festival carrying 10,000 tonnes of steel bars for the GUPC consortium. Since then, the terminal began full container

operations in July 2011 and has continuously provided GUPC with its own project cargo for the construction of the Pacific locks.

Although the initial heavy-lift and project cargo tied to expansion has, at the moment, entered a more constant and stable period, another period of great activity will come immediately after construction, when the heavy equipment must be sent back. Heavy-lift cargoes to include batching plants, rock crushers and other heavy equipment that have been shipped in general cargo or projects vessels will return to their destination of origin or will be shipped for other projects elsewhere.

Panama's booming economy has also fostered other project cargoes thanks to

the government infrastructure plan with the construction of electric plants, public works and the subway in Panama City. Most terminal operators, on both the Atlantic and Pacific sides, have now included project cargo as part of their business base.

'There is a demand for additional container capacity in Panama, in particular on the Pacific side. Several ideas for new terminals, the best known being the government sponsored project at Corozal, are being developed. Additionally the existing terminals are seeking to expand or optimise their existing operations,' says a source in the industry.

'The Atlantic side has more options for terminals however, both MIT and

### Manzanillo International Terminal (MIT)

Manzanillo International Terminal has posted strong figures in 2011, closing very near 2m teu, with cargo volume growing by 18.8% to 1.89m teu. And the first seven months of 2012 bode for a similar good year having crossed already the million teu landmark with 1.19m teu, an increase of 12.7% over the same period of 2011.

'We attribute volume increase to the continuous strong volumes/markets in the region, in particular for cargo going to Venezuela and Brazil although Brazil's economy seems to be slowing down,' says MIT port manager Jose Iribarren.

'There has been some restructuring of services calling Manaus but other customers have added capacity into Venezuela. So, although we had projected a growth of 6% compared to volumes in 2011, we expect to move over 2m teu in 2012,' explains Iribarren.

But Iribarren is cautious to give a forecast for 2013 preferring to remain 'conservative'. It is impossible to project if this growth is sustainable in 2013 due

to the economic crisis that is affecting other regions, he notes.

Meanwhile, the Atlantic terminal has welcomed in May 2012 its new general manager, Stacy Hatfield who replaces Carlos Urriola, now senior vice president of Seattle-based Carrix Group, the holdings of SSA Marine, co-owner with Panamanian investors of MIT-Panama.

Hatfield is no stranger to MIT-Panama as he began his maritime career in 1995 when he joined SSA Marine during the start-up phase of the terminal. During his first six years, his responsibilities ranged from helping to train MIT's workforce to managing the vessel operations department. In 2001, he was promoted to MIT's terminal manager, becoming responsible for the planning department, and in June 2010 was transferred to the US Gulf Region with SSA Marine as the CSA operations manager, serving Mobile, Alabama and

Pascagoula, Mississippi.

Hatfield, who got married in Panama, where his three children were born, says that he left Panama during 2010 in order to work in the US Gulf region with SSA Marine. 'I very much enjoyed my experience there, but it's good to be back

in Panama. It is great to not only take part in MIT's next major expansion, but to witness first-hand such a historical event as the Panama Canal expansion.'

Hatfield's personal goal is 'to ensure MIT continues to provide the high quality of service our reputation



was built on. We have an excellent team [at MIT] so there is no doubt that we will succeed in doing so.' As the Panama Maritime Authority signed at the end of August 2012, the addenda to MIT Contract-Law authorising the expansion of the terminal, 'our most pressing challenge [now] is getting this project underway,' says Hatfield.

In December 2011, MIT announced it planned to double capacity to 4m teu to prepare for the post-Panamaxes transiting the Panama Canal after 2015, at a cost of \$250m. MIT's expansion will include dredging the access channel to the terminal to 16.5mtr, from the present 14mtr; building 930mtr of new berths, added to the existing 1,640mtr; and purchasing of additional cranes – including one super post-Panamax and two post-Panamax cranes that arrived during June 2012.

'In the long term, MIT needs to continue to innovate and 'think outside the box', so to speak, in order to maintain competitiveness in a very challenging region,' comments Hatfield.



## Panama Ports Company (PPC)

**P**anama Ports Company (PPC), a subsidiary of Hutchison Ports Holdings, that administers the terminals of Balboa on the Panama Canal Pacific entrance and Cristobal on the Atlantic entrance of the waterway, posted record cargo volume in 2011 with for the first time, Balboa passing the record 3m-teu mark with 3.23m teu, up from 2.75m teu in 2010 and Cristobal nearly closing the million teu with 980,738teu.

Services from Maersk and MSC have brought post-Panamax vessels at least twice a week at Balboa and the large ships have become a constant feature of the Pacific terminal.

Although Balboa registered port congestion in April, during the first seven months of 2012 container volume at Balboa reached 1.88m teu, up from 1.81m teu during the same period in 2011. Cristobal, on the Atlantic side, maintains its steady growth since it has expanded, having container volume growing by 7.5% to 553,308teu from January to July 2012, and up from 514,896teu the year before.

In preparation for the future larger Panama Canal locks that would become operational in 2015 allowing transits of post-Panamax vessels, PPC began three years ago an expansion of its facilities to increase capacity and therefore cargo volumes. PPC has embarked in a \$1bn-expansion programme for the two



terminals, Balboa and Cristobal, this latter receiving \$200m to double its capacity and whose cargo volume growth had been in the double digits ever since.

PPC expansion gave Balboa an additional 450mtr of pier to a total of 1,720mtr of quay and a total of 25 quay cranes that have transformed the Pacific terminal into the largest craneage of the Americas, in addition to 77 RTGs. The container yard has grown to 45ha with the completion of Phase 4 of Balboa's expansion.

Balboa and Cristobal expansion has been carefully planned to match supply and demand of port facilities in the region but above all, to have PPC ensure sufficient port facilities for its customers additional business in short and long term.

PPC is looking to create its own logistics park to bring added value to the goods arriving at Balboa although the problem is to find adequate land nearby to build such facilities, says PPC ceo Luca Versari.

'According to the US Retailers Association (RILA), there is a big opportunity for Panama to provide manufacture and logistics services, as they transit their materials and purchases coming from Asia through the Panama Canal but in order to achieve that, we need to develop more logistics parks close to the ports, on the Pacific side,' said PPC marketing director Rommel Troetsch, at the First Logistics Forum organised by Panama's Chamber of Shipping in early 2012.

Cristobal are operating at or close to capacity, and both have plans for significant expansions. Evergreen's CCT facility is the only current terminal with spare capacity,' adds the source.

Some maritime experts say Panama's cargo volume could grow to 8m teu in 2015, which has spurred new terminal projects. Panama is studying the construction of a new terminal on the east bank of the Panama Canal at Corozal. The 150ha site would have access to the Panama Canal Railway, facilitating container moves to the Atlantic. The terminal is still in a conceptual phase. The government has commissioned a feasibility study of the project and a concept design should be ready by the end of 2012. If approved, APC could be the landowner and would call for tenders for the construction and operation of the new terminal.

'The Corozal project is well located,' a port expert says. It has land enough for 3m-4m teu in capacity, could feature 2,000mtr of quay and may require 6.5m cu mtr of dredging and 5m cu mtr of dry excavations since the project is next to the Panama Canal Miraflores locks,' says the source.

A new development is Panama Canal Colon Port (PCCP) to the north of Evergreen's CCT on an area of land known as Isla Margarita. The land is owned freehold, and as such, schemes for other types of land use have been proposed at this site over the past 10 to 15 years. 'After carrying out feasibility and market studies, the land-owners appear to have agreed that a container terminal represents the best value use of the land. Designs have thus been developed for constructing a new terminal with around 1.5m to 2.0m teu throughput and issued to contractors for pricing. Developers are known to have had detailed negotiations with several potential operators,' explains a port expert. PCCP has received permits from the Panama Maritime Authority for the development, estimated to cost \$600m. The project is expected to feature four berths and 1,050mtr of wharfage, including a 159mtr multipurpose berth, with a draught of 16mtr.

The PCCP consortium has retained Jones Lang LaSalle (JLL) as development adviser. A tender for dredging has been called and international bids for marine construction are expected to be issued before the end of 2012. A terminal

operator could be named later in 2012, said JLL project chief John Carver.

Also in blueprints is the construction of a cruise terminal in Balboa, located on the Amador Causeway. Cruise operators, among them Royal Caribbean, Carnival, Holland America and Princess, have informed the government of Panama about their interest in investing \$30m for its construction. The concession would be awarded for a period of 20 years, renewable for another 20 years, and would be for the operation of a port to be built near the Balboa Yacht Club. The government would use a scheme similar to that used in 1997 when they leased out the Port of Colon 2000, when it agreed to a payment for a turnkey project, plus a monthly fee per square metre. Representatives from the Tourism Authority indicated that they are defining the tender conditions for the start of a negotiation process.

Meanwhile, the existing terminals are gearing up for expansion. On the Atlantic side, MIT has approved 'an additional \$200m-\$300m investment to prepare for the inauguration of the third set of locks in 2015 and plans to build new piers and purchase equipment for



# POWERING GLOBAL GATEWAYS

At the crossroads of East/West and North/South Americas, the Panama Canal continues to grow in strategic importance in providing a Far East-US East Coast all-water service and as a hub for the Americas.

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MIT dockside

the future post-Panamax vessels,' said Carrix senior vp, Carlos Urriola. Carrix is the holding of SSA Marine, co-owner with Panamanian investors of MIT-Panama. The draught of the access channel to the bay of Manzanillo, where MIT and Colon Container Terminal (CCT) are located, must be increased to 16.5mtr from 14mtr. 'MIT has already

received three additional STS cranes and 6 RTGs as part of our expansion strategy. We will begin focusing the construction of piers as we move forward,' says MIT gm Stacy Hatfield.

Since its inauguration April 16, 1995 and through a number of expansion programmes, MIT, a successful joint venture between Seattle-based SSA

Marine, the largest marine terminal operator in the US and largest privately-owned international port administrator, and a group of Panamanian investors, has now 14 cranes of which nine are post-Panamax cranes and three are Super post-Panamax able to work 22 containers across, with a total of 24 RTGs and a total quay length of 1,600mtr plus a 350mtr

## Colon Container Terminal (CCT)

Colon Container Terminal (CCT), located on the Atlantic entrance of the Panama Canal has posted an astonishing cargo volume increase during the first seven months of 2012 becoming the terminal with the largest growth of all Panamanian ports with 16.9% with 336,751teu, compared to the same period in 2011 where volumes reached 288,161, according to the Panama Maritime Authority statistics.

CCT finished 2011 with a decrease of 5.5% to 491,069teu, although the first six months of 2011 had registered an increase of volume of 16.6% but the loss of a weekly Evergreen service that used to tranship in Panama but now goes directly to Peru and Chile changed the final year statistics.

However, there is growing optimism at the Atlantic port because it has welcomed since May 2012 a COSCO weekly new GME service calling at CCT. The all-water weekly joint service with vessel-sharing

partner HANJIN, transits the Panama Canal before calling the terminal.

The new service Gulf Mexico Express (GME) connects Asia and Houston, beginning in Busan, South Korea, calling Pusan, Shanghai, Ningbo, Xiamen and Yantian before crossing the Pacific Ocean, calling Mexico's Lazaro Cardenas, via the Panama Canal, calling Panama's CCT, and the port of Houston's Barbour's Cut Container Terminal. GME features six COSCO vessels and two from Hanjin.

COSCO returned to the terminal calling with the weekly service AWE2 in August 2010 in addition to COSCO feeder to the Caribbean region with two vessels per week.

Also, the weekly PWS service is now back to normal calling two to three times a month CCT.

It is possible that CCT will recover the 25% cargo volume had lost in 2011, and forecast is promising.

CCT specialises in handling

containers but also general cargo and rolling stock, for a fast and efficient cargo transhipment, providing Custom-made like services to all shipping lines with gatehouse with governmental offices of Customs, Aupsa and Quarantine and an adjacent rail intermodal connection served by Panama Canal Railway Company, and 984 reefer plugs.

Taking advantage of the worldwide economic slow-down in 2009, CCT has begun Stage One of Phase Three of its expansion programmed with the dredging to 15.5mtr for the construction of berth 4, continuous to Pier 3, for the future post-Panamax vessels, and the landfill of 18.5ha for another container yard, and expecting to complete all expansion construction in 2014 when the terminal has a total area of 74ha. This new expansion phase will increase the terminal capacity by 500,000teu, to 2m teu up from the present capacity of 1.5m teu.

CCT showing expansion area





Evergreen's Colon Container Terminal (CCT)

berth dedicated for ro-ro operations.

Panama Ports Company (PPC), a subsidiary of Hutchison Port Holdings that administers both Balboa, on the Pacific and Cristobal on the Atlantic side, had embarked in expanding its facilities to increase capacity and therefore cargo volumes. Panama Ports began three years ago a \$1bn expansion programme for the two terminals, Balboa and Cristobal, allowing \$200m to the Atlantic port to double its capacity and whose cargo volume growth had been in the double digits ever since. Balboa and Cristobal expansion has been carefully planned to match supply and demand of port facilities in the region, but above all to have PPC ensure sufficient port facilities for its customers additional business in short- and long-term.

Balboa passed, for the first time in 2011, the record 3m teu with 3.23m teu up from 2.75m teu in 2010. Services from Maersk and MSC have brought post-Panamax vessels at least twice a week. During the first seven months of 2012, container volume at Balboa reached 1.88m teu, up from 1.81m teu during the same period in 2011. Cristobal, on the Atlantic side, has registered steady growth since its expansion seeing container volume growing to 553,308teu, 7.5%, from January to July 2012, up from 514,896teu the year before.

Evergreen's Colon Container Terminal (CCT) container movement is on the rise again having posted an increase of 16.9% to 336,751teu from January-July, up from 288,161teu for the same period in 2011. In 2011, CCT fell slightly by 5.5% to 481,068teu, down from 519,770teu in 2010. CCT lost a weekly Evergreen service in 2011 that used to tranship with CCT but now goes directly to Peru and Chile. It is now receiving an additional weekly COSCO service which has also increased its feeder services out of CCT.

MIT performed well in 2011, growing by

18.8% to 1.9m teu, maintaining a substantial increase of 12.7% during the first seven months of 2012 to 1.19m teu, up from 1.06m the year before. 'We attribute most volume increase to the continuous strong volumes/markets in the region. We have seen volume increases for cargo going to Venezuela and Brazil, although Brazil's economy seems to be slowing down,' says MIT port manager Jose Iribarren.

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



*'We attribute most volume increase to the continuous strong volumes/markets in the region.'*

*Jose Iribarren, MIT port manager*

with better time than by rail, although this is more expensive.

The railroad moves 35% of cargo between Panamanian ports and is considered a link in the logistics chain of the country. Currently the railway is operating at 40% capacity and in recent weeks the average weekly volume was 7,500 containers. Transport companies said freight movement by road has grown more than 40% this year. The second section of the Panama - Colon toll-highway was inaugurated in mid-July 2012, and allows safe driving between the Atlantic and Pacific in just 40 minutes. With this second phase of the highway completed, moving containers by road has speeded up, becoming another option for quickly moving cargo between the two sides of the Panama Canal and helping transshipment on both entrances of the waterway.

Early April, workers at Balboa terminal staged a week-long strike focused on wages and benefits. The strike paralysed operations and hit the Panama Canal Railway that moves boxes from the Pacific to the Atlantic terminals, creating a prolonged backlog at PPC's Balboa.

It was the first strike of its kind in Panama and surprised the country's maritime sector. So far, there was no major shift in services, although there were reports that one shipping line changed one of its services to call Buenaventura instead of the Pacific terminal.

The new PSA-Panama International Terminal (PPIIT), located on the eastern bank of the Panama Canal, the unrest proved a golden opportunity 'to demonstrate our capability and that trucking to Colon is an option,' says PSA-Panama gm Robert Ahern. The terminal has begun to receive regular calls, in addition to PSA-Panama's 'on-going agreement with ArcelorMittal and GUPC [the consortium building the locks] for the discharge of steel for the

Pacific project. That's two more years of work and 80,000-100,000 tonnes per year,' Ahern explains.

PSA-Panama benefits from a unique position, being located next to the construction site of the new Pacific locks. For the first half of 2012, PSA-Panama cargo volume was at 30,000teu and Ahern forecast that they could grow to around 80,000teu during the full year.

The 450,000teu facility was the first Panamanian terminal to begin operations in the last 15 years and is the fifth major container terminal in the country. Located at the former Rodman US Navy base, at the Panama Canal's Pacific entrance, PSA-Panama is built on a 22.5ha site, with a 14ha container yard, a 330mtr long container and ro-ro berth with 14.5mtr water depth. It also has a 9ha area available for development with logistics partners.

Panama, the fastest growing economy in Central and Latin America, has become centre of interest for new businesses around the globe. With the implementation of the US-Panama Free Trade Agreement (FTA) in October 2012, more US companies will look at Panama as a point-of-sale by taking advantage of tax incentives and transportation and logistics infrastructure. 'According to the US Retailers Association (RILA), there is a big opportunity for Panama to provide manufacture and logistics services, as they transit their materials and purchases coming from Asia through the Panama Canal but in order to achieve that, we need to develop more logistics parks close to the ports, on the Pacific side,' said Panama Ports Company's marketing director, Rommel Troetsch, at the First Logistics Forum organised by Panama's Chamber of Shipping in early 2012.

Panama already has attracted investment in regional headquarters for Latin America by such multinational companies as Caterpillar and Procter & Gamble. But it has yet to become a light manufacturing centre. The Colon Free Trade Zone at the Atlantic entrance to the canal is already a big logistics centre. The Panama-Pacific (Panama Pacifico) Special Economic Area (the former US Howard Air Force base) being developed by UK's London and Regional Properties Panama (L&R), is now an attractive logistics park with numerous foreign companies taking advantage of the duty free facilities including special labour rules. The amount of investment by companies that have begun operations in Panama Pacifico is estimated at about \$300m and an average of four companies per month are registering to operate in the area totalling already some 135 companies. •

### PSA Panama International Terminal (PPIT)

Since mid-2011, PSA Panama International Terminal (PPIT) is fully operational following the reception and commissioning of its three-16 row-across quay cranes and RTGs that arrived in July 2011. For the first time, PSA-Panama will report container statistics in 2012 as it began to move reefers and boxes, forecasting cargo volume up to 80,000teu for 2012, says PSA-Panama gm Robert Ahern, as well as 32,000 tonnes of steel for the canal expansion project.

Located next to entrance of the construction of the Pacific new locks, PSA-Panama has 'an on-going agreement with ArcelorMittal and GUPC [the consortium that builds the locks] for the discharge of steel for the Pacific project. Our contract calls for two more years of work and 50,000-80,000 tonnes per year,' says Ahern.

Port congestion on the Pacific side in April 2012 'allowed us to demonstrate capability and that trucking to Colon is an option, as some 4,000 trucks were called up to transport containers for transshipment to the Atlantic side for at least two months. Panamanian customs have removed any supposed limitations for trucks moving containers between terminals which now permits transshipment on a 24/7 basis,' explains Ahern.

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



built on a 22.5ha site, with a 14ha container yard, a 330mtr long container and ro-ro berth with 14.5mtr water depth. It also has a 9ha area available for development with logistics partners.

Strong growth of the West Coast Central America and West Coast South America markets have led shipping lines to start calling regularly PSA-Panama that is well positioned to participate in the growth of Panama's transshipment hub providing an important port of call for shipping lines handling container and ro-ro cargo.

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

PSA International Pte Ltd is a leading global port operator handling 57.09m teu in 2011. The Group's performance increased by 5.6% over 2010 on the back of contributions by the flagship Singapore Terminals with a new record of 29.37m teu, up 6.1%, and PSA terminals outside Singapore that increased by 5% to 27.72m teu.

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



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## Dramatic changes over last decade

**V**T Ships' gm Jose Digeronimo says, (pictured) 'Dramatic changes are the best words to describe what has happened in the Panamanian bunker market during the last decade. It all started when Decal opened their terminal on Taboguilla Island at the Pacific entrance of the Panama Canal. Before the terminal's inauguration, bunkers were contracted by Shell, Chevron and CEPSA. Decal was a 'game changer' for Panama, the first bunker dedicated terminal, outside canal waters, developed by a private enterprise, bringing in world's standards to compete against half-century-old military-designed-and-built facilities left by the Americans to the Panamanian government, which were now exploited by domestic private companies.'

'[Decal] opening was the trigger for Cepsa, Shell and Chemoil to enter the market, which, in those days, was clearly dominated by FAMM a division of Chevron Texaco. That company was also operating the only existing refinery in Panama, later shut down and converted into a tank farm.'

'Until then the market was almost completely closed. The total tank farm capacity was controlled by a few players, as well as the existing barge fleet, making it almost impossible for other players to come in and compete.'

'Following the opening of the market in 2003, competition has become the rule of the game. With the arrival of new players, a price war led the market to dramatic drops in the price difference between Panama and the US Gulf, the natural source of the fuels sold locally. Soon after that, the market was closed again and nobody

else was able to come in.'

'In 2005, Panama bunkering sector began its preparation for the upcoming Panama Canal expansion. New regulations including the creation of petroleum free zones for tank farms and suppliers and the institution of operational licenses for delivery barges created an open-field to develop infrastructure with new terminals under construction while opening opportunities for newcomers,' says Digeronimo.

'Today, there are 27 barges operating within the Panama Canal area and almost three quarters of them have arrived in the last three years. Some observers would see an over capacity [for the local market size] but all the equipment is at work. On the supply side, the days of a leading role by a single company dominating more than half of the market until 2005 or companies with more than a third of the market during the last years, are over and many companies share the market,' he comments.

With the conclusion of the Panama Canal expansion, a couple of years away, bunkers operators are gearing up and preparing for the transit of post-Panamax vessels in 2015 which, they say, could translate into an increase of sales making of Panama an attractive centre for taking bunkers.

### BUNKER SUPPLIERS IN PANAMA

Chevron	Petroleum
BP Marine	OW Bunker
AEGEAN	Triton
Chemoil	Universal Oil
CEPSA	Rio Energy
Bominflot	Terpel
Peninsula	Quinn Oil

SOURCE:CEPSA

For the past two years, over a \$1bn investment has poured in the construction of new terminals, the purchase of modern double-hull barges and the expansion of existing facilities and there are more projects coming along for the next couple of years. Although bunker storage capacity is 7.2m bbls, investments in the existing terminals and those being built should reach 10.6m bbls capacity in 2012 and more near 2014.

On the Pacific side, the \$100m state-of-the-art Melones Oil Terminal, built on a 38,700sq mtr island 15km from the Panama Canal Pacific entrance, will have 2.2m barrels of storage capacity in 16 tanks designed according to API 650 and NFPA 30, with berthing facilities for up to four barges to be loaded simultaneously. The construction of Melones is completed and at the time the Panama Maritime Review goes to press, Melones Oil Terminal executives are in negotiation to choose a renowned international operator and inaugurate the terminal before end 2012.

Decal, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr) 'is being increased by 181,500cu mtr, for a new total capacity of 2.23mbbls (356,500cu mtr) in one tranche,' says Decal gm Javier Ortiz. The on-going expansion consists in the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions. 'The present loading capacity has been boosted up to 4X750T/hr with PD pumps for IFO's and four x 350cu mtr/hr centrifugal for MDO. This will permit a loading capacity up to four barges at a time with maximum 3,000T/hr,' says Ortiz. Whether Decal plans further



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expansion will 'likely depends on the future of the bunkering business in Panama. For the time being, we consider we have adequate capacity, upon commissioning the new phase,' he adds.

In addition, tank storage provider Royal Vopak plans to build and operate 655,000cu mtr of independent storage capacity for oil products in Bahia Las Minas on Panama's Atlantic coast. Construction of the new facilities, including the enhancement of two existing jetties, is expected to begin in 1H2013.

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.

'As of August 2012, COASSA, which provides only with logistics services, has loaded almost 100 barges making a total throughput of approximately 1mbbls and counting,' says Oiltanking terminal mgr Alvin Anaya. COASSA is expanding to a total capacity of 750,000bbls to begin in October 2012 to be operational in 3QT 2013, he says

On the Atlantic side, Telfer Tanks, located in the Atlantic port of Cristobal, is a \$60m joint venture of international and domestic investors. It has begun construction of a 400mtr pier and 1.2m barrels of tank capacity to be completed by 4Q13. 'The pier will be capable of handling post-Panamax vessels as needed. We have also signed a contract with Tampa Tanks for the construction of pipelines, pumps, fire system and other,' says Steve Walling, Telfer Tanks project manager and

president of Walesco Corporation.

'In Phase One we will build 1.2mbbls of storage, 15 tanks to store not only marine fuels but also domestic products: two grades of gasoline, auto diesel and jet fuel. We are projecting to open for operations 1QT2014. Potential customer interest is high with contracts currently under negotiation,' explains Walling.

### *'Deviation costs and the route of the vessels are sometimes more important than bunkers price.'*

**Javier de La Rosa**  
CEPSA gm

In July 2011, NYSE-listed Aegean Marine Petroleum Network (AMPN) was granted a 20-year concession to administer 65 tanks and supply bunkers on both entrances of the Panama Canal, with total storage capacity of 2.7mbbls. The company has promised to invest \$7m over the next five years.

Panama bunker sales in 2011, according to Panama Maritime Authority (AMP) statistics, grew by 10.9% to 3.39m tonnes, servicing 4,810 vessels compared with 3.07m tonnes and 4,566 vessels in 2010, with an average of 15 barges operating on a monthly-basis. From June to January 2012, sales grew by 3.05% to 1.75m bbls compared to 1.70m in 2011 when it grew by 17.6% during the same period.

About one-third of all ships transiting the waterway take bunkers on both entrances of the Panama Canal, with an average to date of between 4,200-4,500

vessels being served every year. Most of the bunker traded in Panama comes from Houston, Ecuador, sometimes Venezuela and the Caribbean.

Although bunker sales have increased in recent months, the question is why their growth remains relatively slow?

Operators say price is an important factor when vessels consider taking bunkers in Panama or not. But 'it's not only the price that makes the choice for the ship owner to lift bunkers in one or other port, deviation costs and the route of the vessels are sometimes more important than bunkers price,' says CEPSA gm Javier de La Rosa. 'The global crisis, high bunkers prices [in Panama] and better prices in other ports are affecting sales volume. Owners are asking for lower volume for their vessels even though the number of transits and calls to Panamanian ports remain the same.'

'Prices have not been very attractive [in past months] to the sellers to bring in more products. However, we feel there is a fearless war of prices going on right now. We have several new players in the market fighting for their market share and low selling prices are a consequence of that,' says VT Ships gm Jose Digeronimo. 'On the supply side, bringing cargoes to Panama is not so attractive and if you do not have enough products, volumes cannot grow. But if you look at the infrastructure growth and investment put in, that gives clear expectation that it is a temporary situation,' he adds.

'The Panama market is one of opportunity in which ship owners and operators are constantly evaluating the cost/benefit relation of taking bunkers in Panama, and as long as we are more competitive vis-a-vis other regional ports, deliveries [would] be on the rise,' says Ortiz.

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For Steve Walling, the reason is that 'the Canal expansion is not completed and existing facilities, particularly on the Atlantic side, are costly and inefficient. We, at Telfer Tanks, intend to change this paradigm.'

'We believe a major reason for [slow sales increase] is the current lack of modern, efficient storage facilities. If a ship cannot receive their bunkers on a timely basis because a bunker barge cannot get pier space to receive product for delivery to the ship, it will find alternatives. Prices in Houston will generally be a bit lower because all Panama bunker suppliers must import their products but 21st century-petroleum-storage-facilities, able to provide a seamless service to their storage customers, without delays, will certainly help increase sales,' Walling adds.

With US regulations [on low sulphur products] entering force in October 2012, ships are beginning to take low sulphur bunkers in Panama. Although 'Panama is not the only port offering LSFO, waiting times and refuelling of other bunker products make the owner to lift also the LSFO needed,' says De La Rosa. 'CEPSA-Panama is supplying LSFO since August 2012 and we have had very good performance as we can segregate three different products; LSFO, HSFO and LSGO on one barge and attend three products delivered in one time and with just one barge charge,' he explains.

Many vessels coming from the Far East and the West Coast of South America are expected to take small quantities of LSF fuels to burn them when approaching and leaving US ports, says Digeronimo. 'The extra price premium is very attractive for the suppliers. LSF products are far more

delicate products regarding contamination and require modern terminals and barges with high operational standards to be able to guarantee final quality,' he adds.

'Having this in mind and taking in account the fines and problems, vessels that do not meet requirements could face with the US Coast Guard, the ball seems to be swinging for the world leading companies that are using newer and more reliable equipment.'

### *With US regulations entering force in October 2012, ships are beginning to take low sulphur bunkers in Panama.*

Looking at horizon 2015 when concludes the Panama Canal expansion with its longer, wider and deeper locks allowing the transit of post-Panamax vessels, Panama bunker market will be quite different featuring an important storage capacity which has grown awaiting an increase of vessels taking bunkers in Panama. However, 'hoping that the expansion will bring an immediate increase in transits and therefore in bunker sale, is being very optimistic,' says Digeronimo. 'Speedy service at a better price will be the 'key' to take opportunity of the increase traffic. If Panama and the players cannot meet that, then instead of an increase, we may face a decrease because today Panama's competitive element is to take advantage of the

vessel awaiting transit while the expanded canal will offer an almost expedite transit,' he comments.

'The shadow of over capacity will always loom over this business,' says a terminal operator. 'Terminals will differentiate each other by the quality of their services. The risk is too high and suppliers want to be sure that their products are safely kept and with high quality standards. If over-capacity comes, good terminal operators will certainly overcome this hurdle,' he says.

All storage operators, current and future, are looking to increase the size of the 'pie' by attracting new petroleum storage customers to Panama. With state-of-the-art facilities on the horizon, a number of companies are looking at Panama as a transshipment point for the region.

'Because of Panama's strategic location, these companies are interested in bringing large shipments of products to Panama in post-Panamax vessels for re-distribution in the region. This is an untapped source of new business. Those companies building new storage are not simply betting on an increase in marine fuels demand after the Canal expansion. If you are going to be successful in that business, you must think 'outside the box' and then act on these opportunities. Diversification is also important which is why [Telfer Tanks is] building storage not for just the marine fuels business but also for the domestic business,' says Walling.

With large storage capacity, a petroleum-free-zone regime and unequalled location, many players believe Panama can develop a fuel distribution and logistics centre 'capable of replicating proportions similar to that of Singapore and Rotterdam,' says Digeronimo. •

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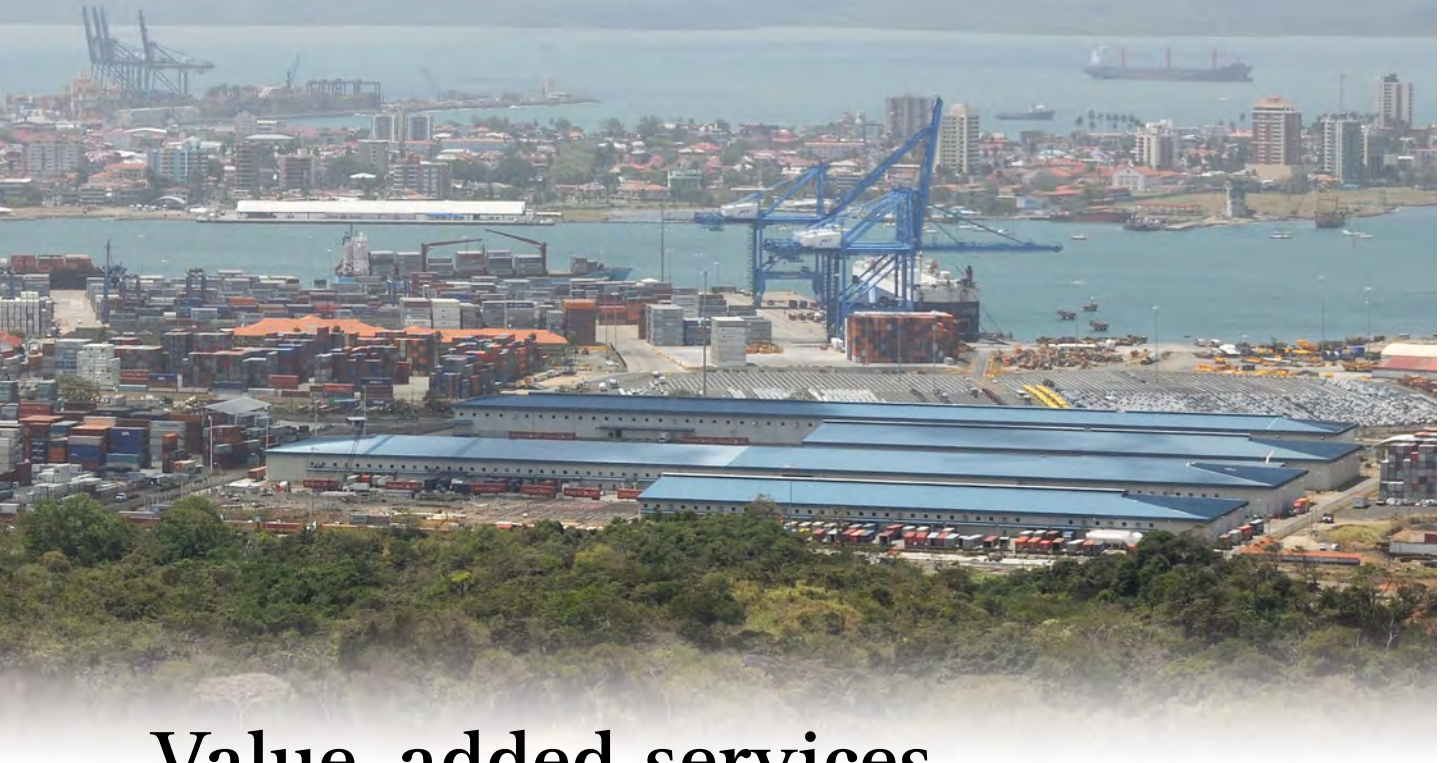
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## Value-added services

The new Panama Canal Administrator, Jorge Quijano says, 'the Panama Canal serves 144 routes, 160 countries and reaches some 1,700 ports in the world. With the inauguration in 2015 of the expanded Canal, the waterway will certainly change the patterns of world trade and position Panama as the transportation and logistics hub of the Americas since the country, located at the narrowest point of the Americas, provides unparalleled connectivity to world markets, access to two oceans through very large port facilities and short rail and road connections and the most important air transportation hub in the region.'

And while most port operators support the idea of creating added-value to the goods transiting the waterway, only Manzanillo International Terminal (MIT) has built a 16ha logistics park and distribution centre, adjacent to the terminal, for cargo consolidation and logistics activities offering added value to its clients. MIT, a joint venture between Seattle-based SSA Marine, a subsidiary of the holdings group Carrix, and Panamanian investors, has constructed the infrastructure leaving to the warehouse-companies the liberty to design tailored solutions, while five hectares are reserved for heavy equipment redistribution and refurbishment.

'The Panama Canal Authority (ACP) and the Panama Maritime Authority (AMP) are both promoting Panama as a maritime hub at conferences, which includes discussing the concept of logistics however, taking active steps such as reviewing and developing new

legislation, establishing an organisation to promote logistics, etc. have not yet taken place,' says an industry expert.

If Panama has succeeded in turning itself into the largest transshipment hub of the region, making the grades to a similar status in logistics requires effort and 'to do this effectively, the government needs to promote the idea through a single entity or organisation that can bring together the various different components of the maritime sector: Ports, Colon Free Zone, AMP, ACP, the economic zone Panama-Pacífico, Chamber of Shipping and others, and promote the logistics concept.

*The geographic advantage that Panama enjoys means it can become a successful logistics centre.*

At the very simplest level, the geographic advantage that Panama enjoys means it can become a successful logistics centre, says this expert. In addition it has other advantages such as the dollar economy, open to international business, and many more, that give further credence to the idea. However, in order to achieve that goal, it will require 'surmounting some familiar problems, such as the size and capabilities of the workforce and the capacity of the

government to provide an open and transparent legislature. It is the ability of the country to deal with the later issues that will ultimately determine how successful Panama will be in seeking to become a regional logistics hub,' asserts this industry expert.

Providing value-added services can be more complex than handling and moving containers but there already quite a few logistics operations, such as Caterpillar at MIT, while much of the industrial activity of the economic zone Panama-Pacífico is based on this.

In August 2012, a partnership to promote imports and re-exports of apparel and fashion between Asia, the Colon Free Zone (CFZ) and Latin American destinations was signed by the Panamanian company Exclusive Brands Logistics Corp (EBL) and Damco-Panama. The logistics deal is the first of its nature for the fashion industry in Panama.

Under the agreement, EBL will provide specialised services for luxury fashion brands while Damco, the logistics arm of A.P. Moller-Maersk Group and one of the world's leading 3PLs, will provide supply chain, transportation and freight forwarding services from source to final destination. Together, EBL and Damco will promote Panama as the logistics service centre to regional and global businesses looking for strategic, cost-competitive solutions to bring products to the Americas.

'The current evolution in Panama's logistics infrastructure will be a game-changer for inbound supply chains from Asia to the Americas. Customers looking to develop transformational hub and



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### French honours for Alberto Aleman and Seatrade's Michele Labrut

Panama Canal administrator Alberto Aleman Zubieta and Seatrade's Panama-based correspondent Michele Labrut both received honours from the French government earlier this summer.

During a ceremony at the French Embassy in Panama City, Ambassador Hugues Goisbault upgraded Alberto Aleman to the grade of Official of the Legion of Honour, France's highest decoration. He also pinned the medal of the Order of the Merit, rank of Knight, on Michele Labrut.

The Panama Canal administrator, who left his position on September 3, acknowledged the French contribution to the waterway expansion works since the hydraulic system of the future locks and their concept design had been developed by a company of the Suez group.

Michele Labrut has written on the Panama Canal and the maritime sector



Alberto Aleman Zubieta pictured next to his wife Ana Matilde (left) with Seatrade's PMR editor Michele Labrut (right) both received honours from the French Ambassador Hugues Goisbault (next to Michele)

since arriving in Latin America several decades ago, and most notably is chief writer for Seatrade's annual Panama Maritime Review. The OM is awarded for distinguished service to the French nation in fields such as science,

literature, military service or cultural promotion.

The award ceremony was attended by Aleman's successor, Jorge Quijano, politicians and numerous officials of the maritime sector.



### Panama Pacifico Visitor Centre

distribution solutions will be able to move decision-making much closer to the final markets and react more quickly to changes in supply and demand, ultimately providing better service to their end customers,' says Damco Latin America chief commercial officer Alison Clafin, in a joint statement released by both companies.

Port operators agree that for succeeding in creating distribution centres and logistics zones, it requires availability of land—preferably near terminals on each entrance of the Panama Canal which can offer direct connectivity between ports and logistics parks. However, on the Pacific side, there is no land available near the port of Balboa or PSA-Panama Terminal, the closest being the economic zone Panama-Pacifico.

In a forum held by Panama's Chamber in Shipping on the development of logistics centres, a port operator stressed that '[Panamanians] should not believe that because of having the Panama Canal, all vessels would come to make logistics in Panama. Any port 1,300 nautical miles away could be a competitor for Panama. Peru and the south of Mexico are both prime competitors for Panama.'

The Panama-Pacific [Panama Pacifico] Special Economic Area, the former US Howard Air Force base being developed by UK's London and Regional Properties

### Dell London Regional Panama Pacifico

Panama (L&R), is becoming an attractive logistics park with numerous foreign companies taking advantage of the duty free facilities including special labour rules.

The amount of investment by companies that have begun operations in Panama Pacifico is estimated at about \$300m and an average of four companies per month are registering to operate in the area totalling already some 135 companies since the process of registration has been streamlined. The latest companies to arrive are BASF Panama, Kio Networks y Telered S.A. The state-owned Panama Pacific Agency, created eight years ago, is investing in two \$17m-training centres, the first starting operations in August 2012 and will have 12 simulators.

The number of foreign companies registered as a regional headquarters under Law 41, passed in 2007 that creates a special regime for the establishment of the multinational companies in the country— 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.

There is still a lot to be done and should be done [to develop Panama as a logistics hub], US' Retail Industry Leader Association vp for operations Casey Chrouston told the audience of the Chamber of Shipping's Forum on Logistics. 'What do the retailers see? They see the commitment Panama has made to logistics. It is probably one of the four strategies where Panama is going to invest and it shows, in the port infrastructure, rail infrastructure, road infrastructure, airport expansion, distribution stores facilities,' said Chrouston. 'If you are talking about taking the product of the vessels and put the product right back on the vessels, you need to have a very fast turnaround.'

The cost of labour in Panama is effective and competitive. Panama has competitive rates but also many other assets that it can take advantage of. Looking at infrastructure investments, business opportunities investments and competitive rates, 'there is an amazing opportunity for Panama,' said Chrouston. •



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# Maritime technology in Panama

An operator of Panama-flagged vessels said that 'vessels flying the flag of Panama are typically fitted with the most advanced navigation, safety, security and communications technology. We have seen a significant increase in shore-based technologies being used to improve the safety and security of our Panama-flagged vessels.' Perhaps technology has indeed played a role improving Panama's KPIs and it being white-listed today.

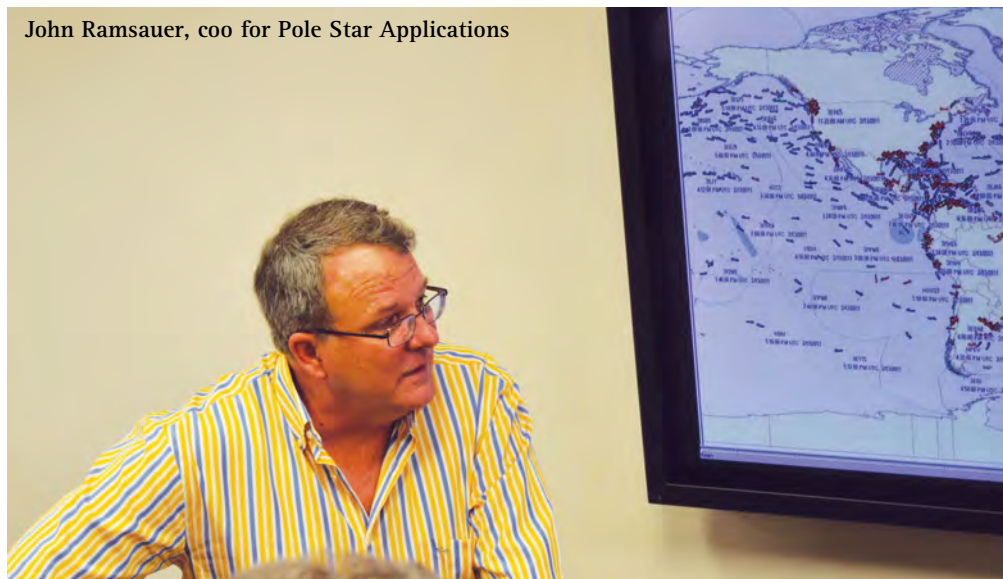
The progress of maritime technology has brought many advances and undoubtedly made seas safer. However, this year's Costa Concordia disaster was a sharp reminder that accidents can and will still happen.

One technology that has the potential to make a change is ECDIS, a digital navigation system that replaces paper nautical charts by overlaying GPS, radar and AIS information onto electronic navigational charts. Leading marine electronics providers such as Transas, JRC, Sperry, Kongsberg, Raytheon and others are all competing for space on board the bridges of vessels with these systems. Expert studies have suggested that ECDIS can significantly reduce the incidence of grounding or collisions.

Automatic Identification Systems (AIS) is an IMO mandated collision avoidance system and Panama was one of the first adopters of the technology. In July 2003 – six months ahead of the IMO December 31, 2003 deadline – any vessel wishing to transit the Panama Canal was required to be fitted with an AIS transponder. AIS' 'see around the corner' capabilities have made an important contribution to vessel safety in ports, canals, coastal and inland waters. Today the Panama Canal's Enhanced Vessel Tracking System integrates the tracking of vessels with maritime operations database information, offering a live representation of the Canal resources and transiting vessels at any specific moment in time. This is one of the many projects within the ACP's permanent modernisation programme that has enhanced the efficiency, reliability and safety of the Canal.

Whilst Port-based AIS is limited to coastal coverage a new technology is emerging: Satellite-based AIS (S-AIS), which allows for the reception of AIS signals by satellite in many, but not all, parts of the world. The technology is still immature and its success is unclear. Many questions remain unanswered, among them being financial stability of the operators, network coverage and long term financial commercial viability of the

John Ramsauer, coo for Pole Star Applications



service. Technical issues such as accuracy in high-density shipping areas, data availability and deliberate falsification of data and temporary suspension of equipment's operation must be resolved before the technology can be used in safety or security applications.

Ship Security Alert System (SSAS) is a countermeasure to piracy attacks, which in the event of an attack transmits a security alert to designated recipients, identifying the vessel and its location. Value added services which allow CSOs to

*Panama currently operates the world's largest LRIT implementation and has made significant contributions towards improving Panama's KPI's regarding vessel safety and security.*

monitor a security incident, provide constant focus on the vessel, surrounding conditions, detect tampering and issue warnings on the equipment's health, all from a mobile phone.

Many Panama-flagged ships owners use the enhanced Ship Security Reporting System (SSRS). This counter-piracy service enhances existing SSAS by providing a link from a ship sending an alert direct to the Maritime Security Centre and associated participating naval forces responsible for

maritime security in the Gulf of Aden and off the Somali coast. The Panama Vessel Monitoring Centre has a constant watch on these alerts and is able to provide incident response support services in the event of a security situation.

The Long-Range Identification and Tracking (LRIT) of ships is maritime domain awareness (MDA) initiative designed to enhance safety, security and environmental protection. LRIT allows Member States to receive position reports from vessels operating under their flag, vessels seeking entry to a port within their territory, or vessels operating in proximity to the State's coastline. Search and Rescue (SAR) organisations from around the world, routinely contact the Panama Vessel Monitoring Centre for incident support which is provided free of charge.

In addition, over 90 flags provide maritime security forces with LRIT related vessel traffic information in high-risk areas. Before this IMO data sharing facility was available, Panama was one of the first flags to provide a near real-time feed of ship data to NATO.

'Panama currently operates the world's largest LRIT implementation and has made significant contributions towards improving Panama's KPI's regarding vessel safety and security,' says John Ramsauer, coo for Pole Star Applications (pictured). 'Panama has led other flags in expanding the use of these technologies and through its Vessel Monitoring Centre has found new applications, such as support to global safety initiatives, traffic separation schemes for the protection of maritime species, compliance monitoring of registered vessels, scheduling inspections, and environmental monitoring of vessels.' •



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# Unparalleled connectivity

Pacific site locks construction view from west-to-east



The \$5.25bn expansion of the Panama Canal is enhancing the country's strategic geographical position and laying the framework for increased economic activity. Outside of the waterway, Panama's cluster of offerings – from modern ports and container terminals to its business-friendly environment – helps make Panama an attractive logistics partner.

In addition to the Canal expansion, Panama's world-class transshipment terminals, that handled a total of 6.6m teu in 2011 and which showed growth of 12.23% during the first half of 2012, have become essential to the upgrade of the country into a transportation and logistics hub of the Americas.

More than 50 multinational firms have established their headquarters in Panama to benefit from tax incentives from a new legislation on multinationals establishing regional headquarters in Panama, and over 300 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, many of them being maritime ancillary companies. The Panama Canal expansion had has a clustering effect in Panama where core services related to air, rail and sea are complemented by key financial, maritime, transportation, and legal business ventures and partnerships, among others, creating a special environment for transshipment which boosted logistics business from ship repairers to chandlers and service companies.

'With the inauguration in 2015 of the expanded Canal, the waterway will certainly change the patterns of world trade and position Panama as the transportation and logistics hub of the Americas since the country, located at the narrowest point of the Americas, provides unparalleled connectivity to world markets, access to two oceans through very large port facilities and short rail and road connections and the most important air transportation hub in the region,' says

Jorge Quijano, the new Administrator of the Panama Canal Authority (ACP).

'The Canal expansion will transform Panama into a major player on the international logistics scene and the country must capture this potential,' explains the out-going ACP Administrator Alberto Aleman. But he warns that to achieve such goal 'there is much to do to develop the potential, planning and connectivity to create a logistics hub.'

*'The Canal expansion will transform Panama into a major player on the international logistics scene.'*

**Alberto Aleman**  
out-going ACP Administrator

The **Panama Chamber of Shipping** (Camara Maritima de Panama, [www.camaramaritima.org.pa](http://www.camaramaritima.org.pa)) created in 1979 as a non-profit organisation, groups shipping lines and shipping agencies, marine supplies companies, ship repair, bunkering, port administrators as well as the rail road and almost every sector related to the maritime business.

Its membership, with more than 180

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

Every year the Chamber of Shipping elects a new board of directors. The election in July 2012, brought a new board formed by President Willys Delvalle, general manager of APL-Panama. He is accompanied by Luciano Fernandes, CMA-CGM Panama Inc, first vice president; Vikash Deepak, MERCANSA, second vice president; Javier Ortiz, Decal-Panama, treasurer; Maria Lourdes Galan, De Castro & Robles, secretary; Daniel Isaza, Interoceanic Cargo Carrier, director; Jocelyne Anchor, International Repair Services, director; Juan Carlos Croston, Manzanillo International Terminal, director; and Capt. Orlando Allard, Maremundi Consulting, director.

The Panamanian maritime sector has



Atlantic site locks construction aerial view from north-to-south

## Panama Maritime Group (PMG)

**P**anama Maritime Group (PMG), headquartered in Panama, has over 203 representative offices around the world. PMG, a pioneer in the promotion of Panama's maritime sector, was created by Dr. Hugo Torrijos Richa who left an important mark on the maritime industry leading Panama to become the world's largest Ship Registry and presiding over Latin America's most successful port privatisation and transshipment programme. Dr. Hugo Torrijos, one of the architects of Panama's maritime boom, passed away in December 2010 and his widow, Mrs Magali de Torrijos has been successfully managing PMG to maintain his legacy.

PMG, one of the first groups in Panama to offer a comprehensive one-roof solution to the maritime community, includes the companies Panama Maritime Documentation Services Inc, (PMDS) a Recognised Organisation authorised by the Registers of Panama and Belize to perform surveys and statutory certification to all type of vessels, Torrijos & Asociados (T&A), a Law Firm specialised in ship registrations company incorporation, crew licenses and legal consultancy, among others and Marine Training and Certification Centre (MTCC) a centre of seafarers formation and training, following the requirements established by the STCW Convention.

The Group registered in 2012, one of its most exceptional years, as it has incorporated PMDS Class, for which specialised staff was hired and opened a T&A new Representative Office in the United States, in New York City.

A PMG delegation – formed by Capt. Jose Delgado, PMDS gm; Mrs. Massiel Robinson, senior lawyer at Torrijos & Asociados; Eng. Jose Guillermo Stoute, PMDS technical manager and Mrs. Nadiuska Acevedo,

PMDS operations manager – went to tour Asia's existing and new markets to present all PMG clients and representatives the Group's marketing campaign, its image and logo.

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. So, the PMG delegation made its visit to PMDS China and its members, where they discussed the company's growth in its fifteen months of operations and the quality control of inspections insisting on improving in 202012 PMDS rate of detentions. During the visit in Beijing, PMG delegates met with the leaders of the Maritime Safety Administration of the People's Republic of China (MSA China).

During PMG's marketing campaign and visits, the delegation paid a courtesy call to Singapore representatives who explained the latest trends of this local market, and travelled to India, which

offers an enormous potential for maritime business. There, the delegation was received by the md of Henderson International, and Eng. Jose Stoute, a certified ILO trainer for the MLC 2006, gave a seminar at the Indian Merchant Chamber to an audience of thirteen PMDS surveyors and six local owners meeting all attendees' expectations.

In the Philippines, which proved a new market worth exploring, the PMG delegation held a series of meetings with local crewing agencies and ship owners. The meetings were extremely helpful in detecting the market and clients' needs and the delegation was able to detail and present them with PMG's solutions of services that include its long-time expertise on maritime affairs, admiralty, companies management, mercantile, certificates and documents.

In its last trip but not the least of importance, PMG delegation went to Vietnam, one of the strongest, large and strategic markets in Asia, where PMG will work to establish a strong presence.



Panama Maritime Group

grown increasingly during the last ten years, as a result of the development of the ports on both sides of the Isthmus, as well as the increased preponderance of the Canal for world commerce and its impact on the local ancillary services industry. The cluster is thriving and many new and more sophisticated services are offered to transiting ships and to ships calling on our ports on the Atlantic and the Pacific terminals than ever before,' says Delvalle.

The new Chamber of Shipping president explains that the Chamber projects 'discussing with the Panama Maritime Authority how to develop 'coastal shipping in Central America' since the Panama Canal expansion will attract a significant increase in traffic in the

region.' The Chamber plans also to work closely with Panamanian customs to define 'non-intrusive inspections of cargo' without implications that would reduce the competitiveness of the sector. 'We need [that the government] establishes a state policy in compliance with international agreements and treaties with regards to the implementation of the programme 'Non-Intrusive Cargo Inspection [X-Ray inspection]' by giving Panama's Customs the technical and financial means to carry out such programme,' explains Delvalle.

Traditionally the Chamber of Shipping has been a national association serving the local maritime cluster. However, the role has somehow evolved to become a listening

post, a think-tank, a forum that ensures the correct legal, regulatory and procedural climate does exist, so that businesses may continue to develop and prosper.

Every two years, the Chamber of Shipping together with the Panama Maritime Law Association (PMLA), co-organises the successful Panama Maritime Conference. Panama Maritime X took place February 13-16, 2011, at Hotel Riu with the president of the organising committee being Director Jose Digeronimo. It was a real success for both the conference and exhibition that received the largest number of companies involved with the maritime sector worldwide.

For the next Panama Maritime XI, in 2013, the president of the organising

committee is lawyer Tomas Avila, a former president of the Panama Maritime Law Association. The event will take place February 27 to March 1, 2013 at Megapolis Convention Centre. Megapolis Convention Centre is the largest in Panama, inaugurated at the end of 2012 and features an area of 6,125sq mtr with the exhibition occupying some 2,805sq mtr, the largest ever for Panama Maritime World Conference & Exhibition. The auditorium has capacity for 600 people while areas for roundtables and seminars offer capacity for 360 people.

### Bunkering

Panama is preparing for the inauguration in 2015 of the Panama Canal expansion that will create a third set of larger and longer locks allowing the passage of post-Panama vessels. To that effect, the bunker centre is also expanding, and with the arrival of new players, is expected to complement Panama's role as a leader in transshipment in Latin America. The country's ideal location with around 13,000 oceangoing vessels already transiting per year has transformed the bunker cluster into a very active participant of the maritime sector.

The bunker market is growing at a space not seen before, attracting foreign international investors committed to open representation in Panama. A series of new companies gearing up for future

transits of vessels of up to 100,000dwt have established in Panama and in the next five years, the sector plans to build storage tanks for around 5m bbls.

Although bunker sales jumped in 2008 to 3.9m tonnes of bunker fuel and to some 4,767 vessels serviced, the best year ever so far, sales grew by 5.34% to 3.39m tonnes of bunker fuel in 2011 compared to the previous year. Following the opening of the market in 2003, competition has become the rule of the game.

Bunker delivery in Panama is 98% barge delivered. A few firms engage in spot deliveries, VT Ships gm and former Panama Chamber of Shipping president Jose Digeronimo says.

Bunker storage capacity is of 7.2m bbls but with investments in the existing terminals and those being built it should reach 10.6m bbls capacity in 2012. New investments have concentrated on building new facilities. **Decal** is constructing additional 1.1m bbls. at its facility in Taboguilla to approximately 2.23m bbls. The **Oiltanking** company has bought facilities of 300,000bbls, and will add capacity of 450,000bbls in 2012.

**Melones Oil Terminal** is building a tank farm and terminal with 2.1m bbls capacity which will be operational before end of 2012 and **Aegean Marine Petroleum** has been granted the APSA tank farm concession and should invest some \$7m in the next years to upgrade the 50-year old

facilities. Another oil terminal, Telfer Tanks, is starting construction on the Atlantic side.

**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). PTP is planning to reverse the flow of its trans-Panamanian pipeline and this pipeline reversal project is expected to be ready for start-up during 2012. Tesoro then plans to 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.

The market is dominated by major companies whose market share is around 30m-40m bbls – over \$2bn sales a year depending on international prices.

**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**, **CEPSA** and since recently **AEGEAN**.

The inauguration in 2003 of Italian-owned **Decal**'s fuel storage terminal at Taboguilla Island, on the Pacific entrance of the Canal, has doubled the supply of bunkers and helped bring price




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Oiltanking has bought facilities of 300,000bbls and will add capacity of 450,000bbls in 2012



competition. The on-going expansion will double Decal's capacity to 2.23m bbls, increasing the 280mtr jetty that can accommodate vessels up to 70,000dwt with a draught of 14.5mtr and will feature a total of 14 tanks. Technical characteristics have been improved such as pumping rate, automated control, blending capability, handling of low-sulphur fuel and handling of 1,000 cSt product.

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

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

**OW Bunker** came into the market in November 2010 and is now trading bunkers in the region, along with **Trading Tankers** and **ISS**.

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

**Compañía Marítima de Panama S.A.** (CMP) ([www.cmpgb.com](http://www.cmpgb.com)) has nearly fifteen years of experience on the Panamanian bunkering market receiving the first operation permit issued by the Panama

Maritime Authority (AMP) for this activity. The company provides oil tankers to its customers abroad the Caribbean, Central and South America, giving Compañía Marítima de Panama the experience on international oil trading as well.

In addition to the OHSAS:18001:2004 Certification, Compañía Marítima de Panama's vessels have \$1bn incident aggregated oil pollution liability coverage on any one ship any one incident as per Civil Liability Convention 1969 with the Britannia Steam Ship Insurance, a reputable IGA member. Compañía Marítima de Panama's all vessels in the fleet are classed under IACS members, i.e. Lloyds Register, Germanischer Lloyd and Bureau Veritas, but aligned with the most stringent requirements in the petroleum industry; the vessels are enrolled under the SIRE-OCIMF programme, being currently approved by the oil Majors: Shell, Exxon Mobil and Chevron. Likewise, Compañía Marítima de Panama as appointed operator under the ISM Code /ISPS Code is part of the TMSA-OCIMF programme.

**Interoceanic Supply Services Corp (ISS)** entered the Panama market in December 2007. The company has five barges situated on each side of the waterway. The vessels are, at the moment, the fastest in Panama delivering 600/tonnes per hour when Panama's bunkering fleet averages 300 tonnes/per hour. 'The market offers good opportunities,' says ISS director Hugo Torrijos Dajer. Although there are bunker barge companies, ISS is one of the few players to operate on the spot market, offering bunkers for various suppliers, he said.

The market has become very competitive, although the results since 2010 have been 'very good thanks to the

entrance of new players supplying bunker, which allowed us to get more customers,' says Torrijos Dajer. '2011 was a good year for Interoceanic Supply Services,' confirmed ISS general manager Hugo Torrijos Dajer. However, sales slowed in the first four months of this year as a result of an increase in the number of players and a week-long strike by port workers at Balboa.

### Chandlery

Panama's chandler market has seen recently a number of new companies, transforming the sector into a very competitive market. Most chandlers have had to diversify their operations and extend their activities to ship repair supplies, becoming 'a concierge service' for the vessels calling ports on both sides of the Panama Canal.

The traditional ship chandler business of just supplying and selling fresh provisions, bonded stores and deck plus engine stores to the ships in transits is occasionally being replaced to include the supply of materials to make small ship repairs on board, and the majority of the chandlers have adapted to the changes.

Although chandlery is evolving into a highly specialised business of its own, there are still a few shipping agencies that maintain the tradition of supplying provision and stores, but the number is decreasing every year leaving the agencies to attend strictly maritime affairs. Chandlery like shipping agencies date 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.



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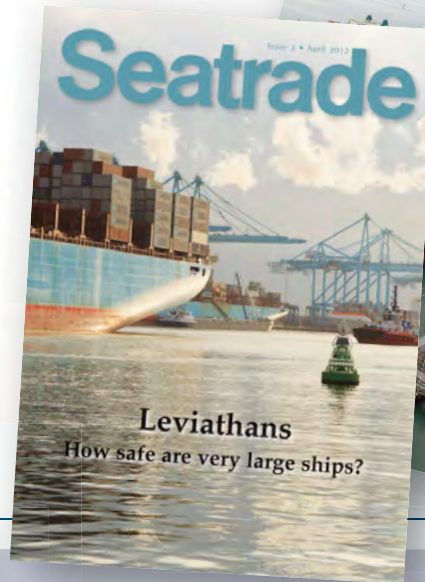
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With some 200 cruise calls a year, cruise vessels have offered opportunities for ship chandlers to increase their business but not in the proportion expected by chandlers before the cruise industry began to call Panama on a regular basis. Not only it is a 'very competitive and demanding market' but most cruise vessels still buy the large majority of their products in the US. The construction of a cruise terminal on the Pacific side, near the Amador Causeway, will allow more cruise lines to stop for a day and therefore could increase sales on-board, says chandlers.

The most important is to forge the relationship 'customer-supplier', they say. It 'is all about years of confidence, trust and specialisation.'

**Centralam Panama, S.A.** is maintaining the strategic and convenient location inside the Processing Zone at Corozal West only five minutes from the gate to the Port of Balboa and three minutes from the toll-road connecting the Pacific side of the Isthmus with the Caribbean side. Although at a reduced scope, Centralam has also a warehouse in the Colon Free Zone as a front post to provide short response time for the Atlantic side customers.

Centralam is amongst the oldest players in the market, and since the company is also one of the most experienced and well consolidated chandlers, they have proved able to maintain their position and even increase sales regardless of the global

economic situation.

'The market is changing and it is certainly changing fast,' says Centralam gm Erik Moller Nielsen, a graduate Danish Master Mariner, who arrived in Panama in 1997. 'Our customers, mostly European, used to employ mainly European officers and crew and therefore preferred we had foreign special products available when they would put their orders, but that is no longer the case as the trend – in shipping – is to recruit officers and seafarers of mixed nationalities and ethnical origin, so we don't need to import the same diversified amount of foreign products. In some ways, it makes things easier as the mixed crew are often more 'tolerant' in terms of the products required since they all have a different 'taste' on what they consider their

### Mercantile Shipstores S.A. (MERCANSA)

**M**ercantile Shipstores S.A. –  
MERCANSA –

(www.mercansa.com) has consolidated, over its 40 years of presence in the market, its position as a key vessel provider for the Panama Canal customers and other clients in Latin America and the Caribbean region.

The group is currently present in Panama and in the Dominican Republic through its fully-owned subsidiary MERCANSA Dominicana (Mercantile Shipstores Dominicana) and is a member of the International Ship Suppliers & Services Association (ISSA) Panama, and in 2012 joined the International Marine Purchasing Association (IMPA).

To better cope with their growth, MERCANSA has expanded their facilities in Panama, moving into a recently built MERCANSA building in Panama City and had simultaneously opened a new show room in the Colon Free Zone meant to complement their warehouses and offer a place to showcase and market their variety of products in the principal centre of trade in Latin America. Their customers can visit and see for themselves the numerous products they sell. It basically serves their purpose for exports of the brands they represent in the Latin America market.

MERCANSA holds over 4,500 references in a 7,000sq mtr warehouse in the Colon Free Zone that is able to offer 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 they currently service a large number of the 14,000 vessels that transit the Panama Canal every year.

As the company has increased sales into the South America and Caribbean marketplaces, MERCANSA offers the following services throughout its other two recently formed specialised divisions to provide top level services to its clients: MERCANSA WHOLESALE, a fully dedicated export division, 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; a specialist, 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,

to name just a few.

As Panama's port and industrial sectors are developing rapidly as well 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.





Colon Free Zone

favourite dishes for breakfast, lunch and dinner,' he explains.

'As we managed to reef the sails and weather the storm during the 2008/2009 crises, we have – thanks to the efforts of a very good and loyal base of employees – been able to maintain and even improve our results. During the initial crisis we learnt how to diversify to become more than a 'simple' chandler selling carrots and potatoes, and by taking advantage of various new business initiatives, we slowly began to see the reward in 2010, and despite the general critical situation, 2011 was not a bad year at all, as we were able to close the year well above 2010,' says Erik Moller Nielsen.

There are still a lot of opportunities in the maritime sector waiting to be taken, he says. But at the end of the day, chandlery is all about logistics and customer service. 'I prefer having only 15 clients who are happy with our services, as a result of our dedication, rather than 30 customers to whom we cannot give the level of service and an optima quality of products, for which we are renowned,' he comments. 'In an effort to help and assist our customers, we try to continue diversifying our activities and services as much as we can by offering complete packages to our customers in order to keep up with the changes in the market by combining the activities and thereby become an extended arm and local representative of the different ship management companies, he says.

**MEC Stores** is one of the companies of the holding MEC Group, with the representation of CSMEC, the largest Chinese company of material supply for the shipping industry, and several other foreign companies. The group moved in 2010 to the former Howard Base Panama-Pacifico, administrated by London & Regional (L&R), reuniting its companies under the same roof, where it is building hangars which will be HAZE certified, approved by the US FDA for a

safer and better storage of products. After two years of successful operations at Panama Pacifico the company has just signed a three year contract with London Regional, for a new 3,000sq mtr state-of-the-art warehouse.

For MEC Stores, the ship supply company of the group, '2011 was a year of challenges since it showed the company that times are changing. The

*There are still a lot of opportunities in the maritime sector waiting to be taken.*

result forced the organisation to re-invent itself, a process that brought great benefits since the company has a projected growth for 2012 of 40% thanks to a diversification of its markets and re-exportation of services to Latin America,' says MEC Group evp Marvin Castillo.

With the acquisition of the Balboa Panamax Dry Docks, the group will integrate all the different services rendered to the vessels into the new organisation, where Peikard International from the Kardonski family as well as the original founders expect to create value in the coming years, by means of consolidating the strategic logistic position of Panama, as hub for new building, ship repairs and ship services at the Panama Canal.

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

**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 Conseau, Devcon Products, Scaling Machines Kanjil, MacGregor, Seck and Peck & Hale.

**Panama Ship Supply** ([www.shipsupplypanama.com](http://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, while taking an active role in Panama's journey to become the regional leader in logistics, transportation and maritime industry.

**PROTECSA, (Provedora Tecnica S.A.)** ([www.protecsa.com.pa](http://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, Kodon, 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. PROTECSA offers repair and service support for all its product lines. Its factory trained technicians are available 24/7 with service support offered locally and internationally. It has a total of 7,600sq ft divided into the following shops: hydraulic, hose assembly, marine electronics, machining, welding, wire rope rigging and sailboat rigging.

**Tagaropulos International**, was the



first ship chandler business in Panama and its creation dates to the opening of the waterway in 1914. From a small operation at that time, it has become today one of the largest ship suppliers with a 1,500sq mtr, three-story building in the Colon Free Zone where this company works on a 24-hour basis. In addition, the company offers some 1,000sq mtr of dry, frozen and fresh storage capacity.

## Charts

**Islamorada International S.A.** ([www.islamorada.com](http://www.islamorada.com)), the largest nautical bookstore in Latin America, is well known to the merchant marine community, yacht owners and sailors that find what they look for at the colonial-style building in Balboa near the Panama Canal. Islamorada International is now a landmark for nautical bookstores in Latin America. The company, created some forty years ago by the present owner father, is a treasure trove, selling nautical charts, nautical books and publications, maritime software, and instruments.

It is also a must-do meeting place for visitors from round the world looking for the indispensable maps that will make their journeys safe and free of

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 Hydrographic Office) and appointed distributors of US (NIMA and NOS) and New Zealand hydrographic 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 hydrographic products, ranging from just the

International Maritime Organisation (IMO) has mandated ECDIS (Electronic Display and Information Systems) as of 2012. The implementation will be phased in sections, the first of them will concern all new construction and then, year after year, different segments will require it on-board. 'We work closely with the UK Hydrographic Office and original equipment manufacturers, to educate and assist owners in this process, with information on the systems, what ENC's are legal, what equipment is legal, training requirements, and more.' says Critides.

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

Islamorada with its location in the former Canal Zone, an area of historic interest in itself, is a store worth stopping off at to browse around in. The store is decorated with some interesting pieces of nautical history, and particularly that of the Panama Canal.

## Dredging

**Dredging International (DEME Group)** from Belgium has been involved in the Panama Canal expansion project for the past four years and will continue for the rest of 2012 and 2013.

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 includes dredging 9.1m cu mtr from 14.2km of the canal, some of it hard rock, 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. And in conjunction with the Panama Canal Authority (ACP), DI's split the project into eight sections that take those challenges into account, each of which will be dredged over two phases, removal of the relatively soft



Jason Critides

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,

steady supply of Notice to Mariners to a customised chart-folio management service, with provision of automatic new editions delivery. 'We are authorised distributors for Admiralty digital products such as Admiralty Vector Chart Service (AVCS) and the Admiralty Raster Chart Service (ARCS), as well as Admiralty Digital Publications (ADP),' he explained. In recent years, the Admiralty launched 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

*Islamorada*

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overburden, and then, removal of the rock. The contract was planned over four years but has been interrupted on several occasions in total accordance with the ACP.

In January 2012, the ACP requested a modification of the contract that brought additional work and expanded the deadline to June 2013. DI would work on the same area but instead of going to minus 15.5mtr, the Canal Authority expressed the need to deepen the dredging of the approach channel to minus 16.3mtr to make the approach of the new locks available at any time regardless of the tide. The contractual amount of material to be dredged in that specific area increased consequently by 1.3m cu mtr.

DI has deployed 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 include DI's cutter flagship, 28,200kW self-propelled heavy-duty vessel D'Artagnan that has 6,000kW cutter power, plus the 9,000cu mtr trailer Breydel and the backhoe Samson, a clamshell and a couple of self-propelled 2,000cu mtr hopper barges. Drilling and blasting were initiated with the Yuan Dong 007 chartered by DI, a pioneering vessel designed and built specifically for the Panama Canal expansion project. Built at a cost of \$25m by Chinese blast company Yuan Dong, at Ningbo shipyard, the vessel has ten integrated towers and the capacity to blast up to 60,000cu mtr of rock a week.

In addition to the ACP expansion, Dredging International de 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 1m cu mtr to increase depth to 14.5mtr at MWLS. PSA-Panama International Terminal began operations in mid-2011.

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 is one component within the

### Royal Boskalis Westminster nv

**R**oyal Boskalis Westminster nv, a leading global services provider operating in the dredging and earthmoving, maritime infrastructure and maritime services sectors, has been present in the isthmus since 1986 and through its subsidiary companies Boskalis Panama SA and SMIT Harbour Towage Panama Inc. and later through Virtual logistic Marine Services Inc.

Boskalis Panama SA started the execution of dredging works for Panama's National Port Authority in the ports of Coco Solo, Balboa, Vacamonte and Cristobal. Since then the company has worked constantly in dredging and land reclamation works in Panama, amongst others for the cruise port Colon 2000, for the container terminals of Manzanillo International Terminal (MIT), Colon Container Terminal (CCT) and for Panama Ports Company (PPC). It has also executed a large variety of contracts and works for the private port concessionaries and port operators in Panama during the last decades and maintenance dredging works in the past as well for the Panama Canal Authority (ACP).

By end 2010, Boskalis concluded the works under contract since May 2007 by Panama Ports Company for the extension of the container port of Balboa, works that included the construction of additional port area by means of land reclamation, a retaining rock dyke and a link structure to the existing berths 16 and 17, the removal of the Diablo outcrop and an additional extension to berth 17 of

around 320mtr.

And In July 2010, Boskalis won a one-year ACP tender for chartering a mechanical dredger with the 1,046kw backhoe Cornelius fully equipped with crew that ended in November 2011 and was awarded a second one-year charter contract that ends in December 2012.

As we go to press, Boskalis is nearing completion of the first artificial residential island in the Americas, that began early in 2011 and is expected to conclude 'on schedule' in 4Q 2012. Boskalis is not only responsible for the construction of the Island but also for the design and in addition Boskalis participates in the financing of this prestigious project as well.

'The \$75m contract consists in dredging of soft material and the placing of a surrounding retaining dyke landfill for each of the islands projected. Boskalis' contract is for the first 10ha island with an option to build an adjoining second island of nine hectares with marina,' explains Boskalis Panama gm Bart Roeleveld, a civil engineer with 14 years of experience with Boskalis working in Singapore, Indonesia, Mexico and Norway.

The entire project created by the Panamanian renowned Group Los Pueblos, consists in two artificial islands located offshore next to the exclusive residential neighborhood of Punta Pacifica, in the bay of Panama, will be linked to the shore by a bridge which is under construction.

The dyke will be formed by 700,000cu mtr of rock and filled with 1.4m cu mtr of sand compacted by vibro compaction, with material from existing submarine sand concessions and has a 93% of execution, at end-August 2012, says Roeleveld.

Boskalis brought from Mexico the 13,870kW trailing suction hopper dredger Gateway that has been working on site for more than three months until July.

'We hope to continue directly thereafter with the second island which is an option from our client and may depend on the sales [of lots in the first and second islands]. We have an excellent relation with our client and we join forces to make the second island happen,' he says.

Meanwhile, 'we are looking at possible further contracts in the fast expanding ports of Panama,' says Roeleveld.



The first artificial residential island in the Americas



Dredging Gaillard Cut

ACP Fresh Water Dredging and Excavation Project for the Canal expansion, which includes the dredging and/or excavation of about 30m cu mtr in the 425sq km Gatun Lake and Gaillard Cut. The Gatun Lake dredging project is vital to ensure that larger, wider ships can reach the new Atlantic locks.

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

Jan de Nul was awarded by the Panama Canal Authority the Atlantic entrance channel dredging with a bid of \$89.6m to remove about 14.8m cu mtr, plus dry excavations of 800,000cu mtr. The area extends 13.8km and the Belgium Company will have to deepen the existing entrance to -15.5mtr and widening it to a minimum of 225mtr from the present 198 mtr width, while the north approach channel to the future new locks will also be widened to a minimum of 218mtr. JDN has also been awarded an option to dredge another 2.3m cu mtr to increase the depth from -15.5mtr to -16.1mtr. The dredging of the Atlantic entrance is almost concluded, having reached an execution of 98% at July-end 2012.

All the dry excavations on the Atlantic side are carried out by Jan De Nul-Constructora Urbana (CUSA) acting as

subcontractors for Grupo Unidos Por el Canal (GUPEC), which called a tender in September 2009 and awarded it in March 2010. The works require excavating 14m cu mtr after having filled the excavations made by the US Corps of Engineers in 1939 on the Pacific side, over which the water saving basins will be built, and 5.2m cu mtr for dredging the approach channel of the Atlantic side. 'The design changed slightly in proportions, from 14.5m cu mtr to 16m cu mtr and 5.2m cu mtr to 3.5m cu mtr but the total amount remains the same,' says Jan De Nul Group Atlantic project manager Andreescu Calin.

The project contemplates only dry excavations that are performed with 150-land-based equipment, and are scheduled to conclude by October 2014. JDN's responsibility also represents filling work, more than 2m cu mtr, in addition to the dry excavations, which is directly related to concrete pouring in the locks.

The **Panama Canal Authority (ACP) Dredging Division.** The modernisation programme dredging activity is being performed simultaneously with expansion dredging and should be completed in 2013. Meanwhile, the ACP continues deepening Gaillard Cut, the narrowest part of the waterway, which is being done by the ACP as it is most experienced to safely work around transiting vessels.

In addition to the dredging work in Gatun Lake, the Gaillard Cut-Gatun Lake

expansion dredging project which will deepen to 9.14mtr elevation and widen the navigation channels in Gatun Lake and Gaillard Cut to a minimum width of 218mtr, is expected to be concluded by the end of 2013. As part of the expansion programme Gatun Lake level will be raised by 0.45mtr to 27.1mtr (PLD) a year later. As part of the expansion programme Gatun Lake level will be raised by 0.45mtr to 27.1mtr (PLD) and will provide additional water storage capacity to make nearly 800 additional lockages a year.

The ACP has restructured and has added over 300 employees to its Dredging Division to perform the remaining dredging with the existing and new equipment. In house-works will be aided by backhoe excavator Cornelius, which has been chartered from Boskalis for a year and the new 11,787kW stationary cutter suction dredger Quibian 1, built at IHC Merwede shipyard in the Netherlands that arrived at the Panama Canal in 2011 and was put immediately to work on the expansion programme. In addition, the Panama Canal Authority has awarded a \$43m contract in April 2011, to Dutch company IHC Engineering Business Ltd., a part of IHC Merwede Group, for the design and construction of a new backhoe dredge. The addition of this new dredge to the ACP existing fleet in January 2013 will increase the ACP ability to effectively dredge as part

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of the expansion programme and future maintenance projects.

### Maritime Services

Panama provides a wide range of maritime services, from the world's largest shipping companies that have established regional operations in the country to inspection and survey companies, to port construction, security and consulting firms and many more.

The **A.P. Moller – Maersk Group**, which is the parent company of Maersk Line, the Canal's largest customer, is headquartered in Costa del Este which houses Maersk Line Caribbean Sea Cluster, APM- Terminals, Damco and Maersk Logistics Latin America and employs more than 400 staff. ECS Panama, which specialises in repairing containers has recently moved into a new state of the art facility inside the port of Balboa offering more repair capacity and capabilities to handle any type of repair and equipment.

Maersk Logistics, now a separate unit from the liner, caters to all shipping lines as well as Maersk Line, which can focus on its shipping activities. Maersk

Logistics Latin America and the technical support unit for vessels operations are now based in Panama.

Two years ago, Maersk Group re-organised the global container business company with Maersk Line Latin America being divided into six regions; Mexico, Middle America, Brazil, Argentina, Chile and Panama covering Costa Rica, Panama, Colombia, Venezuela and the Caribbean Islands. Maersk Line has centralised all Latin American Operational functions in a Liner Operation Centre located in the port of Balboa. This has allowed the liner to capture and benefit from expertise of vessel planners, capacity and equipment coordination and centralised procurement bringing improvements to operational execution.

**APL**, through its predecessor the Pacific Mail Steam Ship Company, had been present in Panama long before the Panama Canal was inaugurated in 1914. PMSSC introduced in 1848 a pioneering coastal steamship service between Panama and California for passengers and freight. In the modern age, in 1995, APL began the first, dedicated all-water East

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

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

**CMA-CGM**, a global carrier, which operates on all the world's oceans, 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.

### TESA Marine

**T**ESA is a distribution and services company created in 1963 that has three divisions: Marine, Industrial & Highways. For the marine industry the company offers sales, application, and engineering and after-sales to all types of vessels while covering a wide range of products from the propeller nut all the way up to controls & monitoring.

The company is headquartered in Panama City and covers Panama, Colombia and Central America, with a Mexican branch office, TESA Engine Centre, in Yucatan Peninsula. In Panama, it has a 3,000sq mtr area of spare parts and a \$4m-inventory to support loyal customers. 'TESA is a family- owned business with second generation in charge. We currently have 170 employees,' explains its gm Juan Sieiro.

TESA Marine has an engineering department with full capacity to present turnkey projects both in repowers and new builds, covering applications from tug boats, push boats, ferries, barges, crew boats, supply vessels, pilot boats, naval armed vessels, yachts and ribs.

It represents and distributes Yanmar; MTU engines; SCANIA engines; Yamaha Outboards marine engines with sales over 2000 units per year from 2 HP to 350HP both commercial and pleasure craft; Twin Disc; Hamilton Jets; Voith Turbo; Konrad drives; Kanzaki Marine



HQ'd in Panama City

Gears amongst others.

'Originally the Marine division was created in the early days of the company to support the local fishing fleet including shrimp trawlers and tuna fishing vessels as well as those of the Panama Canal mainly with Detroit Diesel & Allison marine gears among other products,' says its gm Juan Sieiro.

'In 2007 to 2010, TESA Marine was awarded a \$5.5m contract by the Panama Canal Authority (ACP) to repower all the crew and pilot boat fleet with MTU engines and twin disc gears. This project was followed by a standardisation of all the machinery of the new builds of crew, pilot and push boats,' explains Sieiro. 'In addition, TESA Marine also won a contract for diesel electric repower of drill boat Thor with MTU engines. In 2011, another contract followed to repower all the small craft & aids to navigation vessels with Yanmar Marine and both Konrad drives or Hamilton Jets. We are currently finishing

this set of vessels,' he adds.

The most important added value 'for our customers is a turnkey project including engineering, drawings, modifications of structures and hulls to meet new performance and efficiency requirements from our customer. The customer is covered by one face for the whole propulsion package including after sales support and training both in maintenance, repairs and operations,' he says.

TESA Marine's goal is to become a global company that will support marine industry with propulsion and auxiliary products related to all commercial, industrial, naval and pleasure craft applications. And to accomplish it 'our strategy is to offer complete packages including propellers, shafts, monitoring, controls, compressors, generators, auxiliary machinery such as winches, and others. We carry on hand engine inventory as well as built-on packages.'

'We are looking for win-win business opportunities always giving the customer important figures such as cost of ownership, return of investments and offering the latest advanced technologies in all the brands that we represent to secure a cleaner environment and efficient operations,' states Sieiro.



COSCO at Limon Bay

**China Ocean Shipping Company (COSCO)** has opened offices in Panama in the late 1990s and is among the Panama Canal top ten customers. COSCO-Panama that was transferred in 2003 to COSCON formerly COSCO Americas, handles six branch agencies in Central America covering Venezuela, Colombia, Mexico, Dominican Republic, Costa Rica and Panama and operates as a general agent for COSCO vessels and for other vessels as well. All branches account to COSCO-Panama, which acts as an internal financial centre for the group operations in the region.

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

own 'green' building.

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

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

The company operates three vessels in tramp business, all flagged in Panama,

the 6,100dwt Artic Clipper, the 6,324dwt Indian Clipper and the 6,150dwt Pacific Clipper mostly in the Caribbean, Central America and on the South America Pacific and Atlantic coasts having signed several CoAs to carry regional commodities in addition to the recently acquired Ro-Lo Panama-flagged 6,078dwt Med Clipper.

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

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It is estimated that at least 50% of vessels trading in the region carry a MAN Diesel engine, and 90% of electricity in Panama is generated by the German engine maker

stationary units.

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

It is estimated that at least 50% of the vessels trading in the region carry a MAN Diesel engine, and 90% of electricity in Panama is generated by the German engine maker. The company only carries originals 4-stroke engine parts, and MAN turbocharger spares in its workshop facilities. DES takes pride in its representation while training, coaching, and developing the DES team. Service engineers, technicians, mechanics, and staff continuously find new ways to ensure that customers around the world receive the quality of work deserved from a MAN Authorised workshop.

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

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

Under its Purplefinder® brand, Pole Star develops innovative and reliable systems that enable commercial shipping customers to monitor and manage their assets worldwide. These products provide

ship owners and managers with the information they need to maximise operational performance and safeguard their assets and crews. Over 15,000 vessels are managed by the company's Fleet Management (FM), Ship Security Alert System (SSAS), and Marine Asset Tracker (MAT) product range.

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

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

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

Star is a local company in every market they serve. All staff adheres to strict quality assurance practices, which have allowed the company to obtain ISO9001:2008 certification.

Operating the world's largest vessel monitoring centre, Pole Star has committed to establishing Panama as its hub for the Americas and is making major investments in increasing the scope and coverage of the centre's operations – recognising the talent pool available in Panama as well as the fundamental logistical advantages that the country offers, 'we have committed to Panama as our base in the Americas and look forward to growing side by side with Panama,' said Pole Star coo, John Ramsauer. He further stated: 'The shipping industry has recognised the contributions Panama has made to enhancing safety at sea and providing secure shipping. Panama's secure direct link to naval forces operating in the Horn of Africa is among the counter piracy contributions the Vessel Monitoring Centre has provided to enhance safety at sea.'

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

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

With a strong pedigree and

commitment to enhancing maritime safety and security, the company has been widely acknowledged by the industry as the standard upon which other security and safety operators should be measured.

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

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

**International Marine Experts (IME)** (www.ime.com.pa) provides for inspections of ships and yachts that have been damaged or require inspections or surveys for either insurance purposes or for pre-purchase condition and appraisal evaluations. Located near the Panama Canal, IME is comprised of a small group of professional marine engineers and ships officers that are graduates of the U.S. Merchant Marine Academy. Its sister company, **Overseas Marine Certification Services (OMCS)**, is both a Recognised Organisation (RO) and Recognised Security Organisation (RSO) authorised by the Panama Maritime Authority to survey and issue all necessary statutory certificates on its behalf required by the Panamanian government and the International Maritime Organisation (IMO) for Panama-flagged vessels. With Headquarters at Panama and regional offices located at Shanghai, China & Dubai, UAE, IME offers a worldwide coverage.

The company specialises in Marine Surveys, Marine Claims & Loss Adjusting, Project Cargo Inspections, Flag State Inspections, Marine Consultancy and Marine Accident Investigations and its customers include Hull & Machinery Underwriters, P&I

Clubs, ship owners, ship managers, shipyards, attorneys and solicitors.

**Intercoastal Marine Inc. (IMI)** (www.imi.com.pa) is the leading company in the regional marine construction industry. Business has 'grown tremendously over the last few years,' says its founder James J. Wiese.

The company projects have included the Panama Port Company (PPC) expansion of its port of Balboa, for which IMI has teamed with Boskalis Dredging, which includes enormous marine structures and a massive dredging and drilling effort. Included in the expansion works are the recently completed design and construction of berths 14 and 15 for a total of \$35m and the huge phase IV, marine works I and II for the expansion which is estimated at a cost of \$230m.

## *IMI is responsible for all early logistical movements for the Minera Panama project.*

Intercoastal Marine Inc. has designed and built the new \$6m-Cruise Ship Berth at Colon 2000. This new facility is now Home Port for the Royal Caribbean Cruise lines, offering cruises throughout the lower Caribbean. IMI has also been expanding beyond Panama's borders, completing a \$2m demolition project for Dole Fruit in Guayaquil, Ecuador. Additionally, IMI has recently teamed with Seattle-based Manson Construction on several large tenders in the region.

In June 2012, ConSalfa purchased 80% of Intercoastal Marine. ConSalfa is the union of Conconcreto, the largest contractor in Colombia and Salfa Corp., the largest contractor in Chile.

'Our new partners have brought tremendous depth to IMI by providing access to incredible qualified civil

engineers, safety and environmental engineers, as well as, specialised crane and equipment operators & mechanics. This combination of our companies has proven to be a recipe for the further success for Intercoastal Marine; it has positioned us as major contractor for the Minera Panama Copper mine project,' says Intercoastal founder James J. Wiese.

IMI is constructing the preliminary beach landing structure for Inmet's Minera Panama copper project, providing early access for heavy earth moving equipment and developing a 'beach head' for the first phases of Minera Panama port facility.

Additionally, IMI has been contracted to develop two temporary ports for the Minera Panama project with one located in Samba Bonita, Colon and the other at the mine site at Punta Rincon on the Atlantic coast of the Donoso province. Subsequently, IMI is responsible for all early logistical movements for the Minera Panama project including transportation of heavy equipment, explosives, ported camps (living quarters), fuel and construction material of all kinds.

Intercoastal Marine has also built the bunker fuel transfer pier of Melones Oil Terminal. The project consisted in the construction of a 345mtr long by 5.85mtr wide pier and a 127mtr long by 7.03mtr wide trestle connected to the rocky island of Melones in the bay of Panama.

The pier is built with three tanker dolphins, each made of 80cu mtr. The trestle is built on 2 ea - 2 piles bent pile caps in mid span, connected to a tanker dolphin at SW end and abutment at NE ends. These elements structural are connected to each other with 'NU' type PC/PS girders with spans ranging from 37.7mtr to 42.5mtr long. In addition to trestle and pier the project includes the construction of a 49sq mtr fire pump house adjacent to the trestle built over driven piles, 30mtr long aluminium gangway, dock fenders, bollards and quick release hooks. The 77 piles required in this project are in both plumb & batter



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**Class IBS – Isthmus Bureau of Shipping** ([www.ibs.com.pa](http://www.ibs.com.pa)) origins date from its foundation in May 1995 in Panama. Class IBS was established as Classification Society in order to promote the regulation and development of the shipping and shipbuilding industries.

The principal work of the Society's expert technical staff is to undertake surveys to ensure that the rules that apply to new construction and existing ships are followed, in order to guarantee the safety of these vessels and the prevention of marine pollution.

Although Class IBS has its head office in Panama, it has a network of representative offices and more than 75 surveyors around the world, which work under direction and coordination from its head office.

In addition to its classification activities, Class IBS conducts surveys on behalf of third parties including State Administrations like Panama through the Panama Maritime Authority, Belize through IMMARBE (International Merchant Marine of Belize), and Jamaica through the Maritime Authority of Jamaica, among others.

The society also verifies the safety management systems of ship-management companies and ships, in accordance with the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code and Maritime Labour Convention 2006 (MLC 2006).

The Society has technical cooperation agreements with other Class Societies, some members of IACS and also Non-IACS. These agreements are helping the society to work closely in developing a programme for research and development. In addition, the Society has been accepted as an observer of the International Association of Technical Survey and Classification Institution (TSCI), which provides the cooperation in the area of certification and classification of inland and combined (river-sea) navigation ships. TSCI is a non-profit organisation that consolidates national and international classification societies.

**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.

Its goal is to offer a reliable, flexible and cost effective service, without compromising its great concern dedicated



ACP pilotage services

to ensuring the safety of life at sea, and the prevention of pollution of the marine environment. For the above mentioned, the company operates under ISO -9001-2008, in compliance with IMO standards, national and international regulations, these are a guarantee to offer a quality service.

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

**Pelican Corp S.A.**, ([www.pelican.com.pa](http://www.pelican.com.pa)) the well-known marine contractor has experienced rapid growth in 2012 year with the purchase of marine transport vessels. The company was founded in 2004 by two commercial divers, Arie Lammerts Van Bueren and Jonathan Jones as a marine construction and marine equipment rental company,

The acquisition of two landing craft enables the company to meet the recent demand for the transportation of construction materials and heavy equipment out to the Las Perlas archipelago as well as along the Darien on the Pacific coast, as well as engage in marine construction and salvage work.

The largest vessel is M/V Macallan, an LCU (Landing Craft Utility), an ex-military vessel designed for carrying tanks and heavy equipment or 300 troops. In civilian mode she can carry 180 tonnes of cargo in good weather. She has an extremely shallow draft and can land right on to the beach.

M/V Macallan is 115ft long and 34ft wide and draws 6ft at the stern fully loaded with usable deck space of 52ft by

30ft wide and has an additional 22ft available towards the bow. The bow ramp is 14ft wide, which allows easy access to the deck by heavy equipment. She is powered by three Detroit Diesel 671's at 250hp each, which makes her very safe.

Pelican Corp barges have worked on both the Atlantic and Pacific Coasts of Panama as well as in the Panama Canal on a variety of projects from dock building to dredging, diving and boring core samples and have successfully assisted in a variety of port projects.

In 2002, Pelican built its first deck barge, by more vessels to meet the demand for small floating work-platforms. Pelican Corp's many clients include Tecnilab, S.A., Ingenieros Geotécnicos, S.A., Trevi Galante, S.A., Odebrecht, Alvarado Et During. The company prides itself on a completely professional posture throughout every project, which includes precision quality, reliable operation methods, competitive job costs, as well as contractual and financial responsibility.

### 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 eleven, some of them working as pilots at the Panama Canal Authority (ACP).

**Panama Pilots Services Company (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. This company, Environmental Protection & Control is currently in negotiations with port users and the Port Authority to provide oil spill response and other services to the vessels that berth in Corinto and Puerto Sandino oil terminal on the Pacific side.

OPC keeps investing in newer equipment and developing other services, which include oily water and slop removal from vessels calling Panama as required by the MARPOL agreement. Two small and a medium barges were recently acquired which are operating in Balboa and Cristobal.

### Port Services

The creation by the Panama Maritime Group of **Port & Cargo Co.**, in 2004, which started offering stevedoring and port workers to Evergreen's Colon Container Terminal (CCT) on the Atlantic coast, marked the introduction of outsourcing in the maritime industry in Panama. The company is considered the first labour outsourcing company in Panama. Since then and to respond to growing demand of similar services, the group formed a separate company, in December 2006 Port Outsourcing Services, to provide identical services to Panama Ports Co (PPC)'s port of Balboa on the Pacific side and Cristobal on the Atlantic entrance of the Panama Canal.

Today, Port & Cargo has grown to 270 workers, while **Port Outsourcing Services** has 750 employees. The benefits for the ports are substantial. Not only giving independent contractors the management of their workforce has considerably reduced the ports' departments of personnel and increased productivity. Outsourcing has reduced the cost of personnel and the pressure to find skilled personnel due to the great turn over in stevedoring, said port operators.

Port operators can concentrate exclusively on moving containers – which is their business – and not on administrating the labour force. The

ports of Balboa and Cristobal, and Colon Container Terminal, which have all experienced rapid growth in their facilities, are no longer involved in resolving labour disputes made more difficult to solve because the ports are administrated by foreign companies. Ports operators leave to Port Cargo Corp and Ports Outsourcing to deal with the problems. POS has a warehouse and a 32-mechanic workshop working 24/7 at Balboa's Pier 13.

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

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## Shipping Agencies

**Associated Steamship Agents** ([www.shipagents.com](http://www.shipagents.com)), has been operating in the country for nearly 120 years and is considered the 'dean' of shipping agencies.

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 US and the Far East.

The agency was the first to apply computer based solutions to its operations and the accounting and operations platforms have nothing to envy from other world-class organisations. Associated Steamship Services, together with Wilford & McKay, Fernie and Gateway Transit, has formed a strategic alliance, and although several shipping lines have opened their own Panama office in the past 10 years, the business remains largely dominated by domestic agencies that offer experience and know how. It represents shipping lines and cruise lines.

The Canal expansion has proved 'positive in every way for shipping agencies,' said Langman. Most of this business will come from aggregates for construction, dredging and from moving crews, spare parts and bunkering, amongst other sectors, that will contribute to the local economy, he explained.

**C.B. Fenton & Co.** ([www.cbfenton.com](http://www.cbfenton.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.

CB Fenton prides itself on the personal attention that has been offered to owners and operators over the last 95 years. Providing clients with an economically priced service without reducing the level of attention that is so important in the



### Bunkering, amongst other sectors, will contribute to the local economy

industry if delays and unacceptable costs are to be avoided.

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.

**Inchcape Shipping Services-Panama** ([www.iss-shipping.com](http://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 worldwide reaching group.

Inchcape Shipping Services-Panama roots go back to the Pacific Steam Navigation Company (PSNC), which began operations in the Gulf of Panama in 1845. After the construction of the Panama Canal, PSNC opened its offices in the Atlantic Terminal, Colon and was represented by the Ford Company in Balboa in 1961, when the two companies merged creating Pacific-Ford. In 1984, the company joined with Inchcape Shipping Services and completed its union with the company in 1995, becoming Inchcape Shipping Services, S.A.

ISS Panama City provides full husbandry services to vessels transiting the Panama Canal or calling at Panamanian ports and anchorages. Its experienced bilingual operations team have an excellent working knowledge of local marine regulations, and utilise this expertise to save vessel time and expense and is available 24/7.

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

shipping lines and services related to the shipping industry.

**Panama Shipping Agency & Services (PSAS)** was created in 2010 but its principals have been involved in the shipping industry for more than a decade. The company is authorised to operate as 'port agent' in any port of Panama and is recognised as a shipping agency by the Panama Canal Authority (ACP) for vessel transit purposes. PSAP also provides services of chandlery.

'We offer unique personalised services including value-added services such as legal, technical assistance and co-ordination of any other services upon request, which have made us known as 'your local office', now the trademark of the company,' says PSAP general director Antonio Fotis Taquis, a former Ambassador of Panama in Greece and other European countries.

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; handle accident investigation, claims negotiation, insurance (H&M) and P&I Club assistance to ships, cargo or third party liabilities; organise reception facilities for all specified MAROL 73/78 wastes from all ships (oily wastes, sewage, noxious liquid substances and garbage disposal) and other services (ship cleaning, tank cleaning, oil spill containment, disinfection for de-ratting and insect eliminations).

**Roza & Cia (Panama) S.A.** ([www.therozogroup.com](http://www.therozogroup.com)) is part of the Roza Group which is composed of Jaime Roza Gomez & Cia Ltda, ship chandlers founded in 1961, Roza & Cia Ltd, maritime agents (1989), Roza y Cia

(Panama) S. A., ship agents (1997) and Overseas Ship Suppliers Corp., general ship chandler at the Panama Canal, in Panama since 2001 which offers 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, Republic 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

Several international ship repair companies are looking at Panama to install shop and companies already in place are hunting for land to build new facilities. The problem is a lack of space to

## MEC Shipyard

**M**EC Shipyard (Formerly Braswell Shipyard) is the largest shipyard on the Pacific Coast between California and Pacific South America countries.

The shipyard concession, held by the Spanish company Fextun ended in October 2011 and was not extended. The Panama Maritime Authority (AMP) after calling an international tender, formally awarded, in July 2012, the new concession to the consortium made up of the Panamanian company MEC Balboa Shipyard which had submitted the best offer. The consortium MEC Shipyard consisted of Panama's Marine Engineers Corporation and MEC Balboa Shipyard of the Kardonski group.

Four consortia participated in the tender for the 20-year concession for the administration and operation of the Balboa shipyard – Panama Dry Docks; Astillero del Pacifico; Talleres Dry Docks and MEC Shipyard.

The shipyard, located on the Pacific side of the Panama Canal close to the port of Balboa, was built by the former Panama Canal Company and is considered a very important asset for the maritime industry. According to the tender files, the licensee should achieve optimal commercial development of the shipyard; comply with the Investment Plan necessary to adapt existing facilities and acquisition of any additional equipment needed; carry out all operations with a high degree of responsibility and care in order to do the utmost to avoid damage to ships, facilities, properties and personnel of the state, and personal or property of others.

The new administration plans to invest up to \$12m in the coming years, with about 70% of the investment to be executed in the first three years of the concession. The planned investment includes the purchase of six new cranes for the shipyard, complete rebuilding of the existing three cranes, for a total of nine cranes with a maximum capacity of

45 tonnes, and a minimum capacity of 10 tonnes; the purchase for the largest order of Miller Dimension 652 multi-process welding machines, with the intention to move from Manual Arc to Semi-Automatic welding in the next years. This will bring the group capacity up to a 26 tonnes a day steel renewal rate. The investment also includes new pumps, new electric system, rebuilding of the caissons, mechanical, compressor and painting equipment. The group want to build a brand, as World Class Shipyard Group, where ship owners will decide to bring their vessels not based on price but on the value-added service.

The shipyard consists of three dry docks, its largest dock having the same dimensions as the Panama Canal present locks chamber, able to accommodate Panamax-size vessels. The yard includes wharfage and workshops that comprise 12,000sq mtr and is able to conduct dry dockings and surveys as well as emergency and damage repairs on both the Balboa (Pacific) and Cristobal (Atlantic) sides of the canal.

The yard, operated by the Panama Canal Company since the early 1900s, was transferred to Panama's government in 1979 after the Panama Canal Treaty was

implemented. In 1991, Braswell International was awarded a 20-year concession to operate the ship repair facilities. In January 2006, the shipyard concession was sold to Spain-based group Fextun (Fabrica de Exquisiteces de Atun).

The new concessionaries have said they are bringing new equipment to transform the shipyard into a first class operation that can service over 100 vessels a year. It has three cranes, four forklifts, a high-pressure washing machine and hydro-blasting equipment. Space for the larger dry dock at the Shipyard is sold out all year long.

Although the yard has been closed since October 2011, MEC Shipyards has engaged into a complete renovation of the installations in order to start operations in November 2012 with a new management team.

Among the top directors, the Board has contracted as Vice President Shipyard Operations, Brian Terence Moore, formerly one of the top managers at Grand Bahamas Shipyard. Also the recruiting process includes the contracting of new Project Managers with a minimum experience of 20 years, all of them coming from the top shipyards in the world.



Largest shipyard on the Pacific Coast between California and Pacific South America

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

Most of the international ship repair companies established in Panama face the problem of space and though they want to expand, there are few facilities available and land at both entrances of the Panama Canal is very limited. In 2005, ship repair firms representing the most important of the sector and the Chamber of Shipping as co-signatory signed the constitution of and registration of the 'cluster of ship repair' with the prime objective to promote competitiveness and develop initiatives in the sector. The main objective was to create new opportunities for the existing ship repair companies established in Panama, improve their competitiveness and present an alternative by offering its services on an international level. But the bottom line remains a dramatic lack of adequate facilities. There is an increasing demand for specialists and skilled workers in most of the fields of the maritime sector, which prompted the government to begin programmes targeting the formation of specialised workers for the Panama Canal expansion and to supply this sector.

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 dry dock shipyard, located at Mount Hope on the Atlantic side, was built by the French Compagnie Interoceanique du Canal de Panama in 1886, as testified in 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 10mtr. In addition, the division has a synchro-elevator with a lift 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-elevator space are rented to maximise the facilities utilisation and support the local commercial emerging ship repairs industry.



Atlantic side industrial area for the locks construction

The Mount Hope shipyard, in addition to providing primarily repair and modification services, also gets involved in new construction. In 2004, it built a 16.2mtr 24-person aluminum launch for Canal's personnel transport; in 2005, it completed the construction of the 51mtr long drill barge *Baru*, equipped with four drilling rigs that can bore holes 26mtr deep in a single pass; and has constructed four spillway gates as well as two lock's vehicular bridges.

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

#### **Astillero Bayano,**

([www.astilleroBayano.com](http://www.astilleroBayano.com)) at the Port of Coquira, on the Bayano River, just 23 nautical miles east of the Panama Canal's Balboa entrance, is able to service the local growing industry, at international quality standards. Astillero Bayano has built, redesigned, and repaired tug boats, supply boats, barges and many other types of floating equipment used in Panama's maritime industry. The yard is able to do repairs both on land or afloat.

With experts in the art of building and repairing vessels, Bayano Shipyard is committed to meeting customer's needs through quality workmanship, on-time deliveries and competitive rates. The shipyard's reputation is built on delivering quality work in a timely manner, always working with the client through budget constraints. It has a long history of running fleets, and more than 40 years of experience in the building and repair of vessels, it was not until 2001 that repair services were expanded to the commercial level with the construction of

the shipyard.

Bayano Shipyard is one of the few full service private shipyards in Panama and the region, servicing all types of vessels from commercial to leisure. The shipyard understands the importance of reliability, performance and minimal downtime for the customer.

The facilities include: a marine railway, with a maximum capacity of eight vessels at a time and beds able to hold up to 600-tonne vessels; an engine shop for repairing, overhauling of engines such as Caterpillar, Detroit Diesel, and Cummins; a machine shop and equipment used for aligning, forging and manufacturing metal pieces with lathes, drills, presses; a carpentry shop with all the wood and equipment necessary for doing any type of woodwork, from hull construction and repair, to detailed cabin finishes; a sand blasting and painting shop with sand blasting equipment and all types of marine and epoxy paints; fuel tanks for supply of diesel fuel and lubricants; marine chandlery containing a wide variety of replacements for basic vessel equipment and a 200ft dock suitable for loading and unloading, as well as afloat repairs.

The yard has fully-qualified Panamanian tradesmen who can construct and repair hulls of all types of marine equipment in steel, fiberglass and wood, as well as mechanical, hydraulic and electrical repairs, among others. The yard is able to do repairs both on land or afloat

#### **International Repair Services**

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

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

INREPSA has facilities for rewinding any size DC/AC electric motors and generators; Main engine and auxiliary generator repairs performed alongside berth or at anchorage. All types of certified welding work including deck, hull shell plating internals, steel structures, pipe fitting, tanks and barges. INREPSA also hires out auxiliary power plants mounted on heavy duty trailers, barges, push boat and cranes. For onsite jobs it has mobile workshops each equipped with generators, welding and cutting machines, oxygen/acetylene, lathe, etc. mobile air-conditioned offices, and containers for storing equipment and materials, and can perform main engines and auxiliary generators repairs alongside berth or at anchorage.

INREPSA also represents the following companies in Panama: Alaska Diesel Electric, Lugger Marine Diesels, NorthernLights Generators, Lister-Petter, Inc (Diesel engines) F.G. Wilson Engineering Ltd., Marol Steering Gear.

**MEC Group** is constituted by four companies and eight divisions, all related to the maritime sector. The group comprises **MEC Shipyards**, for new building and shipyard repairs, **MEC Heavy Industries**, for all heavy steel fabrication, **MEC Repairs** for afloat maintenance and ship damage repairs, **MEC Stores**, for ship chandler and ship supplies and **Underwater Services**, a commercial diving company, that has just complete the impressive record of over 200

immersions on the Panama Canal Expansion, with no accidents.

During 2011, MEC Heavy Industries together with MEC Shipyards performed the first new building project in Panama for the design and fabrication, integration and installation of two VLCC multi buoy mooring system (MBMs), under ABS Class approval, following ABS offshore construction rules and with certified welders under ABS, LR and BV. 'This project as a milestone in Panama maritime industry, as it permitted transfer of technology and engineering from the US to MEC. The construction of the 2 MBMs was realised at Vera Cruz Shipyard which had been purchased by the MEC Group in 2011,' says MEC Group evp, Marvin Castillo.

MEC Repairs deployed its fleet in 2012 of floating equipment in August 2012, and showed the strength of the group, with the full re-building of its 4,000 HP tug boat (MEC Salvage), a 280ft, 100 tonnes crane construction barge (MEC Barge 1), a 2,400 HP twin push tug boat (MEC Towing), and three working boats (MEC Repairs, MEC Fast and MEC Divers), making the group's re-entrance into the afloat repair service, a complete success among the vessels transiting the Panama Canal.

With the acquisition of the Balboa Panamax Dry Docks, the group will integrate the different services to the vessels into the new organisation, where Peikard International from the Kardonski family as well as the original founders expect to create value in the coming years, by means of consolidating the strategic logistic position of Panama, as hub for new building, ship repairs and ship services at the Panama Canal.

**Talleres Industriales International (TII)** ([www.talleresindustriales.com](http://www.talleresindustriales.com)) was established in 1969 in Colon where its headquarters are located. Talleres have heavily invested during the last decade in technology and infrastructure.

At Cristobal, Talleres Industriales has

more than 12,000sq mtr of facilities which include workshops, bonded area, storage space and office centre. The new 4,000sq mtr state-of-the-art work shop is equipped with overhead cranes and CNC steel cutting equipment, balancing machines, robotic welding equipment, industrial oven, hydro blasting equipment, heavy duty lathes and milling machines. And at Cristobal inner anchorage, it has the supply boat Gustavo Castro with deck space and capacity up to 13 tonnes and workboat Don Rafael. Talleres Industriales also has three deck-barges stationed at Cristobal inner anchorage with 600 tonnes capacity ready for work at any projects.

At the Pacific entrance of the Panama Canal, it has also a 2,000sq mtr operation centre to deploy its personal equipment and gears to the vessel at Balboa anchorage in a quick and reliable manner. To complement its services, TI has four crane-trucks of up to 30 tonnes capacity to attend vessels at terminals on both sides of the canal.

Talleres Industriales plans to build an additional 4,000sq mtr workshop, for fabrication, manoeuvring and repairing parts of greater size for ships and the heavy equipment that will be used during and after expansion of the Panama Canal. The company reach has expanded much beyond Panama's borders, having created a customer base in most of Latin American countries where Talleres Industriales has performed major ship repairs works in Ecuador, Peru, the Caribbean, and Central America.

The company, ISO 9001:2000 certified, is the exclusive service station and distributor for Central and South America for TurboNed Holland (turbochargers) and Wesfalia (separators), Germany .

Today, with its fully skilled and internationally trained workforce ranging from 150 to 300, and fully equipped workshops and workboats, it has become

At Cristobal, Talleres Industriales has more than 12,000sq mtr of facilities



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one-stop-shop for all type afloat and underwater inspections and repairs, attending an average of 800 to 1,000 ships annually on 24/7 basis.

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

Full coverage of all type of electrical and electronic repairs has led the company to become member of International Ship Electrical and Engineering Service Association (ISES) in UK, as well as Electrical Apparatus Service Association in the USA.

### Towage

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

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

Balboa and most of the international ports of the Panama Isthmus.

Working on the largest fleet of modern harbour tugs in Panama, SMIT 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

*The safe handling of vessels depends on their ability to make swift and sound decisions based on extensive training and experience.*

training and backed by their experience. 'Every year over 10,000 vessels is 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 and training standards and resources offered by a world leader in towage and salvage makes the difference for our clients. That is how we can deliver reliability and safety year round,' says gm Walter van der Dussen.

'As a global provider of professional harbour towage and port services, we constantly monitor our quality levels and our customers' special wishes. Our working relations with both large and small parties, such as ship owners, freight forwarders, brokers, pilots and port authorities, acknowledge our consistency and continuity of quality and service. These

parties know that they can rely on our staffs and crews for a round-the-clock service in every port in which we operate, in all weather conditions,' he says.

**Compañía Marítima de Panama** ([www.cmpgb.com](http://www.cmpgb.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.

TSP has a fleet of ten tugboats that include the VB Chagres, VB Michoacan, VB Gamboa, VB Coiba, VB Buccaneer, VB Atlantico, VB Campeador, VB Corsario in addition to other units which provide services with practically immediate response time to attend any emergency, attendance as well as international water rescues be them in the Pacific or the Caribbean.

**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 Chile, Peru, Panama, Mexico, Bahamas, the Dominican Republic and Trinidad & Tobago.

In Panama, Svitzer Americas currently operates 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 50 TBP EGIL was taken over from the Scandinavian region, while 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 of the quartet 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. These four 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 their clients. •

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## Legal services in demand

Since the opening of the Panama Canal in 1914, Panamanian law firms have grown in importance thanks to the enactment of two major legislations (Law 8 of 1925 creating the Ship Registry; Law 32 of 1927 establishing the organisation and management of corporations) which introduced Panama's economy to the maritime and off shore business.

Whether they were created in the early years of the Republic or more recently, Panamanian law firms have developed a tradition of excellence which is now associated with the position of Panama as an important regional transshipment centre and home to the largest open ship registry in the world. For that reason, Panama's maritime lawyers form a strong law community renowned worldwide for the quality and variety of its services which have guided many Panamanian law firms to open offices in the main capitals of Europe, Asia and the US, offering services from maritime to corporate business.

In recent years and because of a booming economy, the demand for legal services has grown similarly with the expansion of ancillary activities related to the maritime sector and to corporate business as a number of multinational firms have headquartered their regional activities in Panama benefitting from a series of legal and tax dispositions. The Canal expansion has also been a magnet for transport companies including shipping, ports and cargo companies; all those activities driving strong growth for law firms.

Consequently, Panamanian lawyers have formed their own organisations, one of them being the Panama Maritime Law Association (PMLA, Asociacion Panamena de Derecho Maritimo, [www.apdm.org](http://www.apdm.org)) that was created at the end of the 1970s by a group of lawyers specialising in maritime law. PMLA's board of directors are elected

every year but for the period 2012-2013, the Association has decided to re-elect the 2011-2012 board which is presided by Ms Jazmina Rovi (Morgan & Morgan), vice president lawyer Jorge Loaiza III (Arias, Fabrega & Fabrega), secretary lawyer Belisario Porras (Patton, Moreno & Asvat), treasurer lawyer Alexis V. Herrera (Icaza, Gonzalez-Ruiz & Aleman) and accompanied by lawyer Ms Ana Lorena Morales (Fabrega, Molino & Mulino), and lawyer Ms Gicela Rachel Kinhead.

The growing number of members has made of PMLA a pro-active organisation participating in a wide range of activities both on the international and domestic scenes. Every two years, the PMLA alternates with Panama's Chamber of Shipping in organising the bi-annual conference-exhibition Panama Maritime World Conference & Exhibition (see adjacent box) and will take the helm of the next Panama Maritime World Conference and Exhibition – Panama Maritime XI – that will take place February 27 to March 1, 2013 at the Megapolis Convention Centre.

Former PMLA president and lawyer Tomas Avila presides the Organising Committee.

Maritime lawyers have largely contributed to the development of Panama as a flag state through their participation in drafting some of the most important maritime legislations and through their contacts and travels abroad where they are recognised as experts of the trade. The PMLA has contributed to the writing and review of the four main maritime laws which were approved by the National Assembly in 2008. The reforms, which came into force in August 2008 and February 2009, were: Replacement of Second Book of the 1917 Commercial Code of Panama with the Maritime Commercial Law [Law 55 of August 6, 2008], a general port law [Law 56 of August 6, 2009] on future national and international port concessions, a new merchant marine Law [Law 57, of August 6, 2008] and reforms to the Code of Maritime Procedures [Law 12 of January 23, 2009].

Lawyer Victoria Myers, partner at law firm Arosemena, Noriega & Contreras who served three times as member of the



Jazmina Rovi, Morgan and Morgan lawyer and PMLA president

PMLA's Board of Directors of the Panama Maritime Law Association and also chaired the Panama Maritime World Conference and Exhibition Organising Committee, considers that one of the PMLA's goals is 'to simplify matters to lawyers, ship owners and consular officials, in a business where time is of the essence.' Therefore, she says, a new legislation should be necessary to implement the 'standardisation' of the different daily use forms and formats.

The Panama's Public Registry for ship and mortgage registrations has moved in to the Panama Maritime Authority (AMP) building and works around the clock since January 2011. The change has made it much easier to deal with Asian and

## *A new legislation should be necessary to implement the 'standardisation' of the different daily use forms and formats.*

European ship owners. The 1998 law creating the AMP contemplated its incorporation of the Public Registry, but this didn't happen until January 2011. There are still some adjustments needed to make the hardware and software of the

Public Registry, the AMP's merchant marine department and maritime security compatible and the PMLA is working on producing 'unified forms of application which should be soon presented for approval to the PMLA's board of directors and then to the AMP and Public Registry,' says PMLA president Jazmina Rovi, from the law firm Morgan & Morgan. Those forms would ease the preliminary registration of ownership titles and mortgages, using a format more suited to ship owners and consular officials.

Panama has established the Tripartite Maritime Labour Commission formed by the Administration (Panama Maritime Authority and the Ministry of Labour),

### Panama Maritime XI in 2013

Every two years, Panama hosts the conference-exhibition Panama Maritime World Conference & Exhibition, ([www.panamamaritimeconference.com](http://www.panamamaritimeconference.com)) which will take place February 27 to March 1, 2013 at Megapolis Convention Centre.

The Panama Maritime Law Association (PMLA) organises with Panama's Chamber of Shipping the annual conference-exhibition Panama Maritime World Conference & Exhibition and alternates the presidency of the organising committee. Former PMLA president and lawyer Tomas Avila presides the Organising Committee which is under the helm of the Panama Maritime Law Association for the 2013 event. The Committee is also considering other activities for 2014 related to the inauguration of the Panama Canal expansion.

The previous Panama Maritime X-World Conference and Exhibition, held in February 2011, was an outstanding success with the largest ever participation of international companies, delegates attendance and top level conference speakers. However, Panama Maritime XI, with a new and larger venue for its exhibition is expected to outdo all prior events and it has retained **Seatrade** to promote the conference and exhibition internationally.

Megapolis Convention Centre is the largest in Panama, inaugurated at the end of 2012 and features an area of 6,125sq mtr with the exhibition occupying some 2,805 square metres, the largest ever for Panama Maritime World Conference & Exhibition. The auditorium has capacity for 600 people while areas for roundtables and seminars offer capacity for 360 people.

'We are going to use two halls of the seven for the conferences and the



Thomas Avila, president of the Panama Maritime Organising Committee

remaining as one open space, will be used for the exhibition. The area has been divided into 136 stands, plus the coffee break area. We are coordinating with the hotel to have standing lunches in the exhibition area, to increase the networking opportunities of the exhibitors and delegates. Our programme is being designed to end at 16:00, instead of the usual 17:00, so the exhibitors may offer drinks and thus increase networking,' says Avila. In addition, there will be Wi-Fi in the convention centre for all participants as well as a press centre. Megapolis Convention Centre sits on top of the trendy Multicentro Mall of Panama City and is connected to the Hard Rock Hotel and the Radisson Decapolis Hotel.

There will be a field trip to the recently inaugurated Panama Canal Visitors Centre on the Atlantic side to observe the development of the construction of the future locks, followed by a cocktail reception on site.

'We have expanded our conference's scope of topics since the maritime industry is living difficult times because

of the global economic slowdown that is affecting ship owners, liners and port operators alike,' explains Tomas Avila, the organising committee president and senior partner of Avila & Co. 'At the same time, at two years of the completion of the Panama Canal expansion, the conference will look at how the waterway expansion will open new routes to shipping and what Panama must do to capture this potential and become a major player on the international logistics scene,' says Avila.

Key speakers will be Koji Sekimizu, IMO Secretary General and the Panama Canal Authority Administrator Jorge Quijano who will give an update on the Canal expansion.

On the programme are listed sessions on ports value-added strategies, oil and gas storage capacity in Panama and the region and MARPOL regulations on the oil & gas industry as well as safety and security, short sea shipping in the region, maritime regulations, such as Ballast Water Management and the Maritime Labour Convention 2006 as well as security and piracy.

ship owners (Panama Chamber of Shipping on behalf of the National Council of Private Enterprise) and seamen (represented by the National Council of Workers) and rules and regulations have been approved by the Tripartite Commission. The AMP through its departments of merchant marine and seafarers has delegated the issuance of Maritime Labour Convention 2006 (MLC 2006) compliance certificates to the Class Societies and Recognised Organisations (ROs). 'The drafting of legislation to implement MLC 2006 substantive rules (Titles I-IV) is nearly finished,' says PMLA president Jazmina Rovi.

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

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

Although lawyers have been pressing the Judiciary to establish the Court of Maritime Appeals, there is only one final step to make it a reality, getting the budget necessary to giving life to the Court created by the last modification to the Maritime Code of Procedure in 2009 but 'we are advancing [in the establishment of the Court of Maritime Appeals] since the Supreme Court has agreed to allocate the budget that was previously assigned to the Fifth Bench which was not created,' says PMLA president Jazmina Rovi. 'With those impedimenta removed, we are confident

## *Closer teamwork between the AMP and the PMLA is profitable for the industry say experts of the trade.*

the Court of Maritime Appeals will soon be operating,' she adds.

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

The organisation of the Maritime Arbitration Centre (CECOMAP, Centro de Conciliación, Mediación y Arbitraje Marítimo de Panamá) in the making for some years is completed with its legal framework duly approved by supervising Government bodies and drafting of regulations and tariffs. CECOMAP rules for administration of maritime arbitration processes were approved by its Board of Directors on August 2011 with the strong support of both the PMLA and the Panama Chamber of Shipping. Several programmes are being put together, by local and foreign academic entities, to offer continued training on arbitration to those willing to be included in CECOMAP's list of arbitrators. A new

Board of Directors has been appointed, presided by Lawyer Iria Barrancos, and is working to have it operational in the next few months. 'The Maritime Arbitration Centre has been long awaited by the legal community and the domestic maritime industry,' says Lawyer Victoria Myers. 'The Centre will be good for the lawyers and for the maritime community alike, as the claims may be tried at the Centre in a more efficient manner than at the Maritime Courts,' she adds.

Closer teamwork between the AMP and the PMLA is profitable for the industry say experts of the trade. The association has been keen to work harmonically and closely with the Panama Maritime Authority (AMP) that oversees the sector in particular the Ship Registry. There is an urgent need for 're-structuring Panama's merchant marine and make it a quick and active entity capable of making and executing decisions at the same speed a private company would do and like the foreign registries which are [Panama] competitors,' says Lawyer Jazmina Rovi. In addition, says Lawyer Victoria Myers, '[Panama] Ship Registry should receive the financial support it really deserves in terms of budget and investments; it needs more autonomy from the government.'

The maritime sector has experienced a continued growth in many areas such as ports, auxiliary industries, logistics and others, which are crucial and of vital importance for a sustained socio-economic development of the country and could prove a vital support for the Panama Canal after the expansion works are concluded. 'It is of utmost importance that the maritime development be State policy and not only a significant item in a government plan in order to have all the government entities [involved in the sector] facilitating the strengthening and development of the maritime sector,' notes PMLA president Jazmina Rovi. •



# A new capital will emerge



There is hardly a district in Panama City where streets are not obstructed by powerful excavators. In spite of the turtle-speed traffic, cars, buses and motorcycles try to make their way through an upside down metropolis. But the Panamanians have learnt to navigate their way through the temporary maze that would infuriate most. The reason is simple: Please forgive and forget today's troubles, 'we are building tomorrow's new Capital city,' as a poster from the Ministry of Public Works says: Nuisances pass away, the works stay.

The truth is that the Martinelli Administration's investment plan of nearly \$14bn, in its five years of government, targeted upgrading and expanding the country's road, highway and transport systems. That includes the construction of a \$1.8bn metro – the first subway in Central America – the expansion of the Panama-Colon Highway, improvements to the existing Pan-American Highway and numerous roads within the republic and a complete network of turnpikes, tunnels and enlarged avenues in Panama City. Tocumen International Airport is also set to expand with the construction of a new wing that will increase capacity by 50%.

The government's public investment strategy has relied on the use of mechanisms to avoid the short-term impact of record capital investment on public finances, in particular with turnkey contracts which allow payment when the works are completed. Under these agreements, the government awards contracts to private-sector firms for capital projects, with payment due only after completion and handover of the project, or according to a fixed schedule of completed stages.

'Panama's subway is one element in a series of investments aimed at cementing the country's position as a services hub in the Latin American region, and will be very helpful in solving traffic problems in its route,' Panama's Minister of Economy and Finance, Frank de Lima said.

No wonder that construction works and projects, in addition to the \$5.25bn Panama Canal expansion, have boosted the economy that registered 10.9% growth in 2011, up from 7.5% in 2010, and reduced unemployment to 4.4% at 1Q, 2012. Meanwhile, companies are struggling to find skilled workers. For 2012 alone, public investment spending, excluding Panama Canal expansion, is set at \$3.6bn, 10.3% of GDP.

*Port activity posted a record year in 2011, growing by 18.5% with cargo volume up to 6.6m teu.*

In 2011, Gross Domestic Product (GDP) was driven by the construction sector which grew by 18.5%, along with mining (18.4%), trade (15.9%), transport and communications (13.7%), financial intermediation (7.6%), and hotels and restaurants (7.6%). In terms of composition, 24.1% of GDP is contributed to by the transport and communications sector, followed by commerce with 15.2%, financial intermediation and construction.

For 2012, expectations are that GDP will grow by 8.3%, a slowdown of two and a half percent compared to 2011, according to the Economist Intelligence

Unit. But the International Monetary Fund is more conservative and expects the economy to expand 7.5% in 2012, making it the second year that the Central American nation would lead Latin America's growth, although forecast are permanently revised. However, Panama government officials believe the economy will continue to grow double digits in 2012 to 10% and to 8% the following year. In 1Q, 2012 the registered economic growth was 10.6%. During that period, the construction sector grew by 26.7% while tourism increased by 21.4% with the number of tourists coming to Panama growing by 8.6%. Hotel occupancy was at 63.6% during the first quarter of 2012.

Port activity posted a record year in 2011, growing by 18.5% with cargo volume up to 6.6m teu and in spite of the shipping industry global slowdown cargo volume grew by 11.6% during the months of January to May 2012 to 2.88m teu compared to 2.58m teu during the same period the year before.

The Canal expansion works and public investments are likely to promote above average growth for the next two years, according to Fitch Ratings but the economy risks overheating as labour markets tighten, the rating agency said in a May 31 report. In July, Standard & Poor increased its credit rating for Panama to BBB stable up from BBB-. 'We expect that the country's real GDP per capita will expand by 6% in 2012 and then about 4% annually through 2015,' said S&P.

Public investment in productive infrastructure and an expanding services sector that benefits from the country's emerging role as a regional hub for trade, finance, and transportation support the increasing resilience and diversification of Panama's economy. Real GDP per capita

has grown an average of 7.2% per year since 2007, and it has doubled in nominal terms since 2005, explained S&P.

Panama's National Assembly recently approved legislation for a sovereign wealth fund (SWF) to manage the canal's revenues when it begins expanded operations early in 2015. 'We expect that the creation of the SWF – as well as tax reforms implemented in 2010 and 2011 – will provide the government with ample resources to fund its ambitious investment plans without eroding its fiscal flexibility or increasing its debt burden,' said Standard & Poor's.

Foreign Direct Investment (FDI) continued to grow showing an increase of 19% in 2011 to \$2.8bn, the highest in Central America and the highest per capita in Latin America, although it slowed down in the first quarter of 2012 still at over \$400m.

Port infrastructure is also to expand

## *The \$30m 20-year concession for a cruise terminal on the Amador Causeway would facilitate cruise stops on the Pacific side.*

with the construction of a cruise terminal on the Pacific side, and a container terminal on the Atlantic side. Another container terminal is in the blueprints at Corozal, on the eastern bank of the Panama Canal on lands of the Panama Canal Authority (ACP). Although in the conceptual phase, the government has carried out a feasibility study of the project and a concept design should be

ready by mid-year. Upon review of the study, the ACP will present the project to its board of directors.

The \$30m 20-year concession for a cruise terminal on the Amador Causeway would facilitate cruise stops on the Pacific side. Cruise operators among them Royal Caribbean, Carnival, Holland America and Princess have expressed their interest in participating in the tender which has to be set by the Tourism Authority. The government would use a scheme similar to that used in 1997 when they leased out the Port of Colon 2000, when it agreed to a payment for a turnkey project, plus a monthly fee per square metre, said the authorities.

Meanwhile, Panama Canal Container Port (PCCP), located on the Atlantic side next to Evergreen's Colon Container Terminal, has received permits from the Panama Maritime Authority for the construction of a new terminal. The

### Minera Panama: a sustainable project

**M**inera Panama (MPSA), a joint venture formed by Canada-based INMET Mining Corp (80%) – with mining operations in Turkey, Spain and Finland – owns the 20-year 13,600ha concession to develop an open-pit copper project in Donoso district, province of Colon, in north central Panama, becoming the first large mining project in the country.

Located in a non-indigenous area, MPSA will be the first copper porphyry development of significance in Central America as well, holding proven and probable reserves of 2.32bn tonnes of ore of which 9.2bn pounds are copper mineral and 5.2m ounces gold. When in full operation, the estimated annual production is expected at 298,000 tonnes of copper, 106,000 ounces of gold and 1,572,000 ounces of silver, during the first 15 years of production, making Minera Panama the largest exporter in the country.

The project's Environment and Social Impact Assessment was approved by Panamanian authorities in December 2011, leading the way to proceed to the construction of the facilities due to conclude by end-2015. A joint venture, JVP, led by Canada-based SNC-Lavalin Group Inc with GyM SA and Techint International Construction Corp, was awarded the contract for detailed engineering, procurement and construction management services for

the mine, which is estimated at \$3.2bn, a project similar in costs to the construction of the Panama Canal new locks. The mining project has an overall estimated cost of \$6.2bn. Jochen Tilk, (pictured) INMET president and ceo,



Jochen Tilk

highlights the project contributions for the socio-economic development of the country saying 'Cobre Panama will be a sustainable regional economic engine and development catalyst for communities surrounding the Project.'

In addition to the mining facilities, a \$543m deep-sea port at Punta Rincon, 90km west of Colon by sea, will service the project for the delivery of supplies and equipment, the import of coal for the power plant and the storage and export of copper concentrate product. A 300MW thermal power station within the port complex will provide power for the project and a 30km road will link the port facilities to the mine site.

Punta Rincon deep-sea port has a natural draught of 16mtr-17mtr which will not require dredging. Access to the deep berth service platform is provided by a 116mtr causeway and 11 trestle sections of 36mtr length, pile-supported, with a total length of 396mtr. The service platform and berthing dolphin and mooring arrangements are designed to handle vessels between 35,000dwt Handysize to 65,000dwt Panamax. Another berth will accommodate barges

up to 6,000dwt and coastal vessels to 10,000dwt to receive general supplies and containers offloaded by shore-based mobile crane as well as some break bulk cargo unloaded by ship's gear or a shorebased mobile crane.

The barge berth will accommodate fuel tenders with bulk fuel unloading and storage facilities and unloading via barge-mounted ramp so that cargo can be rolled on and off.

Since its early stages, Minera Panama has been active in establishing relationships of mutual respect, open dialogue, and on-going consultation and cooperation with neighbouring communities by promoting local employment and opportunities for growth, investment and business for local residents with special attention to education programmes and scholarships. The protection of the biodiversity surrounding the mining concession has been one of the most important elements of the company's environmental management programme since Panama has a wealth of biodiversity. Several new species were recorded in the project's area of influence. Other registered species were collected for the first time thanks to the depth of the biological base line study of the ESIA for the project. Minera Panama programmes are already engaged in preventing any net loss of biodiversity due to project activities. The flora biodiversity management programme will also create incentives for applied investigation using these species and rescue flora to ensure species conservation.

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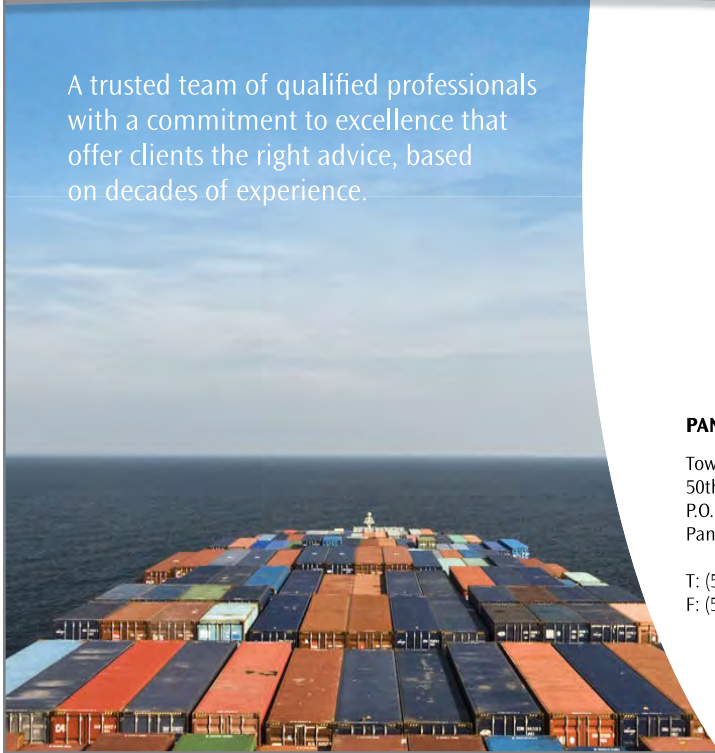
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The banking district

\$600m, 2m teu capacity project is designed to feature four berths and 1,050mtr of wharfage, including a 159mtr multipurpose berth, with a draught of 16mtr. The PCCP consortium has retained Jones Lang LaSalle (JLL) as development adviser. Tenders for dredging and construction are in the making. A terminal operator would be named later this year, said John Carver, JLL project chief.

The Panama-Pacific (Panama Pacifico) Special Economic Area (the former US Howard Air Force base) being developed by UK's London and Regional Properties Panama (L&R), is to become an attractive logistics park with numerous foreign companies taking advantage of the duty free facilities including special labour rules. The amount of investment by companies

that have begun operations in Panama Pacifico is estimated at about \$300m and an average of four companies per month are registering to operate in the area totalling already some 135 companies since the process of registration has been streamlined. The latest companies to arrive are BASF Panama, Kio Networks y Telered S.A. The state-owned Panama Pacific Agency, created eight years ago, is investing in two \$17m training centres, the first starting operations in August and will have 12 simulators.

The number of foreign companies registered as a regional headquarters under Law 41, passed in 2007 that creates a special regime for the establishment of the multinational companies in the country 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. •

## Banking in Panama

The international banking centre, created in 1970 contributes heavily to Panama's GDP. The financial sector includes banks, the stock exchange, insurance and re-insurance companies. At May 2012, there were 92 banking establishments in Panama of which two were government-owned, 48 of general licence, 28 of international licence and 14 of representation.

Like others sectors of Panama's economy, banking activity has performed well in 2011 and during the first months of 2012, maintaining a favourable trend based on sound liquidity, improved portfolio quality and solvency levels to 65.1%, much higher than the 30% minimum required by law.

The banking centre total assets at May 2012 reached \$82.78bn, an increase of 11.24% compared to \$74.41bn in May 2011. Total deposits grew by 10.72% during the same period to \$59.12bn, up from \$53.39bn of which local deposits were at \$34.53bn, growing 10.29% compared to \$31.31bn a year before and foreign deposits increased by 11.31% to \$24.58bn, up from \$22.08bn. Deposits

are the main source of funding for the growth and strength of the banking system's liquidity.

During the period May 2011 to May 2012, loans grew by 13.41% to \$51.72bn of which \$34.53bn were domestic loans to the private sector, up 16.31%, and \$21.97bn foreign loans that registered an increase of 9.43% compared \$20.07bn a year ago. Since the Panamanian economy showed important growth, it is reflected in an increase of demand for credit in the commercial,

consumer and mortgage sectors as well as productive sectors such as the industrial and construction sectors.

The Banking Association and the Superintendency of Banks in Panama have recently developed a set of standards in the security of Ensure to online banking. The Superintendency of Banks and regulator of the sector, has set-up a department specialising in risk technology to monitor the proper implementation of existing rules governing online banking.



At May 2012, there were 92 banking establishments in Panama



## Panama Brand attractive to cruisers

Cruise lines, such as Royal Caribbean International, Celebrity Cruises, Holland America Line and a number of others, have made Panama one of their main destinations, calling on the Atlantic and Pacific entrances of the Panama Canal, as the Panama call is a favourite amongst tourists. The country offers opportunities for shopping in the multiple commercial malls, taking a ride on the trans-isthmian railroad that runs from Colon to Panama City or visiting the beautiful beaches of Panama.

The Panama Canal transit remains one of the most popular cruises and one of the most sought after destinations in Central America and the Caribbean.

The Panama Canal recorded 200 transits by cruise ships with a total of 222,203 passengers, during the cruise season October 1, 2011-May 17, 2012. Cruise ship activity in the Panama Canal unofficially ended May 17 with the southbound voyage of Celebrity Millennium, a subsidiary of Royal Caribbean Cruise Line. Embarking from Miami, Florida, and finishing in San Diego,

California, this cruise vessel made the voyage in 15 days.

Throughout the season, cruise ships from the major international brands fulfilled their travel routes, including Holland America Line, Princess Cruises, Royal Caribbean Cruise Line, Norwegian Cruise Line and Carnival Corporation.

In addition, smaller cruise ships, such as National Geographic Sea Lion, Le Levant and Wind Star, contributed to traffic statistics; whose cruises usually make short voyages between the Caribbean islands and the East and West coasts of Central America.

Just like in previous seasons, the Panama Canal continues to be a tourist attraction. Such was the case for Carnival Corporation, whose ships crossed the Canal in late 2011, the Carnival Paradise on December 7 and Carnival Inspiration on December 8. Carnival Inspiration is based in Tampa, Florida, while the Carnival Paradise operates from Long Beach, California. To return to their homeports, each vessel offers its clients a 14-day-trip that includes a trip through the Canal.

Panama's cruise ports registered a

decrease of 22% in the number of passengers calling with a total of 189,173 visitors from January to April 2012 or 53,502 less tourists than in the same period of 2011.

But the season 2012-13 will start September 28 with the arrival of Coral Princess at Colon 2000, carrying 1,974 passengers, followed by Celebrity Cruises' Millennium and Infinity and in December Celebrity Equinox. Pullmantur will call Panama every Friday to complete 18 calls beginning November 30. Royal Caribbean's Grandeur of the Seas, carrying 2,446 passengers, has scheduled 24 calls. Others such as Wind Star, Regatta, Zuiderdam and Carnival Freedom are also scheduled to call Panama.

So far, Panama's Colon 2000 has scheduled 32 home port departures, which has seen 45,000 passengers during the season 2011-2012, of which 5,801 are from Colombia; 7,008 from Panamá; 2,161 from the US; 2,296 from México; 3,613 from Argentina; 2,227 from Chile and 1,874 from Brazil, helped by the eight-day-cruises to and from Colon 2000 that have proved attractive to the Latin American market.

'The brand Panama is largely appreciated worldwide and the possibility to build a homeport on the Pacific side would be welcomed by all cruise lines,' out-going Panama Canal Administrator Alberto Aleman says. 'The country offers the advantage of two terminals, on the Atlantic and the Pacific Oceans and should be the departure centre for new cruises to the Galapagos, Easter Island or Panama's Pearl Islands,' he explains. 'Moreover, the Canal expansion can be an additional attraction during the time of its construction,' he adds. To that effect, the Panama Canal Authority has built a new Observation

### Coral Princess with expansion works in foreground



Centre with a view to the expansion work on the Atlantic side of the Canal in the province of Colon, which was inaugurated in August 2012. Nevertheless, all shipping agents explain that cruise terminal facilities must be expanded with the construction of new terminals either on the Atlantic side or the Pacific side to respond to an increasing demand from the cruise industry, including the mega cruise vessels.

Colon 2000, which serves as homeport for Royal Caribbean, invested \$12m in 2009 to build a dedicated 200mtr berth, in addition to its existing 100mtr pier. 'We are the only cruise terminal on the Atlantic side and that brings an important increase of calls from lines such as Princess Cruises, Holland America, P&O Cruises and MSC Cruises, amongst others,' says Colon



Ocean Dream at Colon cruise ship terminal

Industry experts believe a rise in Panama Canal tolls may be the reason for a reduction in the number of transits, but calls at the Atlantic cruise terminal Colon 2000 have increased by 95% or more.

Panama's government is planning the

Club. Panama would use a scheme similar to that used in 1997 when they leased out the port of Colon 2000, and agreed to a payment for a turnkey project, plus a monthly fee per square metre.

Representatives from the Panama Maritime Authority (AMP) have said the AMP is defining the tender conditions for the start of a negotiation process. Cruise line representatives have visited the site in order to make technical recommendations regarding the specifications of the tender. The project proposed by the government has raised expectations in the industry, considering the success of the cruise terminal in Colon.

'I am not sure there is enough cruise business right now on the Pacific coast to justify the construction of a major cruise terminal. I do however believe there is potential for growth and having a passenger berth could in time lead to something interesting for Panama,' says Associated Steamship Agents president Charles Langman, whose agency represents several cruise lines. 'Scheduling cruise services is something that cannot be done overnight. It takes years to put these services together and the infrastructure needs to be in place before the line commits [to call Panama],' he explains.

On the Pacific side, Fort Amador Resort and Marina (FARM) also receives cruise vessels calls. The marina is also home to privately owned yachts which are now part of the scenery for tourists and vacationers alike, who come to enjoy the variety of restaurants at Fort Amador. •



The World at Miraflores Locks

2000's Augusto Terracina.

Colon 2000 provides a 100mtr pier with 11mtr draught, a passenger terminal and a duty free commercial mall, attracting several cruise lines transiting the Panama Canal. The Panamanian-owned Colon 2000 has built an exclusive 200mtr pier for RCCL that has capacity for vessels of up to 160,000dwt and has become, since December 2008, 'the first homeport in Latin America to accommodate large vessels,' says Terracina.

construction of a cruise terminal on the Amador causeway, at the Pacific entrance of the waterway and major cruise operators, including Royal Caribbean, Carnival Cruise Lines, Holland America Line and Princess Cruises, have informed the government of their interest in investing \$30m to build the terminal.

The contract would be awarded for a period of 20 years, renewable for another 20 years, and would be built on the Amador Causeway near the Balboa Yacht

Celebrity Infinity at Colon 2000





Fort San Lorenzo at the mouth of the Chagres River

## Colonial charm of the Atlantic Coast

**N**amed the 'Number One tourist destination' by The New York Times' travel writer on January 6, 2012, has boosted the confidence of Panama's government officials, tourist agencies, hotel operators and all sectors related to tourism. With the headline 'go for the canal and stay for everything else', the tiny country can enjoy being the first recommendation amongst 45 locations worldwide. Needless to say, competition from the most exotic places around the world is fierce when it comes to attracting tourists. This accolade given by The New York Times helps towards keeping Panama in the lime-light.

Although it has become banal to say that visiting the Panama Canal, transiting the waterway with a cruise ship or simply taking a one-day tour to go through the locks to have breakfast on the Pacific ocean and few afternoon drinks on the Atlantic ocean, is a once-in-a-life-time experience, it is also fair to comment that Panama is not only a canal and offers a variety of tourist attractions to visitors.

With a booming economy, the country has recently seen an influx of retirees, expatriates and investors, who have largely contributed to the boom of the construction industry in the Capital City and along the Pacific and Atlantic coasts beaches where second-residence

compounds have sprung up. The highlands of Chiriqui are one of the favourite areas where European and US retirees have established their homes.

The province of Bocas del Toro, bordering Costa Rica on the Atlantic side, is a popular centre for young travellers, scuba divers and beach-going couples who can also enjoy long treks in the nearby jungle in search of endemic flora and fauna.

But for history buffs and tourists alike, the Caribbean coast or 'Costa Arriba' [Upper Coast] and 'Costa Abajo' [Lower Coast] brings a completely different experience with the reminiscences of the Spanish fairs in Portobelo and Nombre de Dios and the times when British and French filibusters devastated the former Castilla de Oro's coasts.

The City of Colon, says tourist editor Ken Jones, is 'all the tropic ports of Joseph Conrad and Somerset Maugham' and though it is now a modern town with high-rise buildings it still features some gingerbread-style houses and a beautiful church, Christ Church by the Sea, located on the Washington walkway. Popularly known as the Stone Church, it was built in 1865, has a splendid Gothic facade and is the oldest church in Central America under the Anglican regency.

One of the most inviting places to visit is Fort San Lorenzo, at the mouth

of the Chagres River and one of Panama's historic jewels. To reach the fort, it is necessary to drive across the Canal's Gatun locks – the Western bank of the waterway – and begin a journey through one of Panama's best-preserved forests. A route through the jungle, a favourite for bird watchers, will lead to Fort San Lorenzo, an imposing structure with a magnificent view over the river and ocean. Built in 1595, Fort San Lorenzo suffered several pirate attacks over more than a century, the first by Francis Drake in 1596 and was later destroyed by Henry Morgan in 1671. Rebuilt, it was used by Spanish troops until 1821, when they left Panama, and the remains are in good condition.

Driving to the old town of Portobelo, renowned for its commercial fairs, will take one hour from Sabanita which is 15km before coming to Colon on the trans-isthmian highway. The road sometimes lies alongside the coast with typical Caribbean-food small restaurants favouring spicy seafood fare for a pleasant stop. Named by Christopher Columbus for its 'beautiful bay', Portobelo is a town of forts which was well defended and retained for two centuries [16th to 18th centuries] the monopoly of being the largest Atlantic port. The Santiago fort, seen upon

### Foreign residents new status

**A** new immigration subcategory for foreigners living in the country was approved May 16, 2012, by the Ministry of Public Security, according to Executive Decree 343, as published in the Official Gazette 27038. It will provide 'permanent resident status for foreigners from specific

countries that maintain friendly, professional, economic and investment relations with Panama.' Foreigners from 22 countries may apply for this subcategory if they reside in Panama to carry out economic or professional activities.

Among the documents required when

submitting the application are evidence of the business or professional activity and financial solvency. Applicants may include their dependents in the process, specifically their spouse, children under 18, family members with special needs and their parents.

Pier on Isla Grande



entering the town, has kept most of its batteries and San Geronimo fort, built in 1758, is the largest fortress protecting the bay, with canons, a nice gateway with barracks and eighteen artillery embrasures, that show the

importance of Portobelo as a trading post for the Spaniards. On the other side of the bay, where small boats take tourists, is another fortress that is not in such good shape and also protected the then-prominent metropolis.

The Old Customs House, restored by the Spanish government following the blueprints kept in Spain's archives, is worth a visit as the 'Contaduria' [accountant's office] is a good example of Renaissance architecture of the colonial period.

The best time to visit Portobelo is during Carnival season, New Years Eve or when there are celebrations of 'Congos', a traditional African-influenced dance and music originally a satire of colonial Spaniards. Dressed with colourful attire, the characters of the King and Queen of the Congos mock the conquerors in a tradition that has been kept alive since the days of slave trade. They also perform during the town Saints' day in the month of March when the festivities may last several days. It is a show not to be missed as it may be one of the few places in the region where this specific form of African art can be seen. The Congos have even retained the language used by the former slaves who, to avoid being understood by the Spaniards, talked with words said in reverse and the concepts expressed during the dances and songs are also expressed in reverse.

Another date to note is October 21, when villagers and pilgrims from all over the country come to venerate Portobelo's Black Christ. That day, the 17th century statue – said to be a miracle – is carried on the shoulders of 'the faithful' through the town in a procession that lasts several hours. Most of the crowd walk for kilometres, sometimes on their knees or barefoot for long distances, to pay their respect to the Black Christ.

The Caribbean Coast has crystalline waters and white-sand beaches with some of the best locations for scuba diving and snorkelling with plenty of

Village of La Guaira – boats are available to reach Isla Grande



### Tourism facts and figures

- The number of tourists visiting Panama exceeded 2m for the first time in 2011, according to the Tourism Authority (ATP). The total does not include the 40% of passengers a year who use Panama as a transit point to and from other countries in the region.
- The entrance of visitors increased by 4.7% during the first five months of 2012. In this period 934,899 tourists entered, an additional 42,360 when compared with the figures reported for January to May in 2011.
- Tourist expenditures maintain the growth recorded in the first five months of 2012 and by May it was calculated that it reached \$923.8m.
- Tourist arrivals at Tocumen International Airport increased by 20.7%, thus compensating for the recorded decline in the entry of passengers from cruise ships, since Panama received less ships during the 2011-2012 season.
- For the hotels with less than 100 rooms, occupancy between January and May 2012 was 54%, while in the same period last year it was 61%. By the end of the first five months, it had declined 6% in comparison with the previous year, due to the opening of more hotels in Panama City.
- Tourist spending increased from \$706m in 2002 to \$2.92bn in 2011, and reaching a total of \$16.71bn over a period of 10 years.
- The cruise ship ports registered a decrease of 22% in the number of tourists calling Panama with a total of 189,173 tourists from January to April 2012 or 53,502 less tourists than in the same period of 2011.
- South America continues to be the main source of travellers, with a total of 230,188 visitors from January-April 2012, while 163,000 tourists came from the US and 51,086 tourists from Europe.

coves and small islands just ten minutes away by boat for solitary sun-bathing. A seashore road from Portobelo leads to the village of La Guaira where boats are available to reach Isla Grande, a tiny

tropical island with all the amenities for lodging and eating with an offbeat life style. This the perfect place to relax under a coconut tree, windsurf or just enjoy this island in the sun. It is important to make

reservations during the holiday season or weekends as the island is also popular with the locals.

Isla Grande is a favourite amongst the international community for its small

## The Panama Canal Visitors' Centres

With the on-going construction of the third lane and the new locks on both the Atlantic and Pacific side, the Panama Canal Authority (ACP) has also begun building a new Visitors' Centre on the Atlantic entrance, which overlooks the works of the waterway expansion. The Visitors' Centre, on the Atlantic east side, will give tourists the opportunity to experience first-hand the imposing works that will be the future locks that will allow the passage of huge container and tanker vessels (post-Panamax vessels).

The new Atlantic Visitors' Centre (pictured) was inaugurated in August 2012 and is already attracting lots of tourists. The centre will also have a cafeteria, exhibitions and ecological trails.

The Pacific Visitors' Centre will be located in Cocoli and will have a tower overlooking the future locks. Its construction is planned to start in 2013, to avoid interferences with the works of the Pacific locks.

Meanwhile, the present Miraflores Visitors' Centre, on the east side of the Miraflores Locks, continues to be a landmark for all visitors wanting to view the ships transiting the waterway. The

Miraflores Centre, which attracts a daily average of 1,000 visitors from all over the world, was inaugurated on December 18, 2003 and remains the best location to see the waterway's activity. It is open seven-days-a-week from 9am to 5pm. Visitors can see up to three or more vessels make the transit simultaneously. From the moment the vessel enters the locks, it takes approximately 40 minutes for the process to be completed.

The Centre has exhibition halls organised in themes over four floors. The permanent exhibitions include historical objects from the Canal operations, interactive modules, video presentations, and models of the Panama Canal. The first exhibition hall presents the Canal history from the French attempt to build a waterway in the 1880s, and portrays the background, technological innovations, and sanitary initiatives that went hand in hand with the construction of the canal. The second hall is dedicated to the source of life: water, conservation of the environment, protection of the canal watershed, and the diversity of fauna and flora. The third hall shows how the Canal operates, bringing the

unforgettable experience of being inside a navigation simulator and one of the lock culverts. This exhibition showcases the Canal's improvements, modernisation and maintenance projects while the last exhibition hall on the third floor describes the Canal expansion including the construction of the future third lane with larger locks.

The Centre also has three observation areas located on the ground, first and fourth floors. Photos can be taken of the locks from their respective balconies. On the second floor is a restaurant, open to the public from noon until midnight and offers splendid views of the vessels transiting the locks, which is also a stunning sight at night. In addition, there is a 182-seat auditorium with the necessary equipment available for multimedia presentations.

*General admission fee is US\$8 for adults and US\$5 for students and children under the age of 17. National and resident adults are charged US\$3, retirees, US\$1.5 and children under the age of 17, pay US\$2. Open Monday to Sunday including holidays: Tel: (507) 276 8617. Ticket Office: 9am-4:30pm, Exhibition halls: 9am-5pm.*



## Sherman Marina – one of the many small marina's



beaches and offbeat lifestyle and proximity to San Blas island where you can go on a one day excursion. Besides a promenade on a steep trail leading to the other side of the island and the Light House, water sports and sun bathing are the only activities. Congos are performed on the island's Saint Day, July 16 and on New Year's Eve and Carnival days.

Inland, a left turn leads to a coast road where a number of small marina's and resorts have sprung up, interspersed by beautiful beaches, fishing villages and 'kioscos' or 'fondas' (small street restaurants) selling fried fish cooked in coconut milk or lobster fresh from the sea.

If you enjoy history, a visit to the town of Nombre De Dios, a few kilometres further on in the San Cristobal Bay, a 16th century pretty little harbour, a shadow of its past splendour when the famed Spanish commercial fairs took place attracting many a pirate in the early 1500s. The town was founded in 1520 and a trail opened between the old Panama ruins and

Nombre De Dios. Known as the 'Camino real' [the Royal way] through which gold and silver bullion would be transported from Peru to Spain.

The mule-and-men caravans were loaded with valuables and also attacked by filibusters along the trans-isthmus three-day journey. They were required to go from Old Panama to the Atlantic town where the fairs were held twice a year. By the end of the century Spain decided to move the settlement, which was widely unprotected, to Portobelo where they were building forts and where the bay provided a natural protection. In 1596 Sir Francis Drake attacked, burnt and destroyed the town leaving it to be slowly taken over by the jungle.

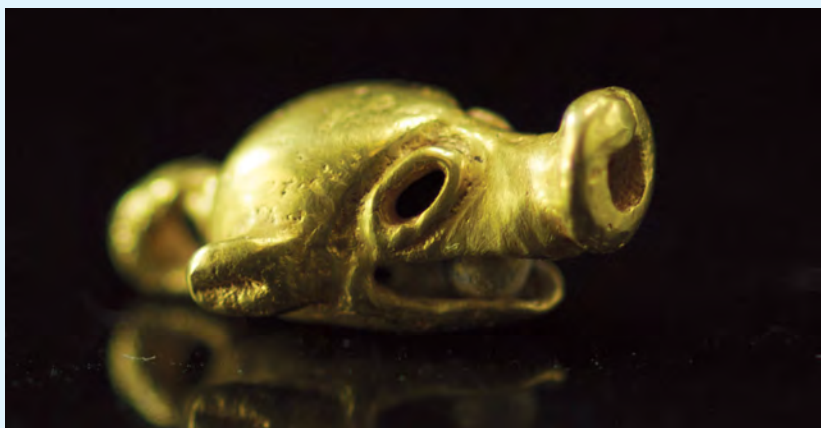
Trekking is a good way to 'retrace history' and requires physical fitness and sleeping outdoors and most of the time in hammocks between trees. The 'Camino real' trail is offered by some expedition agencies specialising in hiking and trekking with the advantage

of having everything organised, but it remains an adventurous journey. It starts in Boqueron, a village along the Trans-Isthmian highway and can be walked in three days. The original trail has long disappeared but this trail will follow first the Boqueron River and then the Nombre De Dios River all the way into the Continental Divide and along the remnants of a manganese mining company leading to Nombre De Dios. Rivers and lagoons give a welcome respite and the crossing of the Continental Divide is relatively low with gentle slopes. More than just good exercise, this trek is one of the most enjoyable because of its relatively short length and scenery including pristine jungle and you may see some of the native flora and fauna. There is a variation of this trek, which ends at Portobelo instead of Nombre de Dios, but goes higher in the Divide, following different rivers and steeper hiking through undisturbed scenery and impressive waterfalls. •

### The gold of El Caño

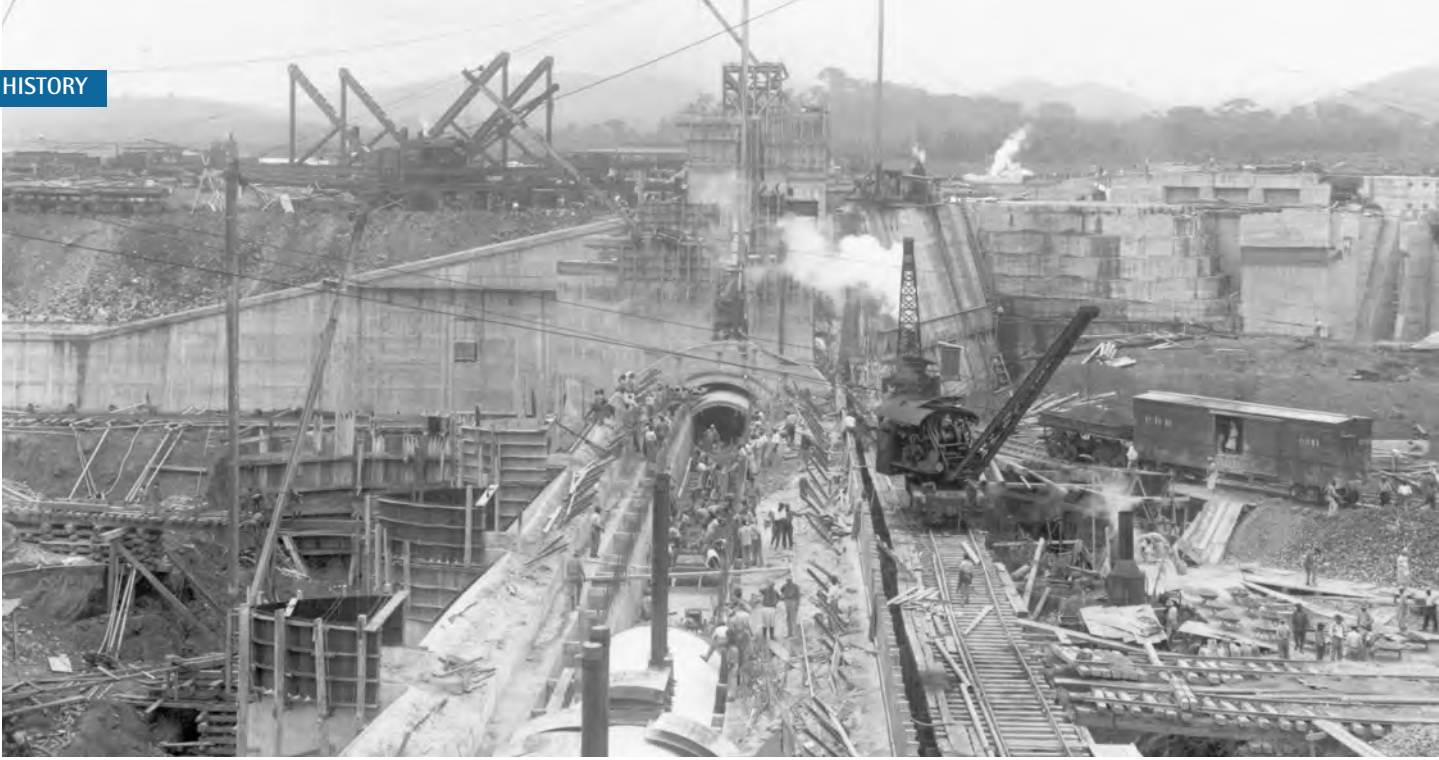
In 2010, a young Panamanian archaeologist Julia Mayo was excavating the surroundings of El Caño site unearthing, one of the richest discoveries in Panama in decades. The tombs she was digging uncovered several burial chambers with Indian warriors adorned in gold. Mayo brought her discoveries to the Smithsonian Tropical Research Institute where she was working at the time to have specialists analyse the material she had found. Mayo believes that in addition to the two tombs she has discovered there are some 20 burials in a large graveyard. Just a few miles upriver Mayo has found signs of another cemetery.

El Caño site is within the El Caño archaeological park, in the Cocle



province, which is the only open archaeological site in the country inaugurated 1979, which presents a

museum and houses objects excavated there, showing a good example of the pre-Colombian Indians.



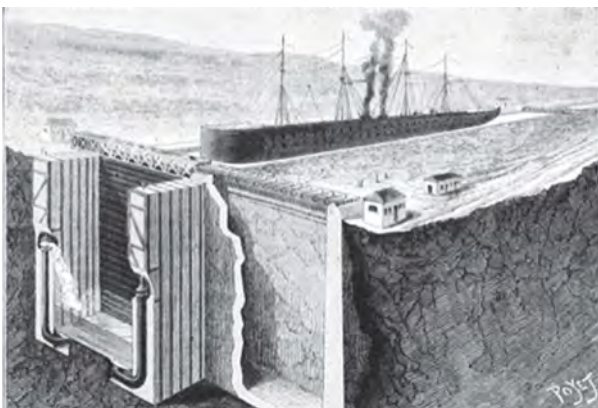
## History repeats itself

**H**istory seems to repeat itself, bringing back the memories of the remarkable feat of engineering of the early 1900s, as huge constructions bisect the Isthmus of Panama yet again, to make way for the passage of gigantic modern ships. On both the Atlantic and Pacific entrances of the present Canal, enormous excavators – that did not exist at the dawn of the 20th century – are digging an additional lane to build a third set of locks and expand the waterway that will bring the Canal well into the 21st century.

The adventure began several centuries ago, a dream that goes back to the Spanish colonisation when King Charles V of Spain in 1534 ordered a survey for the construction of a passage – a trans-isthmian canal – across the Isthmus of Panama that could join the Atlantic Ocean and the Pacific Ocean.

The idea was to create a shortcut connecting Europe, the American continent and Asia and that would shorten the transportation time of his recently

**Illustration of the lock gates designed by Eiffel and published in the magazine La Nature in 1888**



discovered Peruvian riches to Spain. Although the crossing seems only a few horse-days long, the obstacles of such an endeavour – cutting a passage in thick animal infested jungle – seemed unlikely.

It was not until the early 19th century that the idea of building a navigable canal surfaced in Europe and the US, supported by the inauguration of a trans-isthmian railroad by a US company in 1855. Several multinational and US expeditions were launched to determine whether a canal should be built in Panama or in Nicaragua.

With the opening of the Suez Canal, built 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 disease and an enormous financial scandal. However, a year before the French company bankrupted, it was clear that if the canal was to be built it would have to include a series of locks.

Gustave Eiffel, the steel genius architect, was commissioned to design and build the lock gates at his shipyard in Saint Nazaire, France. Today, looking at the graphic representation of one those gates (pictured below) the sliding model invented by Eiffel is extremely similar to the present version of the gates that will be installed on the future locks of the expanded canal.

Digging a canal was becoming a military imperative for the US, particularly as it took 60 days to complete the journey from the Pacific to the Atlantic via Cape Horn.

Finally, in 1902, the US Congress authorised construction of an Inter-oceanic canal in Panama. A treaty was negotiated with Colombian officials who granted the US a 99-year concession with an option for renewal. The treaty was rejected by the Colombian legislature on the grounds that it infringed Colombia's sovereignty and provided insufficient remuneration.

In 1903, after the Colombian legislature rejected the treaty signed with the US, Panama declared its independence from Colombia and was immediately recognised by the US government. The new Panamanian government signed a treaty with the US granting the rights to undertake the construction of a waterway. The following year, the US bought the rights and properties of the French 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 30,000 manual workers, most of them from the Caribbean, and to the engineering and administrative skills of John F. Stevens and Col George W. Goethals. They had to dig through the Continental Divide, create the largest artificial lake of its time, earth dams and build three sets of twin locks, with gates bigger than everyone had ever imagined and solve environmental problems of enormous proportions.

Goethals completed the construction ahead of time and under budget and on August 15, 1914, the US cargo ship *Ancon* made a historic first official transit.

No other construction in the modern world has such a long history of personal defeats and victories, of heroism and great engineering than the building of the Panama Canal.

More than a million ships have transited the waterway since it was opened to the world shipping fleet. The Canal, close to its centennial anniversary, has seen its operations modernised and it will now be expanded



Possibly Miraflores construction

to service the larger and wider vessels that are being built and can no longer fit through the waterway.

As the Canal is reaching its full capacity, the Panama Canal Authority began in 2007 the construction of a third lane with larger locks, allowing the passage of huge post-Panamax ships,

following the approval by the Panamanians of a referendum on the Canal expansion.

The \$5.25bn works, including the construction of the third set of locks which was awarded to the multinational consortium Grupo Unidos Por el Canal (GUPC), should be completed in 2015. •

### The Panama Canal Museum

The Panama Canal Museum is one of the most visited features of the Capital City colonial area because it is located in an historic and charming 19th century building of traditional French architecture, in the Casco Viejo (Old Compound) neighbourhood.

It was inaugurated in 1997, during the Canal Universal Congress that celebrated the twentieth anniversary of the Panama Canal treaty signature that would transfer the waterway to full Panamanian ownership on December 31, 1999.

Built in 1875 by French entrepreneur George Lowe to house the Grand Hotel, the most fashionable hostelry of its time in Central America, the building has remained a landmark of Panama for decades.

When the French Compagnie Universelle du Canal Interocéanique began operations in Panama, Ferdinand de Lesseps who had stayed at the hotel in 1880, bought the premises in October 1881, to establish his offices and the company's administration. The building changed owner when the United States bought the French remaining installations in 1904, installing the headquarters of the Isthmian Canal Commission until 1909. The US sold the edifice to the Panama government in 1910 which located the Mall and Telegraph Office where it remains well into the 1990s.

With help from the European



Union, Panama restored the building, with its typical French Mansard-styled windows and red tiles, today the best example of the French architecture influence in Panama.

The Museum periodically presents special exhibits in addition to its permanent expositions that tell the history of the Panama Canal and has a remarkable collection 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 Treaties' room that shows 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.

Local collectors and the Panama Canal Authority have given most of the objects and Canal memorabilia permanently exhibited. The Museum's rich collection is available to students and researchers who contribute with their works to enhance the collective memory of the Museum.

*The Museum (Tel: +507-211 16 49/ 16 50) is open from Tuesday to Sunday, from 9:30am to 5:30pm, closed on Monday. Admittance is US\$2 for adults and US\$0.75 for children.*

# Progress so far

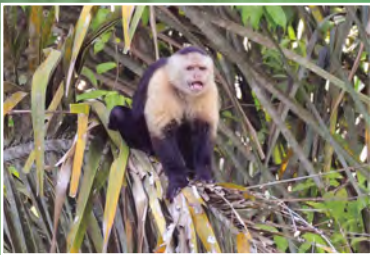


## Panama & the Panama Canal

ATLANTIC OCEAN

Position  
Atlantic

Capacin monkey



Bocas Del Toro

Cerro Punta

Puerto Armuelles



Cinta Costera, Panama City



MAP COPYRIGHT SEATRADE COMMUNICATIONS LTD



Position of new Pacific Locks

Position of new Pacific Locks



Statue of Balboa, Panama City

## COLON CONTAINER TERMINAL (CCT)



**PHASE I:** Pier No.1 and 2 with 612mtr length and 14mtr draft.

**PHASE II:** Pier No. 3 with 370 metres length and 15 metres draft.

Future expansion: **PHASE III:** Pier No.4 and 5 with 320 metres length each one and 16 metres draft.

### Terminal Equipment

- 5 Mitsubishi Post Panamax Gantry Cranes, capacity 50 tons
- 5 Mitsubishi Panamax Gantry Cranes, capacity 50 tons
- 12 units of RTG (6+1) Mitsui
- 18 units of RTG (6+1) ZPMC
- 12 units of Side Loader
- 5 units of Reach Stacker (3 Fantuzzi and 9 Kalmar)
- 12 units of Forklifts (2 x 10 ton and 10 x 3 ton)
- Current yard capacity: Laden: 22,000teu, Empty 22,000teu
- Reefer plugs: 984
- Access Channel 15mtr drafts with turning basin of 600mtr wide
- Nonstop operations
- Open to public
- Preventive Maintenance, minor repairs to damage containers, dry boxes and reefer containers, steam cleaning and reefer pre-trip jobs.

### Security System comprehends:

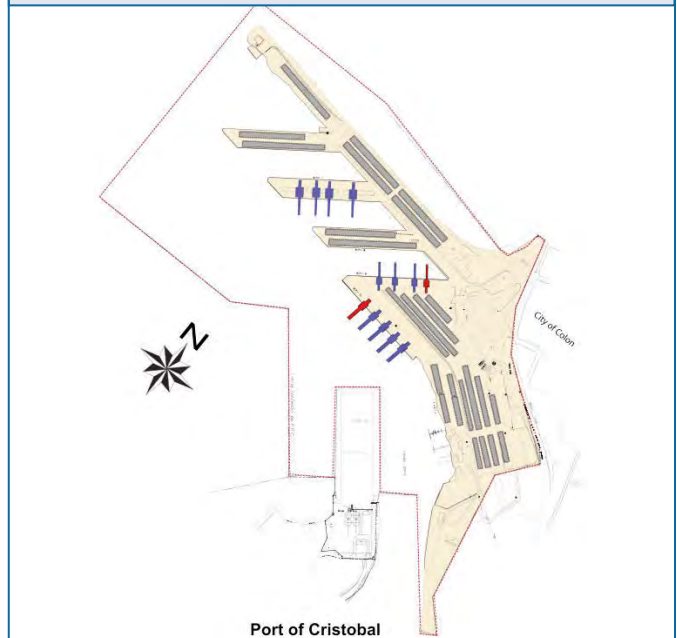
- CCTV System: 103 cameras in the terminal
- K-9 Dogs: 11 units
- Security Guards: 80 units
- Boat Patrol guarding shipside operations
- Full compliance with ISPS Code and Basc.

### Others:

- Power House: 5 Generators (1,600 KVA e/o)
- Rail Link Operated by Panama Canal Railway Co. uniting the Atlantic with the Pacific Coast.

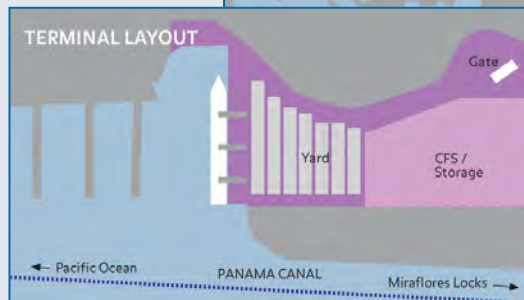
## PPC – PORT OF CRISTOBAL

FACILITIES	DETAILS
Total area	143 hectares
<b>Container berths</b>	<b>3</b>
Length	980.33mtr
Depth	13.50-15.50mtr
<b>Multipurpose/General cargo berths</b>	<b>3</b>
Length	791.86mtr
Depth	12.50mtr minimum
<b>Bulk berths</b>	<b>1</b>
Length	326.13mtr
Depth	12.50mtr
<b>Quay cranes</b>	<b>11</b>
Panamax	3
Post Panamax	8
Harbour cranes	1
Rubber Tyred Gantry (RTG)	36
Reachstackers	8
Container toplifters	4
Empty Container Handler	16
Top Loaders	6
Forklift	32
CFS	6,110sq mtr
Customs House	3,674sq mtr

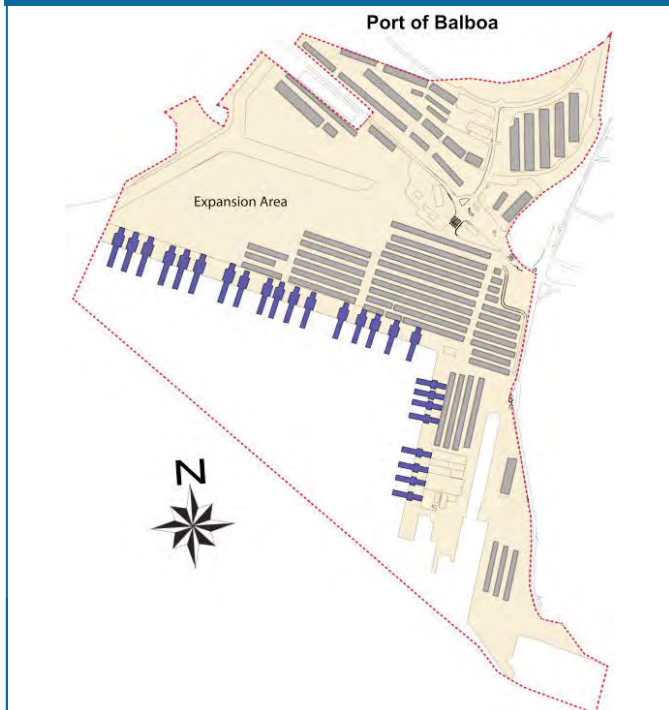


## PSA PANAMA INTERNATIONAL TERMINAL

FACILITIES	DETAILS
Container berths	1
Quay length (mtr)	330
Area (ha)	22.5
Max depth at chart datum (mtr)	14.5
Quay cranes	3
Designed capacity ('000 teu)	450



### PPC – PORT OF BALBOA



FACILITIES	DETAILS
Total area	182 hectares
<b>Pacific terminal for transit of Panama Canal</b>	
Transport connections	International airport, Panama City, rail connection
<b>Container berths</b>	
Length	1,710mtr
Depth	15-17mtr
<b>Multipurpose berths</b>	
Length	548.57mtr
Depth	7.0-8.8mtr
<b>Quay cranes</b>	
Super Post-Panamax	7
Post-Panamax	10
Panamax	8
Rubber Tyred Gantry Cranes (RTG)	77
Reachstackers	7
Container toplifters	0
Empty container handlers	29
Forklift	23

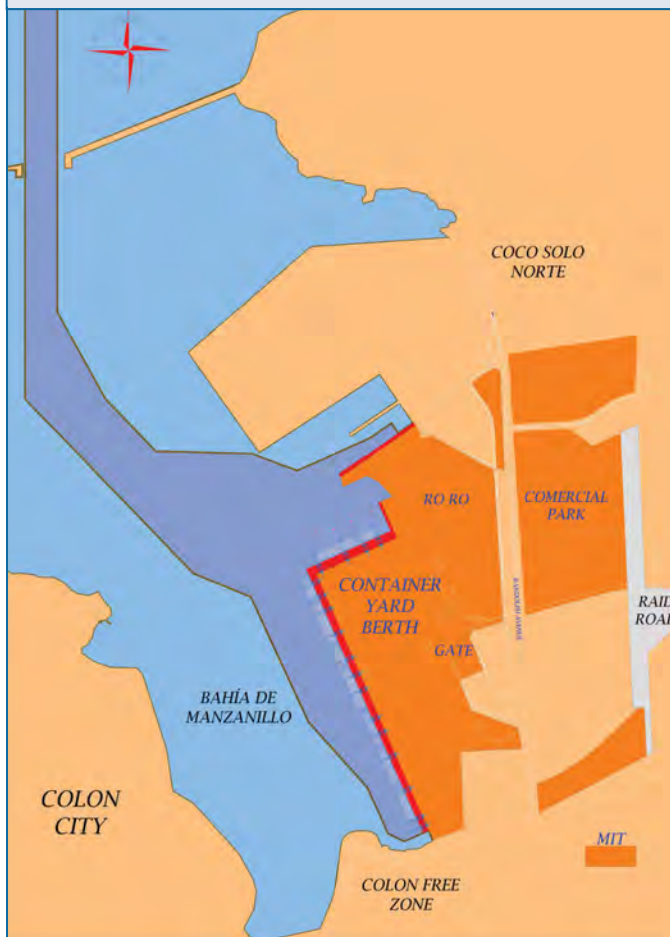
### COLON 2000



FACILITIES	DETAILS
Length	100mtr
Depth	11mtr
Passenger terminal. Also offers shore excursions and retail shopping centre. Plans underway for a second pier and possibly a theme park.	

### MANZANILLO INTERNATIONAL TERMINAL (MIT)

FACILITIES	DETAILS
Navigation, berthing, pilotage/tugs	
<b>Container berths</b>	
Length	1,640mtr
Depth	14mtr
2 additional 530mtr berths for ro-ro vessels with a water depth of 12.0mtr	
All berths +2.5mtr above MSL. Tide variance is 30cm.	
<b>Ship to shore container gantries</b>	<b>14</b>
Yard infrastructure/equipment	
Total area	80 hectares
Storage	48,000teu
1,523 plug capacity for refrigerated containers	
<b>Yard gantries (RTGs)</b>	<b>30 (STS-17)</b>
Toppicks	27
Sidepicks	23
Yard trucks	140
Bombcarts	128
Forklifts	45
Gates	5 inbound, 5 outbound lanes with weight scales
2 additional inbound/outbound lanes with direct access to the Colon Free Trade Zone	
<b>Container equipment and refrigeration repair facilities:</b> Inspections, preventive maintenance, and damage repair to container equip. including dry boxes, refrigerated containers, clip-ons, generator sets and container chassis. Also live reefer monitoring and maintenance, steam cleaning and pre-tripping.	
<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>	8 person emergency response team on call 24-hrs
<b>Container freight station</b>	
Total area	16,275sq mtr
<b>Customs/Quarantine</b>	Offices on terminal
<b>Rail link</b>	Operated and serviced by Panama Canal Railway Company



## USEFUL INFORMATION

### Official name

República de Panamá.

### Population

3.45m - 29.2% under 15 years old.

### Ethnic groups

Mestizo (mixed Indian and European ancestry) 70%, West Indian 14%, Caucasian 10%, Indian 6%.

### Location

Approximately 9° North, 80° West, at the geographical divide between North and South America, bordering the Caribbean Sea to the north and the Pacific Ocean to the south.

### Geography

Panama's total land area is 75,517sq km. A mountain range with peaks over 2,500mtr forms the spine of this S-shaped country. Panama occupies the southeastern end of the isthmus forming the land bridge between North and South America. Lowlands make up over 85% of the territory, with tropical rain forests to be found near the Canal, along the Caribbean coast and in Darien province.

### Terrain

Mountainous. Highest elevation: Volcano Baru 3,475mtr; Coastline 2,857km.

### Climate

Tropical, with an average year-round daytime temperature of 27°C, in the mountains the average is 10-15°C. Humidity averages 70%. The rainy season lasts from May to December.

### GDP in 2011

\$30.67bn (current prices)  
\$23.25bn (constant prices)

**GDP per capita 2011** \$6,600 (constant prices) up from \$5,953 in 2010

**Inflation 2011** 5.9% -Jan/May 2012: 3.2%

**Annual growth rate 2011** 10.6%

### Natural resources

Timber, seafood, mining (copper, gold), tourism.

### Foreign trade (excludes Colón Free Zone) 2011

Exports of goods (FOB): \$785.2m (+8.3% vs 2010) fish products and agricultural products (+3.3%), clothing and non-agricultural products (+9.9%).

Imports (CIF): \$10.33bn (+24.9% vs 2010) consumer goods: \$5.07bn (+25.4%); intermediary goods: \$2.54bn (+14.3%); capital goods: \$2.70bn (+35.5%).

### Colón Free Zone trade 2011

Turn over: \$25.30bn  
Imports: \$14.04bn (+37.3% vs 2010).

From: Singapore, China and United States.  
Re-exports: \$15.07bn (+32.3% vs 2010).  
To: Puerto Rico, Venezuela and Colombia.

### Panama Register

8,130 vessels exceeding 500gt, totalling 214.5m gt and an average fleet age of 16.8 years, down from 19 years in 2009, as of December 2011, according to Lloyd's Register.

### Services

78% of GDP: Trade, finance, insurance, maritime services including the Panama Canal, ports and related services.

### Agriculture and industry

Primary sector (8.7% of GDP): includes agriculture 4.7%, fishing 3% and mining 1%. Products: bananas and other fruits, corn, sugar, ice, coffee, shrimp, timber, vegetables and cattle. Secondary sector industry: food and drink processing 8.4% and infrastructure 32.6% of GDP of which; real estate 16.5% and Colón Free Zone 7.4%, financing 8.4%. Government services 16.2% of GDP.

### Land

Agricultural 24%, exploitable forest 20%, other 56%.

### Government

Panama is a democratic republic with elections held every five years. It is composed of three governing branches; Executive, Legislative and Judicial. Panama is divided into nine Provinces and four Comarcas or Indian territories. These are divided into 67 districts.

President Ricardo Martinelli, from the Cambio Democrático (Democratic Change, CD) party was elected May 3, 2009 and was sworn in for a five-year term at a ceremony July 1, 2009.

### Government branches

Executive: President (head of state), one Vice President.

Legislative: Legislative Assembly: (71 members).

Judicial: Supreme Court: The president proposes judges for the Supreme Court; they are approved by the Legislative Assembly and sit for terms of 10 years; a system of appeal originates in courts of first instance, rising to the Supreme Court at the apex.

### Religions

Roman Catholic 85%, Protestant 15%.

### Languages

Spanish (official); various indigenous native languages.

### Education

Compulsory over 6 years of age. Including universities and smaller colleges, there are 14 institutions of higher education in Panama attended by 90,000 students.

### Literacy

Approx. 93% overall (urban 94%, rural 64%).

### Workforce

1,200,000: Government & community services 250,000, private sector 500,000, others 350,000.

### Unemployment

4.5% (2011) - 4.4% (Q1, 2012)

### 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 US\$20 tax payable on departure from Panama City's Tocumen International Airport.

### Banking

Some 90 national and international banks have branches in Panama, 48 of them with general licence. Opening hours vary but most are: Mon to Fri from 8am to 1pm/3pm. Most banks are also open on Saturday morning.

### Colón Free Zone

Some 2,100 international and national companies and 20 foreign and national banks are established in the Colón duty free zone.

### Measures Metric system.

### Source

Comptroller-general's office: Annual report 2011.

### 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)**  
 Albrook, Pan Canal Plaza, P.O. Box 0843-0533, Balboa, Ancón  
 Tel: +507 501 5000 Fax: +507 501 514

**Panama Canal Authority (ACP)**  
 Balboa - Ancon, Panama  
 Tel: +507 272 7602 Fax: +507 272 7693

## BANKING

**Banco de Bogota**  
 P.O. Box 0816-02029, Panama, RP  
 Tel: +507 208 11 00  
 Fac: +507 263 80 37  
 www.bancodebogotainternational.com

**Banco General**  
 P.O. Box 0816-00843, Rep. of Panamá  
 Tel: +507 303-5001  
 Fax: +507 303-5101  
 www.bgeneral.com

**Banco Nacional de Panamá**  
 P.O. Box 0816-05220, Rep. of Panamá  
 Tel: +507 505-2000  
 Fax: +507 505-0211  
 www.banconal.com.pa

**Banesco**  
 P.O. Box 0823-05790, Panama, RP  
 Tel: +507 282 20 00  
 Fax: +507 282 22 57

**Bank Leumi Le-Israel**  
 P.O. Box 0819-05593, Panama, RP  
 Tel: +507 263 93 77  
 Fax: +507 269 26 74

**BBVA Banco Bilbao Vizcaya  
 Argentina (Panamá)**  
 P.O. Box 0816-03396, Rep. of Panamá  
 Tel: +507 207-2600  
 Fax: +507 207-2200  
 www.bbvapanamá.com

**BICSA (Banco Internacional de Costa Rica)**  
 P.O. Box 0816-07810, Rep. of Panamá  
 Tel: +507 208-9500  
 Fax: +507 208-9581  
 www.bicsa.com

**BLADEX (Banco Latinoamericano de  
 Exportaciones)**  
 P.O. Box 0819-08730, Rep. of Panamá  
 Tel: +507 210-8500  
 Fax: +507 269-6333  
 www.blx.com

**Bank of China**  
 P.O. Box 0823-01030, Rep. of Panamá  
 Tel: +507 263-5522 / 5330 / 6383  
 Fax: +507 223-9960 / 269-1079  
 www.bank-of-china.com

**Citibank**  
 P.O. Box 0834-0555, Rep. of Panamá  
 Tel: +507 210-5900  
 Fax: +507 210-5901  
 www.citibank.com.pa

**Credicorp Bank**  
 P.O. Box 0833-0125, Rep. of Panamá  
 Tel: +507 210-1111  
 Fax: +507 210-0100  
 www.credicorpbank.com

**Global Bank Corp**  
 P.O. Box 0831-01843, Rep. of Panamá  
 Tel: +507 206-2000 / 269-9292  
 Fax: +507 264-4089 / 264-3723  
 www.globalbank.com.pa

**HSBC Bank USA**  
 P.O. Box 0834-00076, Rep. of Panamá  
 Tel: +507 263-5855  
 Fax: +507 263-6009  
 www.pa.hsbc.com

**Korea Exchange Bank**  
 P.O. Box 0823-05773, Rep. of Panamá  
 Tel: +507 269-9966  
 Fax: +507 264-4224  
 Email: koexpa@cwpanama.net.pa

**Mega ICBC**  
 P.O. Box 0832-01598, Rep. of Panamá  
 Tel: +507 263-8108 / 263-8217  
 Fax: +507 263-8392  
 www.megabank.com.tw/abroad/panama/panama01.asp

**The Bank of Nova Scotia**  
 P.O. Box 0816-01999, Rep. of Panamá  
 Tel: +507 263-6255  
 Fax: +507 208-7702  
 Email: bnc.panama@scotiabank.com  
 www.scotiabank.com

**Tower Bank International**  
 P.O. Box 0819-06769, Panama, RP  
 Tel: +507 269 69 00  
 Fax: +507 269 68 00  
 www.towerbank.com

## CARGO & OTHER SERVICES

**Air Sea Worldwide Panamá**  
 P.O. Box 0815-00883, Rep. of Panamá  
 Tel: +507 269-8988  
 Fax: +507 269-8061  
 Email: info@asw-panamacity.com.pa  
 www.airseaworldwide.com

**AMT Cargo International**  
 P.O. Box 0818-00286, Rep. of Panamá  
 Tel: +507 236-5843  
 Fax: +507 236-9705  
 Email: amtcargopma@cableonda.net  
 www.amtcargop.com

**Intertrade**  
 P.O. Box 0819-10090, Rep. of Panamá  
 Tel: +507 232-8588  
 Fax: +507 232-8078  
 Email: interoper@cableonda.net  
 www.intertrade.pt.com

**Naves Supply**  
 P.O. Box 0832-1499, Rep. of Panamá  
 Tel: +507 232-5415  
 Fax: +507 232-5469  
 Email: navessupply@cwpanama.net  
 www.navessupplypanama.com

**Sea Cargo**  
 P.O. Box 0816-00665, Rep. of Panamá  
 Tel: +507 210-9600  
 Fax: +507 210-9635  
 Email: seacargo@seabournmarinepanama.com  
 www.seaboardmarine.com

**Servicio Internacional de Carga**  
 Tel: +507 260 17 47  
 Fax: +507 260 6562

**Supreme Overseas Corp.**  
 P.O. Box 0834-01456 Panamá,  
 Rep. of Panamá  
 P.O. Box 0302-00482 Colón, Rep. of Panamá  
 Tel: +507 430-3537 / 261-0044  
 Fax: +507 430-0627 / 430-3705  
 Email: supremepty@supremepty.com  
 www.supremepty.com

## CREWING AGENTS

**BECA Inc. Balboa Employment &  
 Crewing Agency**  
 P.O. Box 0830-01489, Rep. of Panamá  
 Tel: +507 260-2316  
 Fax: +507 260-8049  
 After hours: Tel: +507 6617-4557  
 Email: managers@becainc.net  
 www.becainc.net

## DREDGE, LAUNCH, TUG, PILOT SERVICES

**Caribbean Pilots Corp.**  
 Tel: +507 430 35 36  
 Fax: +507 430 35 38  
 Email: administration@caribbeanpilots.com

**Cía. Marítima de Panamá**  
 P.O. Box 0843-02951, Rep. of Panamá  
 Tel: +507 211-1111  
 Fax: +507 211-3140  
 www.cmpgb.com

**Coastal and Inland Marine Service**  
 P.O. Box 0843-00538, Rep. of Panamá  
 Tel: +507 260-0088 / 260-0096  
 Fax: +507 236-1776  
 www.boskalis.com

**Dredging International**  
 P.O. Box 0833-00284 Rep. of Panamá  
 Tel: +507 340-3004  
 Fax: +507 340-3005  
 www.deme.be

**Panama Pilots Services Corp.**  
 P.O. Box 0302-00435, Rep. of Panamá  
 Tel: +507 430-2127  
 Fax: +507 430-0496  
 Email: panamapilot@cwpanama.net  
 www.panamapilot.com

**Practicaje Maritimo**  
 Tel: +507 214 46 84  
 Fax: +507 214 46 83

**Svitzer Panama, Inc.**  
 Tel: +507 210-6500

# Shipping and tourism services

Fax: 206-2211  
www.svitzer.com

**Transiberica**  
P.O. Box 0831-01887, Rep. of Panamá  
Tel: +507 314-1708  
Fax: +507 314-0936  
Email: cpedroza@pancaship.com

**Van Oord Panama S.A.**  
Albrook Canal Plaza, Piso 2, Oficina H1  
Tel: +507 3976-992  
Fax: +507 397-6995  
Email: loc.pan@vanoord.com  
www.vanoord.com

## ECONOMIC DEVELOPMENT

### Tourist Bureau (Autoridad del Turismo Panamá)

P.O. Box 0816-00672, Rep of Panama  
Tel: +507 526 7000  
Fax: +507 625 7121  
www.atp.gob.pa

### Zona libre de Colón (Colón Free Zone)

P.O. Box 0302-00512, Rep. of Panamá  
Tel: +507 475-9500  
Fax: +507 475-9507  
Email: zonalibre@zolicol.org  
www.zonalibredecolon.com.pa

## EDUCATION

### International Maritime University of Panama

P.O. Box 0843-03561  
Tel: +507 501-5707/315-1372  
Fax: +507 501-5708/315-1380  
www.umip.ac.pa

## FUEL / BUNKERING

### Atlantic Pacific SA (APSA)

P.O. Box 0843-00369, Rep. of Panamá  
Tel: +507 223-0452  
Fax: +507 263-5535  
Email: apsager@cablonda.net

### Boluda Corporation Maritima

P.O. Box 0843-03328, Rep. of Panamá  
Tel: +507 211-1111  
Fax: +507 211-3120  
Email: cmpgb@boluda.com.pa  
www.cmpgb.com

### CEPSA Panamá

P.O. Box 0831-02143, Rep. of Panamá  
Tel: +507 214-9615 / 214-9601  
Fax: +507 214-8300  
Email: marian@antivirus.cablonda.net  
www.cepsa.es

### Chemoil Latin America Inc.

P.O. Box 0823-00992, Rep. of Panamá  
Tel: +507 265-5070  
Fax: +507 265-5088  
www.chemoil.com

### DECAL Panamá

P.O. Box 0819-11975, Rep. of Panamá  
Tel: +507 213-1013 / 1917  
Fax: +507 213- 9895  
Email: decal@decalpan.com

### Eco-Klean

P.O. Box 0834-01866, Rep. of Panamá  
Tel: +507 268-7303 / 448-1771  
Fax: +507 268-2289  
Email: Ecolclean@gmail.com

### Esso Marine Supply Company

P.O. Box 0843-03064, Rep. of Panamá  
Tel: +507 211-0800  
Fax: +507 211-0843

### FAMM Antilles Ltd (Fuel and Marine Marketing)

P.O. Box 0843-00358, Rep. of Panamá  
Tel: +507 314-1500  
Fax: +507 314-1497  
www.chevrontexaco.com

### Interoceanic Supply Services Corp. (ISSC)

P.O. Box 0831-01849, Paitila  
Panama, Rep. of Panamá  
Tel: +507 232 57 44/6670  
Fax: +507 232 8751  
Email: info@isspanama.com

### Isthmian Petroleum

P.O. Box 0843- 03042, Rep. of Panamá  
Tel: +507 263-6568  
Fax: +507 269-4917  
Email: bunkers@isthmianpetroleum.com

### Melones Oil Terminal

Costa del Este, Panamá, Rep. of Panamá  
Tel: +507 395 63 11

### Oil Tanking Panama

Calle 47, Condominio Vista Marina,  
6th floor, Panamá City, Rep of Panamá  
Tel: +507 214-1352/214-1396  
Email: panama@oiltanking.com

### O W Bunker Panama SA

5282 Calle Luis Urriola, Diablo Heights,  
Ancon, Ciudad de Panamá  
Tel: +507 232 0219  
Fax: +507 232 0387  
Email: panama@owbunker.com  
www.owbunker.com

### Panama Central Terminal INCZ

Tel: +507 232 6915  
Fax: +507 271 41 61  
www.pct.com.pa

### PetroAmerica Terminal (PATSA)

P.O. Box 0823-01460, Panamá, Rep of Panamá  
Tel: +507 316 40 00  
Fax: +507 316 41 00

### Petróleos Delta

P.O. Box 0819-07409 Rep. of Panamá  
Tel: +507 279-3000  
Fax: +507 279-3025  
www.petrodelta.com

### Petroterminal de Panamá

P.O. Box 0832-0920, Rep. of Panamá  
Tel: +507 263-7777  
Fax: +507 263-9949  
www.petroterminal.com  
Email: info@petroterminal.com

### Refinería Panamá

P.O. Box 0816-01491, Rep. of Panamá  
Tel: +507 433-8100  
Fax: +507 433-8182  
Email: refpan@texaco.com

### Rio Energy Panamá

P.O. Box 0819-11300, Rep. of Panamá  
Tel: +507 360-2009  
Fax: +507 360-2011  
Email: rioenergy@cwpanama.net

### Shell Marine Products

P.O. Box 0833-0124, Rep. of Panamá  
Tel: +507 210-7770 / 210-7862  
Fax: +507 210-7799  
www.shell.com

### Telfer Tanks

Ancon Blvd and Cascada Road, Building No  
585, Ancon, Rep. of Panamá  
Tel: +507 507 232 8313  
Fax: +507 232 6865  
www.telfertanks.com

### Terramar Oil Et Services

Panama, Rep of Panamá  
Tel: +507 317 6666  
Fax: +507 317 6667  
Email: terramar@terrarmarservices.com

### Trader Tanker/Bunker Vessel Management

Tel: +507 271 44 66  
Email: tradertankers@cwpanama.net

### Universal Oil

P.O. Box 0843-02951, Rep. of Panamá  
Tel: +507 211-3130  
Fax: +507 6617-3810  
Email: bunkers@universal-oil.com

### VT Shipping

P.H. Balboa Point, Avenida Balboa y Calle  
40, Rep. of Panamá  
Tel: +507 225 92 71  
Fax: +507 225 34 76  
Email: jdigeronimo@vtshipping.com  
www.vtgroup.nl

### Wakefield Marine Energy

International Business Center, Panamá  
Pacífico, Panamá  
Tel: +507 202 0898  
Email: master@wakefieldme.com  
www.wakefieldme.com

## GALLERIES

### Weil Art

P.O. Box 0832-2233, Rep. of Panamá  
Tel: +507 264-9697  
Fax: +507 264-6673  
Email: weilart@cablonda.net  
www.weilartgallery.com

## HOTELS

### Bristol

P.O. Box 0835-00257, Rep. of Panamá  
Tel: +507 265-7844  
Fax: +507 265-8620



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Email: Bristol@thebristol.com  
www.thebristol.com

**Sheraton Panamá**  
P.O. Box 0819-05896, Rep. of Panamá  
Tel: +507 305-5100  
Reservations: +507 305-6960  
Email: info@sheratonpanama.com.pa  
www.sheratonpanama.com.pa

**Continental**  
P.O. Box 8475, Panamá 7, Rep. of Panamá  
Tel: +507 263-9999  
Fax: +507 263-5143  
Email: reservas@hotelesriande.com  
www.hotelesriande.com

**Country Inn & Suites**  
P.O. Box 8001, Panamá 7, Rep. of Panamá  
Tel: +507 236-6444  
Fax: +507 236-9320  
Reservations: 001 800 507 1067  
Email: country.pma@unesa.com  
www.countryinns.com

**Courtyard Marriott**  
P.O. Box 0832-1236, Rep. of Panamá  
Tel: +507 301-0101  
Fax: +507 301-0102  
Email: panama@courtyard.com  
www.courtyard.com

**Crowne Plaza**  
P.O. Box 0832-1423, Rep. of Panamá  
Tel: +507 206-5555  
Fax: +507 206-5557  
Reservations: +507 206-8880  
www.cppanama.com

**Decameron Resort-Beach**  
P.O. Box 0838-0293, Rep. of Panamá  
Tel: +507 214-3535 / 993-2255  
Fax: +507 214-8059  
Email: reservas@decameronpty.com  
www.decameron.com

**Decapolis**  
P.O. Box 0816-03419, Rep. of Panamá  
Tel: +507 215-5700  
Fax: +507 215-5786 / 84  
www.radisson.com

**DeVille**  
P.O. Box 0832-0172, Rep. of Panamá  
Tel: +507 206-3100  
Fax: +507 263-6313  
www.devilhotel.com.pa

**Executive (Ejecutivo)**  
P.O. Box 0816-01609, Rep. of Panamá  
Tel: +507 265-8011  
Fax: +507 269-1944  
Reservations: +507 264-3989  
Email: reservip@theexecutivehotel.com  
www.elejecutivo.com

**El Panamá**  
P.O. Box 0816-06754, Rep. of Panamá  
Tel: +507 215-9000  
Fax: +507 223-6080  
Reservations: +507 215-9182

Email: reservas@elpanama.com  
www.elpanama.com

**Gamboa Rainforest Resort**  
P.O. Box 0816- 02009, Rep. of Panamá  
Tel: +507 206-5566 / 314-9000  
Fax: +507 214-1002  
Reservations: 206-8880  
Email: reservas@gamboaresort.com  
www.gamboaresort.com

**Hotel Contadora Resort**  
P.O. Box 0831-00309, Rep. of Panamá  
Tel: +507 214-3719 / 3720  
Fax: +507 264-1178 / 214-3721  
In Contadora: +507 250-4033  
Fax: +507 250-4049  
www.hotelcontadora.com

**Marriott**  
P.O. Box 0832-0498, Rep. of Panamá  
Tel: +507 210-9100  
Reservations: +507 210-9333  
Email: marriotthotels.com/ptypa  
www.marriott.com

**Miramar Inter-Continental**  
P.O. Box 0816-2007, Rep. of Panamá  
Tel: +507 206-8888  
Fax: +507 214-1002  
Reservations: +507 206-8880  
Email: panama@interconti.com  
www.intercontinental.com

**Plaza Paitilla Inn**  
P.O. Box 0816-06579, Rep. of Panamá  
Tel: +507 208-0600  
Reservations: +507 208-0616  
Fax: +507 208-0619  
www.plazapaitillainn.com

**Playa Blanca Resort**  
P.O. Box 8437 Zona 7, Rep. of Panamá  
Tel: +507 264-6444 / 993-2929  
Fax: +507 264-6773  
Reservations: 1-888-790-5264  
Email: reservaciones@playablancaresort.com  
www.playablancaresort.com

**Sheraton- Four Points**  
P.O. Box 8-320239, WTC, Rep. of Panamá  
Tel: +507 265-3636  
Fax: +507 265-3550  
Reservations: 800 333 3333  
www.fourpoints.com/panamacity

**Sol Melia - Panamá Canal**  
P.O. Box 0301-02227, Rep. of Panamá  
Tel: +507 470-1100  
Fax: +507 470-1200  
Email: melia.panama.canal@solmelia.com  
www.solmelia.com

**Veneto Hotel & Casino**  
P.O. Box 0831-00181, Rep. of Panamá  
Tel: +507 340-8888  
Fax: +507 340-8889  
Email: reservas@venetocasino.com  
www.venetocasino.com

**LEGAL SERVICES**  
**ABA Legal Bureau**  
Tel: +507 263 44 55

Fax: +507 263 57 73  
P.O. Box 0832-2692, Rep of Panamá  
E-mail: abalegal@abalegal.net  
www.abalegal.net

**Alemán, Cordero, Galindo & Lee**  
P.O. Box 0819-09132, Rep. of Panamá  
Tel: +507 269-2620  
Fax: +507 263-5895  
Email: agalindo@alcogal.com.pa  
www.alcogal.com

**Alfaro, Ferrer & Ramirez**  
P.O. Box 0816-06904, Rep. of Panamá  
Tel: +507 263-9355  
Fax: +507 263-7214  
Email: lopezalfaro@afra.com  
www.afra.com

**Arias B & Associates**  
P.O. Box 0816-01110, Rep. of Panamá  
Tel: +507 265-8303  
Fax: +507 265-4402  
www.abalaw.net

**Arias, Fabrega & Fabrega**  
P.O. Box 0816-01098, Rep. of Panamá  
Tel: +507 205-7000  
Fax: +507 264-5962  
Email: pma@arifa.com  
www.arifa.com

**Arosemena, Noriega & Contreras**  
P.O. Box 0816-01560, Rep. of Panamá  
Tel: +507 265-3411 / 2130330  
Fax: +507 264-4569  
Email: anc@anorco.com.pa  
www.anorco.com

**Avila & Co**  
Tel: +507 399 87 13  
Fax: + 507 399 87 31  
P.O. Box 0843-0220, Panama, Rep of Panamá  
www.avilaco.com

**Benedetti & Benedetti**  
P.O. Box 0816-01071, Rep. of Panamá  
Tel: +507 263-4444  
Fax: +507 264-5962  
Email: Benedetti@benedetti.com.pa  
www.benedetti.com.pa

**Buffete Candanedo**  
P.O. Box 0834-01843, Rep. of Panamá  
Tel: +507 213-0033 / 0047  
Fax: +507 264-2498  
Email: info@bufetecandanedo.com  
www.bufetecandanedo.com

**Bufete Illueca**  
P.O. Box 0819-06816, Rep. of Panamá  
Tel: +507 269-1333  
Fax: +507 269-4698  
Email: illueca@cableonda.net  
www.illueca.com

**Carreira-Pitti C.**  
P.O. Box 0819-00068, Rep. of Panamá  
Tel: +507 269-2444  
Fax: +507 263-8290  
Email: oficina@carreirapitti.com

# Shipping and tourism services

**Castro Et Berguido**  
P.O. Box 0816-00598, Rep. of Panamá  
Tel: +507 263-0015  
Fax: +507 264-0516  
Email: c-b@pty.com

**De Castro Et Robles**  
P.O. Box 0834-02262, Rep. of Panamá  
Tel: +507 263-6622  
Fax: +507 263-6594  
Email: mail@decastro-robles.com  
www.decastro-robles.com

**Durling Et Durling**  
P.O. Box 0816-06805, Rep. of Panamá  
Tel: +507 263-8244  
Fax: +507 263-8234  
Email: adm@durlinglaw.com  
www.durlinglaw.com

**Fabrega, Molino Et Mulino**  
P.O. Box 0816-00744, Rep. of Panamá  
Tel: +507 263-5333  
Fax: +507 264-0181  
Email: jrmulino@fmm.com.pa  
www.fabamm.com

**Franco Et Franco**  
P.O. Box 0816-02033, Rep. of Panamá  
Fax: +507 263-8051  
Email: franco@sinfo.net  
www.francoyfranco.com

**Galindo, Arias Et Lopez**  
P.O. Box 0816-03356, Rep. of Panamá  
Tel: +507 303-0303  
Fax: +507 303-0434 / 264-4049  
Email: gala@gala.com.pa  
www.gala.com.pa

**Gerli Et Co**  
P.O. Box 0831-2484, Rep. of Panamá  
Tel: +507 340-3770 / 3670  
Fax: +507 340-3671  
Email: info@gerlico.com  
www.gerlico.com

**Icaza, Gonzáles-Ruiz Et Alemán**  
P.O. Box 0823-02435, Rep. of Panamá  
Tel: +507 205-6000  
Fax: +507 269-4891  
Email: igranet@icazalaw.com  
www.icazalaw.com

**Illueca y Associates**  
P.O. Box 0832-01321, Rep. of Panamá  
Tel: +507 263-9111  
Fax: +507 263-7908  
Email: info@illaso.com  
www.illaso.com

**Garrido Et Garrido**  
P.O. Box 0819-02750, Rep. of Panamá  
Tel: +507 269-4416  
Fax: +507 223-9415  
Email: info@garridoygarrido.com  
www.garridoygarrido.com

**Jacome Et Jacome**  
P.O. Box 0816-02334, Rep. of Panamá

Tel: +507 223-8886  
Fax: +507 223-9891  
Email: jjacome@cableonda.net  
www.jacomeyjacome.com

**Kosmas Et Kosmas**  
P.O. Box 0823-03972, Rep. of Panamá  
Tel: +507 223-2783  
Fax: +507 213-8312  
Email: info@kosmasykosmas.com  
www.kosmasykosmas.com

**Lopez, Lopez Et Associates**  
P.O. Box 0832-0610, Rep. of Panamá  
Tel: +507 263-7670  
Fax: +507 264-5052  
Email: lopezlaw@sinfo.net  
www.lopezlex.com

**Mata Et Pitti**  
P.O. Box 0823-01310, Rep. of Panamá  
Tel: +507 264-5570  
Fax: +507 264-6127  
Email: fmata@mattapitti.com  
www.matapitti.com

**Mauad Et Mauad**  
P.O. Box 0823-05791, Rep. of Panamá  
Tel: +507 269-3555  
Fax: +507 263-8804  
Email: mym@mauad.com.pa  
www.mauad.com.pa

**Mendoza, Arias, Valle Et Castillo**  
P.O. Box 0816-01376, Rep. of Panamá  
Tel: +507 270-7840  
Fax: +507 270-7848  
Email: mavc@mavclex.com  
www.mavclex.com

**Morgan Et Morgan**  
P.O. Box 0832-00232, Rep. of Panamá  
Tel: +507 265-7777  
Fax: +507 265-7700  
Email: info@morimor.com  
www.morimor.com/lawfirm

**Mossack, Fonseca Et Co.**  
P.O. Box 0832-0886, Rep. of Panamá  
Tel: +507 263-8899  
Fax: +507 263-9218  
Email: info@mossfon.com  
www.mossfon.com

**Patton, Moreno Et Asvat**  
P.O. Box 0819- 05911, Rep. of Panamá  
Tel: +507 264-8044  
Fax: +507 263-7887  
Email: info@pmalawyers.com  
www.pmalawyers.com

**Pitty Legal Bureau**  
P.O. Box 0843-01962  
Balboa, Ancon, Rep of Panama  
Tel: +507 262-8868  
Fax: +507 262-8898  
Email: jfpitty@pittylaw.com  
www.pittylaw.com

**Quijano Et Associates**  
P.O. Box 0816-02884, Rep. of Panamá

Tel: +507 269-2641  
Fax: +507 263-8079  
Email: quijano@quijano.com  
www.quijano.com

**Rivera, Bolívar, Castanedas**  
P.O. Box 0819-08632, Rep. of Panamá  
Tel: +507 269-1127 / 433-2264  
Fax: +507 269-5622  
www.riveboca.com

**Robles Et Robles**  
P.O. Box 0816-04912, Rep. of Panamá  
Tel: +507 269-0233  
Fax: +507 269-2731  
Email: robleslaw@robleslaw.com  
www.robleslaw.com

**Rosas Et Rosas**  
P.O. Box 0823-05658, Rep. of Panamá  
Tel: +507 264-9177  
Fax: +507 264-0269  
Email: info@rosaslaw.com  
www.rosaslaw.com

**Ruben J. Levy Et Co**  
P.O. Box 0831-01047, Rep. of Panamá  
Tel: +507 223-1649/264-4897/57  
Fax: +507 269-1185  
Email: rjlevy@pa.inter.net

**Rubio, Álvarez, Solís Et Abrego**  
P.O. Box 0819-00257, Rep. of Panamá  
Tel: +507 269-0777  
Fax: +507 223-5686  
Email: info@rasalaw.com

**Shirley Et Associates**  
P.O. Box 0816-01557, Rep. of Panamá  
Tel: +507 269-2255  
Fax: +507 269-1552  
Email: info@shirleylaw.com  
www.shirleylaw.com

**Solís, Endara, Delgado Et Guevara**  
P.O. Box 0816-00828, Rep. of Panamá  
Tel: +507 264-0011  
Fax: +507 269-1940  
Email: mail@solendeg.com  
www.solendeg.com

**Sucre, Arias Et Reyes**  
P.O. Box 0816-01832, Rep. of Panamá  
Tel: +507 264-1355  
Fax: +507 264-1168  
Email: sucre@sucre.net  
www.sucre.net

**Tapia, Linares Et Alfaro**  
P.O. Box 0816-02984, Rep. of Panamá  
Tel: +507 263-6066  
Fax: +507 263-5305  
Email: talial@talial.com  
www.talial.com

**Torrijos Et Associates**  
P.O. Box 0831-01849, Rep. of Panamá  
Tel: +507 226-6555  
Fax: +507 226-5485  
Email: abogados@torrijos-asociados.com  
www.panamamaritime.com

# Shipping and tourism services

## MARINE SUPPLIERS & CHANDLERS

**Centralam Panamá S.A.**  
P.O. Box 0843-03116, Rep. of Panamá  
Tel: +507 317-6200  
Fax: +507 317-6544  
Email: mail@centralam.net

**Electromar Services**  
P.O. Box 0823-01459, Rep. of Panamá  
Tel: +507 228-9983/84  
Fax: +507 228-9986  
Email: electmar@cwpanama.net  
www.electromar.com

**Intercoastal Marine Inc.**  
P.O. Box 0843-02788, Rep. of Panamá  
Tel: +507 316-4027/48/49  
Fax: +507 232-4030  
Email: jwiese@psi.net.pa  
www.imi.com.pa

**Intermarine Supplies Inc.**  
P.O. Box 0816-00387, Rep. of Panamá  
Tel: +507 232-7824/25/33  
Fax: +507 232-7823

**Islamorada Internacional, S.A.**  
P.O. Box 0843-00246, Rep. of Panamá  
Tel: +507 228-4947  
Fax: +507 211-0844  
Email: info@islamorada.com  
www.islamorada.com

**IST Accounting**  
P.O. Box 0823 03939 Rep. of Panamá  
Tel: +507 269-3517 / 264-0166  
Fax: +507 265-3510  
Email: info@shippingradio.com  
www.shippingradio.com

**MarineCare Panama Inc.**  
P.O. Box 0819-03238, Rep. of Panamá  
Tel: +507 232-7833  
Fax: +507 232-7823  
Email: info@marinecarepanama.com  
www.marinecarepanama.com

**MEC Stores**  
P.O. Box 0830-00196, Rep. of Panamá  
Tel: +507 314-0179  
Fax: +507 314-0180  
www.mecstores.com

**Mercantile Shipstores**  
P.O. Box 0301-02498 Rep. of Panamá  
Tel: +507 430-5671  
Fax: +507 430-6553  
Email: mercantil@sinfo.net  
www.mercansa.com

**MISHAL, S.A.**  
P.O. Box 0302-00855, Rep. of Panamá  
Tel: +507 430-6187  
Fax: +507 430-6016  
Email: mishal@sinfo.net

**Proteca**  
P.O. Box 0815-00680, Rep. of Panamá  
Tel: +507 227-3533  
Fax: +507 227-1053  
www.proteca.com.pa

**Tagaropulos International**  
P.O. Box 0301-00124, Rep. of Panamá  
Tel: +507 441-4528 / 8161  
Fax: +507 441-4728 / 445-0171  
www.shipsupplies.com

## MARITIME INSPECTION & CONSULTANTS

**American Bureau of Shipping**  
P.O. Box 0819-11537, Rep. of Panamá  
Tel: +507 279-0377  
Fax: +507 228-0911  
Email: absbl@sinfo.net

**Asesoría, Inspecciones y Recobros S.A.**  
P.O. Box 0816-04143, Rep. of Panamá  
Tel: +507 399-6900  
Fax: +507 399-6949  
Email: airtsa@airpma.net  
www.airpma.net

**Ferriby International Panama**  
Tel: +507 314 07 87  
Fax: +507 314 07 86  
Email: Roddy@ferribygroup.com

**Global Marine Surveys**  
P.O. Box 0843-02528, Rep. of Panamá  
Tel: +507 314-0896  
Fax: +507 314-0897  
Email: gm.survey@cwpanama.net

**Intermaritime Group**  
P.O. Box 0834-02764, Rep. of Panamá  
Tel: +507 322-0013  
Fax: +507 226-5386  
Email: info@intermaritimeservices.com  
www.intermaritimeservices.com

**International Marine Experts**  
P.O. Box 0843-02416, Rep. of Panamá  
Tel: +507 314-1756  
Fax: +507314-1757  
Email: ime@ime.com.pa  
www.ime.com.pa

**Isthmus Bureau of Shipping**  
P.O. Box 0832-1307, Rep. of Panamá  
Tel: +507 211-2122  
Fax: +507 211-2280  
Email: ibs@ibs.com.pa  
www.ibs.com.pa

**Kam & Associates**  
P.O. Box 3049, Zona Libre de Colón, Rep. of Panamá  
Tel: +507 431-0444  
Fax: +507 431-3799  
Email: kam@kampasa.com  
www.kampasa.com

**Lloyd s Register of Shipping**  
P.O. Box 0843-00274, Rep. of Panamá  
Tel: +507 211-2711  
Fax: +507 228-0330  
Email: balboa@lr.org  
www.lr.org

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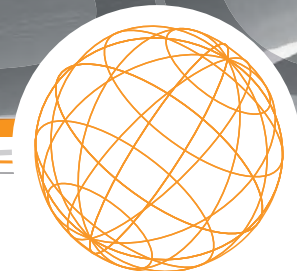
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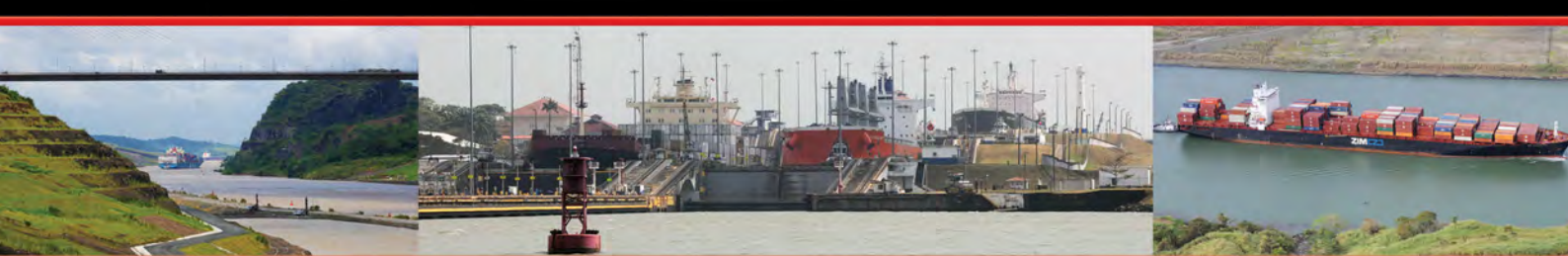


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