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# PANAMA

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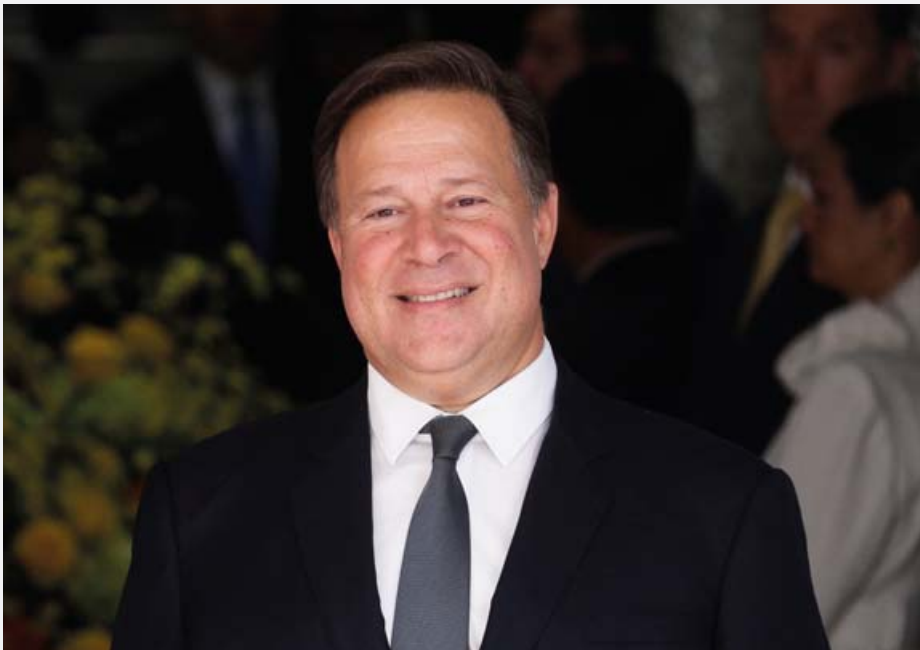
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## Canal expansion success

**T**he maritime sector, this year, has seen a series of milestones that have improved greatly the way we conduct business in this important segment of our economy which represents around 35% of our Gross Domestic Product.

One major milestone includes the Panama Canal, which celebrated the second year of operations of its third set of locks, on June 26. The success of the Canal expansion is a great example of a nation pulling together to build one of the greatest endeavours of this century. The results are even more beneficial than first predicted. The Canal expansion opened the waterway to LNG vessels that could not transit the original locks and to Neopanamax ships transporting double the amount of cargo than Panamax vessels, transforming maritime trade in the region and worldwide. Cargo movement through the Canal has doubled the most conservative forecast. The expansion was designed to enhance our most precious commodity, our geographic position, and has fulfilled its purpose by consolidating Panama's role in global maritime trade.

Around the waterway, ports have been built and have become a beacon for the regional port industry. Last year, we watched the breakdown of the

construction of a 2m-teu box terminal on the Atlantic side, which could begin operations in 2019, and in April this year the newly expanded PSA-Panama terminal welcomed its first Neopanamax after finishing a \$500m expansion that increased its capacity to 2m teu. On the Pacific side, we are constructing a cruise terminal that will be able to receive the large cruise ships and make Panama City a port of call accessible to all passengers.

With new developments in the logistics sector and a government that supports foreign investment with laws and transparency, we are now positioned as a regional hub complemented by world class airports and financial centre.

The Ship Registry that celebrated its 100th anniversary in 2017 is younger than ever and has maintained its position as the world's largest register abiding by all the IMO regulations and international accords. Since January 2018, a naval financing legislation creates an attractive investment environment and contemplates ship financing from banks established in Panama while extending its reach to all foreign financial institutions provided they establish a branch office in Panama to enjoy the law's benefits. This is a new milestone for the services we offer to ship owners.

Since we opened diplomatic relations with China, signed some 17 accords and are now negotiating a free trade agreement between the two nations, we have seen major participation of Chinese investors interested in our infrastructure projects and several Chinese banks keen to establish in our banking centre.

The treaty signed by Panama and China last year on maritime transport, entered into force on May 17. The agreement will promote maritime and port development of Panama and China, and with it, Panama Ship Registry has received 'the Most Favoured Nation' treatment giving the Panama-flagged vessels the advantages and lower port costs applicable to other states which have similar agreements with China.

It is again my pleasure to invite you to uncover throughout the pages of the Panama Maritime Review 2018-2019, published by Seatrade, which presents a display of our maritime industry, the world's first Ship Registry, the expanded Panama Canal and the many opportunities and features of Panama's maritime sector.

**Juan Carlos Varela**  
President of Panama



## Increased Connectivity Redrawing Global Trade


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

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

We're just getting started.



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## Setting tonnage records

**I**n the midst of rapid change in the maritime industry, the Panama Canal has redrawn global trade routes across all segments. Vessel operators around the world have taken advantage of the additional capacity and economies of scale that the expanded Canal offers, leading to more than 4,200 Neopanamax vessel transits since the inauguration two years ago. The increased vessel size has enabled the waterway to continue setting tonnage records, as we take additional measures to accommodate the demand of our customers.

Container carriers continue to be the main segment transiting through the Panama Canal. We now serve 30 major liner services, of which 16 are Neopanamax. We have handled the rapid deployment of Neopanamax container ships with the transit of vessels carrying over 14,000 teu. Furthermore, there has been a strong performance in both the liquefied petroleum gas (LPG) and liquefied natural gas (LNG) segments, the latter, a rapidly growing segment for the waterway. By 2019, it is projected that there will be 15m tonnes of LNG passing through the expanded Canal and by 2020, up to 28m tonnes. This reiterates the continued confidence of the maritime industry in the all-water route and the expanded Panama Canal.

As we fully blend our Neopanamax traffic into our overall transit operations, the maritime industry is rapidly changing,

becoming even more competitive through alliances and consolidations. Consequently, the Panama Canal must constantly innovate to remain an efficient, safe and competitive route. As we look into the future, the Panama Canal reiterates its commitment to enhance its services to be the preferred all-water route of our esteemed customers. We are constantly seeking ways to optimise our core operations while reinforcing the value of the route with complementary activities in the near future.

To strengthen our position as the logistic hub of the Americas, the Panama Canal is planning on implementing various logistic projects and increasing Canal tourism. The Panama Canal's diversification strategy will provide greater regional connectivity and transshipment opportunities, enabling Panamanians and the Canal's customers to take full advantage of what the expanded Canal has to offer.

We will continue to bring value to the maritime industry by ensuring that the Panama Canal remains a reliable, efficient and valuable route for our customers. I would like to welcome readers to discover the evolution Panama's maritime and logistics sector.

**Jorge L. Quijano**  
Administrator, Panama Canal Authority

**The maritime industry is rapidly changing, as a consequence the Panama Canal must constantly innovate to remain an efficient, safe and competitive route.**



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The transit of LNG vessels – a new booming segment for the Canal

# Strategic role in global trade

Since the inauguration of the third set of locks in June 2016, the Panama Canal Authority (ACP) has been accumulating records, month after month, day after day, proving the expanded Canal's remarkable success. The results of Fiscal Years 2017 and 2018 in tonnage have 'surpassed our expectations,' ACP administrator Jorge Quijano said. The good performance of container cargo segment and the transit of LNG vessels – a new booming segment for the Canal – have closed FY 2017 with 403.8m Panama Canal tonnes (PC/UMS) and FY2018 with 442.1m PC/UMS tonnes, another record to list.

However, the Canal is no stranger to the world entanglement of world politics as around 2.3% of global trade goes through the waterway which is an essential shipping route between east and west maritime traffic, making it sensible to global trade policies. If China and the US's so-called trade war accelerate, the Canal could see a reduction of transits or at least changes in routes since it would modify imports and exports of both countries.

'Tensions [between China and the US] could ultimately have an impact on the amount of loadings using the waterway in any direction,' Quijano said.

The ACP continues to receive good ratings from the specialised agencies. In July, Standard & Poor's (S&P) Global Ratings improved the Canal's outlook from 'stable' to 'positive,' which further demonstrated its promising global impact. The agency also affirmed its 'A-' rating of the waterway, ranking the Canal two notches above that of the sovereign foreign currency.

'The rating affirmation reflects the company's AA stand-alone credit profile (SACP) and the rating cap of a maximum of two notches above the sovereign ratings. We expect ACP to generate robust cash flow in the next two years. The expectation is based on the consistency of demand for ACP's services that's likely to be driven by growing global economy, and more importantly, by increasing volumes

shipped after the expanded Canal,' the credit rating agency said. Francisco Miguez, Panama Canal evp for finance, said the positive outlook reflects Panama's Canal solid financial and operational performance. 'This is the direct result of our commitment to efficiency, productivity and performance – overcoming the challenge of growing in an increasingly competitive market,' he said.

In August, for the third year, Fitch Ratings has affirmed the ACP 'A' investment grade rating with a stable outlook for its long-term issuer default rating and its senior unsecured notes. The credit rating agency highlighted the Canal's 'stable volume performance, solid competitive position, and well-diversified cargo mix, causing ACP's volume profile to exhibit high levels





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### LNG transits a profitable segment

The Panama Canal did not forecast that it will have a new segment to add to its cargo transits while it was planning the future of its third set of locks, so when the expanded Canal opened to business, the transit of Liquefied Natural Gas (LNG) vessels which could go through the new Neopanamax became an immediate success.

'The LNG business has been a revolution,' says Silvia Marucci, ACP manager of the Market Research and Customer Relations division. Not only LNG vessels can transit, but now that the ACP has increased the beam to 51.25mtr up from 49mtr, the Qflex, LNG vessels from Qatar, will also be able to transit the waterway, she explains.

As a result of experience acquired with the transit of more than 4,200 Neopanamax vessels, the Panama Canal introduced changes to its Transit Reservation System to offer two slots per day to LNG vessels. These modifications have allowed optimising the expanded Canal's via capacity, in order to in order to meet specific demands such as the transit of four LNG vessels on October 1.

Most of the LNG is bound to Asia, mainly South Korea, China and Japan, but also to Mexico's Manzanillo and Lazaro Cardenas re-gasification plant as well as Chile, in South America, and few volumes are moving from Peru going to Europe. The market presents many complexities, as it varies from traders who have plenty of flexibility to place their cargoes almost anywhere in the world, to very traditional utilities with long term contracts and specific responsibilities to generate electricity and heating. In this respect, the Canal is always in



Silvia de Marucci

the look out to find ways to satisfy all types of customers.

'And we now have a new risk factor which is a possible trade war between the US and China,' says Marucci. Mexico was the main destination in 2017 but it changed to Asia in 2018 because of the long-term contracts to that region. 'LNG has become 3% of the Canal total cargo for Fiscal Year 2018. It is a new market of fast growth. We forecast it will increase to around 10% in FY 2019 since new terminals will open in Freeport and Cameron, both in Texas,' she says.

And in the future, with the strong regulations to control emissions coming up in 2020, it is likely that LNG may replace or at least complement bunker fuels, 'since we already see LNG-powered vessels being built, which opens a whole new market,' comments Marucci. Panama is well positioned to serve this new growing market as the AES LNG plant has started operations in the country and it is expected that some others will join soon.

of resilience.' In addition, the report noted the Canal's strategic role in global trade flows due to its ability to offer connectivity to world maritime trade, adding value as the main transshipment hub in the region.

Also factoring into its decision, Fitch Ratings cited the waterway's 'strategic importance to world commerce, extraordinary legal framework, and existence of appropriate incentives to keep the asset profitable over the long-run.'

The ACP announced in May that it has added an additional reservation slot to its Neopanamax locks bringing the total available booking slots to eight daily. The decision to offer additional capacity to shippers was made as a part of the Canal's routine careful planning and analysis to meet increasing demand.

Since then, the global maritime community has increasingly taken advantage of the time and cost savings afforded by the expanded Canal. The Panama Canal

has seen steady adoption of the route, recording year on year growth, both in terms of the number of vessels it has welcomed and volume of cargo transited. 'At the Panama Canal, we are constantly evaluating and optimising our operations to ensure our service is as efficient and safe as possible for customers across segments,' said Quijano at the time. 'This increase allows us to offer our customers even more flexibility.' The added slot allows shippers greater flexibility and options for booking their desired transit dates.

The announcement also follows an increase in the maximum allowable beam for vessels transiting the Neopanamax locks in April. Effective June 1, the maximum beam for commercial and non-commercial vessels was raised to be 51.25mtr, up from 49mtr, as measured at the outer surface of a vessel's shell plate and all protruding structures below the lock walls.

Panama Canal authorities announced changes in September to its Transit

Reservation (booking) System for Neopanamax vessels, effective October 1, 2018. The modifications were a step in a positive direction for the Neopanamax locks taking into consideration the lifting of certain navigation rules for liquefied natural gas (LNG) vessels and ongoing customer feedback, as well as routine analysis of the utilisation and fair market value of the expanded Canal.

'We are fully committed to understanding and meeting the ever-changing needs of the global shipping community,' said Jorge Quijano. 'These changes, guided by input from our customers, strategic planning and years of experience, are an essential next step in ensuring the continued availability of the expanded Canal for all.'

Until then, customers could reserve transits during three booking periods determined by the days prior to the requested transit date. However, the announced adjustments introduced a new booking period within the first booking

period, called booking period 1.a, which will be accompanied by corresponding modifications to the duration and slot allocation within each booking period. These changes also included a transition period for those LNG vessels that have already obtained slots during the current booking period 1, which will allow customers to release them without being charged a cancellation fee. The transit slots available for Neopanamax vessels and priority for certain market segments remained unchanged. However, by tailoring the reservation process, along with restructured cancellation fees for current LNG carrier practices, the Panama Canal aimed at curbing unused reservations moving forward,

thereby improving slot utilisation and service reliability.

'We saw an opportunity to increase the Panama Canal's efficiency and capacity for customers across all segments by better addressing the needs posed by the LNG industry,' said Silvia de Marucci, manager of the Panama Canal's Market Analysis and Customer Relations Division. 'To do so, we tailored the Transit Reservation System to align with the LNG market's spot and long-term contracts market (Annual Delivery Programme) and scheduling, commensurate with the lifting of certain restrictions currently imposed on LNG vessels,' she added. Despite

being the fastest-growing segment, LNG vessels currently use only 60% of the reservations they acquire. The LNG vessels have transited the waterway for the first time since the inauguration of the expanded Canal in 2016. The latest modifications to the Transit Reservation System are part of a series of efforts to provide added flexibility and reliability per growing market needs.

As a result of improvements in reservation, the Panama Canal transited four LNG vessels in one day on October 1, 2018. It was another record. The four LNG ships with a beam of up to 49mtr (160ft) in a single day through the Neopanamax Locks broke the record set on 17 April

### Atlantic Bridge



The Atlantic Bridge, located over the Panama Canal on the Atlantic side, which is being built by France's VINCI Construction Grands Projects, will hold the world record as a cable-stayed concrete bridge with four lanes and the longest span of 550mtr between main columns. The construction is expected to conclude in the second quarter of 2019. The cable-stayed bridge is the largest in the world with this design and whose structure exceeds that of the Bosphorus Bridge in Turkey, also built by Vinci.

The construction of a bridge or tunnel was included in Law 28 of July 17, 2006 that approved the third set of locks and its cost, around \$590m including the accesses, was contracted by the Panama Canal Authority (ACP).

'The main bridge contract was for \$567m for the bridge alone and with some contractual changes it is now \$581m. However, the project encompasses many other activities or subprojects not involving VINCI. We have the project management organisation, the ferry operation, the road connections on both ends of the bridge, the rehabilitation of the connecting road on the west bank, the new two way bridge over the discharge of the Gatun spillway which is part of the rehabilitated

road on the west bank, the environmental impact study, the inspection contract, and other costs which then bring a total to approximately \$590m,' said Panama Canal administrator Jorge Quijano.

Its majestic design will be an emblematic structure seen from afar by the vessels and cruise transiting the waterway. But besides the visual attraction, the bridge will have an immediate benefit for the residents of some 14 districts, 500 communities and more than 40,000 inhabitants who until now, had little more than crossing in vehicles and buses over the original Gatun locks and once the new Aguas Claras locks were inaugurated, had to go across it as well or use a ferry to get over to the eastern bank of the canal. It will mark a before and after for tourism and the development of this relatively isolated region.

It will include a connection of the west approach of the bridge with the existing road to Costa Abajo, in Colon.

It has a cable-stayed section of 1,050mtr, preceded by access viaducts that will cover in total more than three kilometres of structures cemented at 14 different points, including four abutments and 57 supports.



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2018, when three LNG vessels transited through the waterway on the same day.

The 173,000cu mtr Ribera del Duero Knutsen and the 174,000cu mtr Maran Gas Pericles with transited northbound, while the 174,000cu mtr Torben Spirit and 155,300cu mtr Oceanic Breeze with a cargo transited southbound, facilitating international trade between customers in South Korea, Japan, Chile and the US Gulf Coast.

As a result of experience acquired with the transit of more than 4,200 Neopanamax vessels, the Panama Canal introduced changes to its Transit Reservation System to offer two slots per day to LNG vessels. These modifications had allowed optimising the expanded Canal's capacity, in order to in order to meet specific demands such as the transit of four LNG vessels in one day.

The modifications – which came into effect 1 October – also allow lifting certain daylight restrictions for LNG vessels, as well as meetings between LNG vessels in opposite directions in Gatun Lake. These changes also included a transition period for LNG vessels that have already obtained slots during the current booking period 1, which allows customers to release them without being charged a cancellation fee. 'The transit of these four LNG ships in just one day demonstrates the Canal's commitment to maximising the efficiency, flexibility and reliability of its service to all customers,' said Quijano.

In July, the Panama Canal registered the transit of a 4,000th Neopanamax vessel through the expanded Canal, underscoring the steady growth of the burgeoning LNG segment – which began transiting the waterway for the first time following the inauguration of the expanded Canal. Amongst the 4,000 Neopanamax that have transited to date, roughly 52% have been from the container segment. LPG vessels constitute another 27% and LNG carriers, a relatively new segment to the Panama Canal, have been responsible for 10% of traffic. Dry and liquid bulk carriers, car carriers and cruise ships make up the remaining transits.

Other notable transits include MSC Azu, which became the 1000th transit on March 19, 2017, the Cosco Yantian 2,000th transit on 26 September 2017, and MSC Caterina which registered 3,000th transit on 2 March 2018.

With the expanded Canal, there are ships that pay more than a million dollars which are called the 'millionaires' club'. Topping the list is the box ship CMA CGM Theodore Roosevelt that paid more than a million dollars to transit the 80km-waterway, a unique route that offers the saving of more than 15 days of navigation, if they take the route around Cape Horn.

Before the inauguration of the expanded Canal, the toll record was held by the Norwegian Pearl cruise which transited the original Canal and paid \$478,608 in October 2011.

During the inaugural transit on June 2016 the container vessel Cosco Shipping Panama established set a record at the time with the payment of \$575,545. Four days later, the position was taken by the Hong Kong-flagged container vessel MOL Benefactor, owned by Mitsui O.S.K. Lines, Ltd., which paid a total of \$829,468 to transit. Then in June 2017, the 13,926teu OOCL (Orient Overseas Container Line) France, disbursed \$1,000,083 in tolls.

All the records were broken with the 14,686teu CMA CGM Theodore Roosevelt and 14,686teu CMA CGM J. Adams but CMA CGM Theodore Roosevelt has paid, to date, the highest toll of \$1,199,635.

The capacity record was recorded by CMA CGM Theodore Roosevelt and CMA CGM J. Adams. Both ships have the capacity to transport 14,686teu. However, the toll record is maintained by the CMA CGM Theodore Roosevelt that paid \$1,208,980 in January 2018, breaking its own record set in August 2017 when it paid \$1,999,635.

Both box ships are part of the new South Atlantic Ocean Service (SAX), following the new Ocean Alliance partnership, which connects the ports of Asia and the US using the Panama Canal. The SAX service consists of 11 container ships, ranging in size from 11,000 to 14,000teu, including Cosco Development and OOCL France. Both of them transited the expanded Canal last May, also establishing capacity records at that time. ■

### The relations with GUPC

The consortium Group Unidos por el Canal (GUPC) that built the third set of locks has presented the ACP with claims of over \$5bn. Even though the ACP has won the first international arbitration last year there are still a few more claims to be heard and decided by the arbitration tribunals. As such the processes will continue for another three years or so. GUPC, integrated by the Spanish Sacyr, Italian Salini-Impregilo, Belgian Jan de Nul and Panamanian Constructora Urbana, won the \$5.118m construction contract in 2009.

In addition, Sacyr has filed an investment treaty claim against Panama in a dispute over the Canal expansion project that has already triggered a series of ICC arbitrations worth a combined \$5.8bn, opening a new front in the legal dispute over the construction and design of the third set of locks. Sacyr initiated an arbitration process against the Republic of Panama, in accordance with the regulations of the United Nations

Commission for International Trade Law (UNCITRAL), 1976 version. The UNCITRAL is the main legal body of the United Nations system in international trade law and among its functions is the resolution of disputes. This commission is mandated to modernise and harmonise the rules of international trade.

Sacyr considers that the Government of Panama has breached the Agreement for the Promotion and Reciprocal Protection of Investments between the Republic of Panama and the Kingdom of Spain, which is the Law of the Republic. This new legal action, which at the moment has no specific amount, finds its origin in the differences for the work, but is directed against the State. On August 5, the Spanish company notified the Panamanian authorities of the beginning of the process. For its defence, the Government of Panama hired the US forensic firm Foley Hoag to represent the Republic in the arbitration initiated by the Spanish construction company Sacyr in UNCITRAL.

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## Corporate efficiency

The term of Panama Canal administrator Jorge Quijano will conclude in September 2019, he has already announced he will not opt for another seven-year period at the helm of the waterway.

Quijano has spent almost his entire professional life at the Panama Canal. With his BS in industrial engineering and a Master's of engineering degree in industrial engineering and management from Lamar University in hand, Quijano went to work briefly in 1974 at the Texaco refinery in Bahia Las Minas, in the Atlantic province of Colon. Just over a year later, in 1975, he joined the then-Panama Canal Company under US administration. In the years since, he had worked at all of the principal canal administration departments before reaching the top position.



Administrator Jorge Quijano

Few months after the approval by referendum of the canal expansion, Quijano was designated in 2007, evp of engineering and programmes management overseeing the historic expansion project. In September 2012, he succeeded Alberto Aleman Zubieta as administrator and would face the most difficult years of the construction and a posteriori, the construction Grupo Unidos por el Canal, GUPC's claims. Though the Panama Canal Authority was won the first international arbitration last year there are still a few more claims to be heard and decided by the arbitration tribunals. As such the processes will continue for another three years or so.

'I have put a lot of pressure on my family during those past years; particularly when we were finishing the canal expansion. I believe I owe them some lost time. My team and I have travelled round the world to visit customers, attend international forums and conferences in many different countries and afar locations. I now want to be able to have time to take my wife Marcia and show her those places we could not visit together,' he says.

Quijano is an affable man, a great listener and a workaholic who is busy writing reports even on weekends. It is hard to imagine him not going to his office to attend the administrator's duties. However, 'it will be like a sabbatical at the beginning. After that we will see,' he says.

As the second administrator of the waterway since its transfer to Panama, he wants to leave to his successor (to be designated by the Canal board of directors probably in March 2019) a modernised and structured Panama Canal Authority fit for the coming challenges. 'We have learnt that we must continue to

develop a close relationship with our customers. This is the most important task ahead because we have work with them listening to their issues and identifying their needs to address them adequately and in a timely manner,' he says.

'These days we need to establish a connection not only with the shipping line that transports the products or goods, but also have to directly communicate with the producer, the trader, and the owner of the cargo. And as is the case of energy products such as LNG and LPG, we must also engage government entities of the countries of origin and destination of such cargo to better accommodate the needs of the whole logistic chain. LNG is a product that did not employ the Panama Canal route prior to our expansion, because all vessels carrying such cargo at that time would not fit the original locks. Since the entering in operation of the expanded Panama Canal over 96% of the world's fleet of LNG carriers can use our waterway'

It had become crucial to re-structure the ACP, make it less administrative and more customer focused to adapt to the realities of the post-expansion era. It sure will be amongst the numerous legacies for which Quijano will be remembered.

'Several vice-presidencies were re-grouped under one, to consolidate similar services or functions instead of a vice-presidency for each function. We will have a new vice-presidency of complementary businesses to emphasise Canal tourism and other commercial development projects, to cash in the true value of the land on the banks of the Canal. Under this vice-presidency we also pulled in the Electrical Power Generation and Potable Water plants. The vice-presidency of Transit Business, which includes marine traffic, infrastructure and fleet maintenance, now integrates market research and customer relations to clearly define and match capacity to demand. A special vice-presidency for water and environment and natural water resources management has been established to secure additional water sources, ensure its quality and protect the water shed to be able tackle higher demand for both population and canal operations of the future, in light of global climate change.'

'The new vice presidency of Complimentary Businesses will be of particular importance as we plan to call a series of international concession tenders for commercial development projects that include a ro ro terminal, an LNG storage area for distribution and bunkering of this fuel, and other land that could be developed as a Logistic Park. We expect that over the next few years the complementary businesses could bring around 15% of additional revenues for the ACP,' explains Quijano.



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

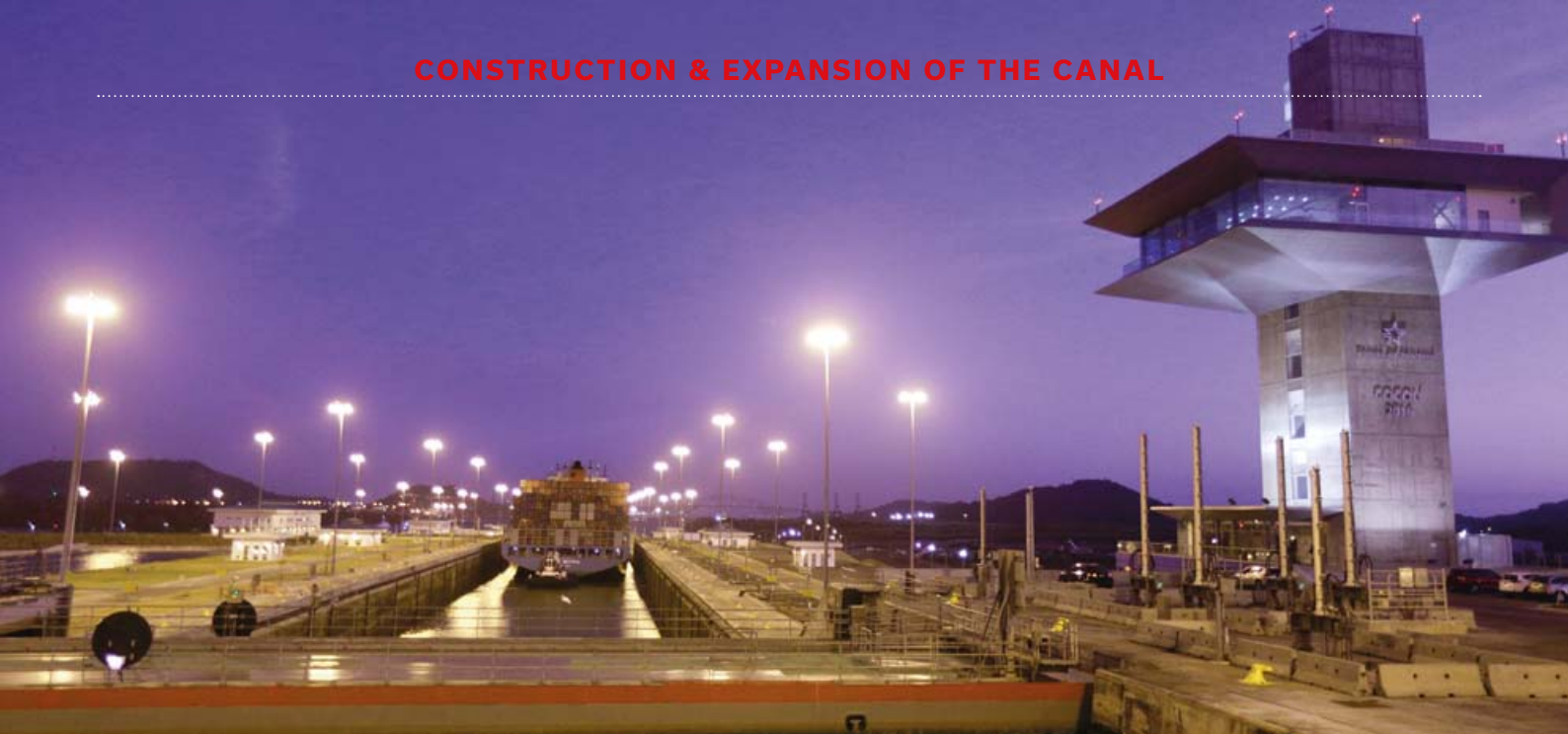


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## The number of Neopanamax vessels transiting continues to grow

# 21st century waterway

**I**t has already been two years since the inauguration of the expanded Canal with the transit of the 'Cosco Shipping Panama' on June 26, 2017. The number of Neopanamax vessels transits is growing constantly and the introduction of new segments have surpassed Panama Canal authorities' expectations of increased traffic.

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

More than one hundred years ago, the US steamer 'Ancon' inaugurated on August 15, 1914 the canal that would join the Atlantic and Pacific oceans opening a channel that

a century later would prove too small for the modern vessels of the 21st century.

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

Much has changed since 1914. The world has been twice at war; the Panama Canal has been transferred in 1999 to Panama administration by a treaty signed in

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

No wonder that more than 30,000 Panamanians, Canal employees, heads of state and dignitaries from around the world, customers, and international and local journalists, spent Sunday, June 26, 2016 awaiting the transit of the Chinese vessel and cheering at her passage in the new Atlantic Agua Clara and Pacific Cocoli locks. The Panamanians in attendance





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felt an immense pride to have been those who built the third lane, 'entirely Panamanian.'

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

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

The Compagnie Universelle du Canal Interocéanique, under the direction of Ferdinand de Lesseps began operations in 1881, but the project was finally abandoned years later, defeated by an enormous financial scandal in France and diseases in Panama. However, a year before the French company would go bankrupt, it was clear that if the Canal 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 gates of the locks in his shipyard in Saint Nazaire, France. Today, looking at the graphic representation of one of those gates, the sliding model invented by Eiffel is extremely similar to the present version of the gates that have been installed in the new locks of the expanded canal.

The US received in 1902, US Congress authorisation for the construction of an interoceanic canal in Panama. A treaty was negotiated with Colombia, but was rejected by the Colombian legislature on

the grounds that it infringed Colombia's sovereignty and provided insufficient remuneration.

In 1903, the Panama province declared its independence from Colombia, granting the US rights to undertake the construction of a waterway and the following year, the United States bought the rights and properties of the French Company for \$40m, gave \$10m compensation to Panama's government, and began excavating.

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

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

### A waterway for the 21st century

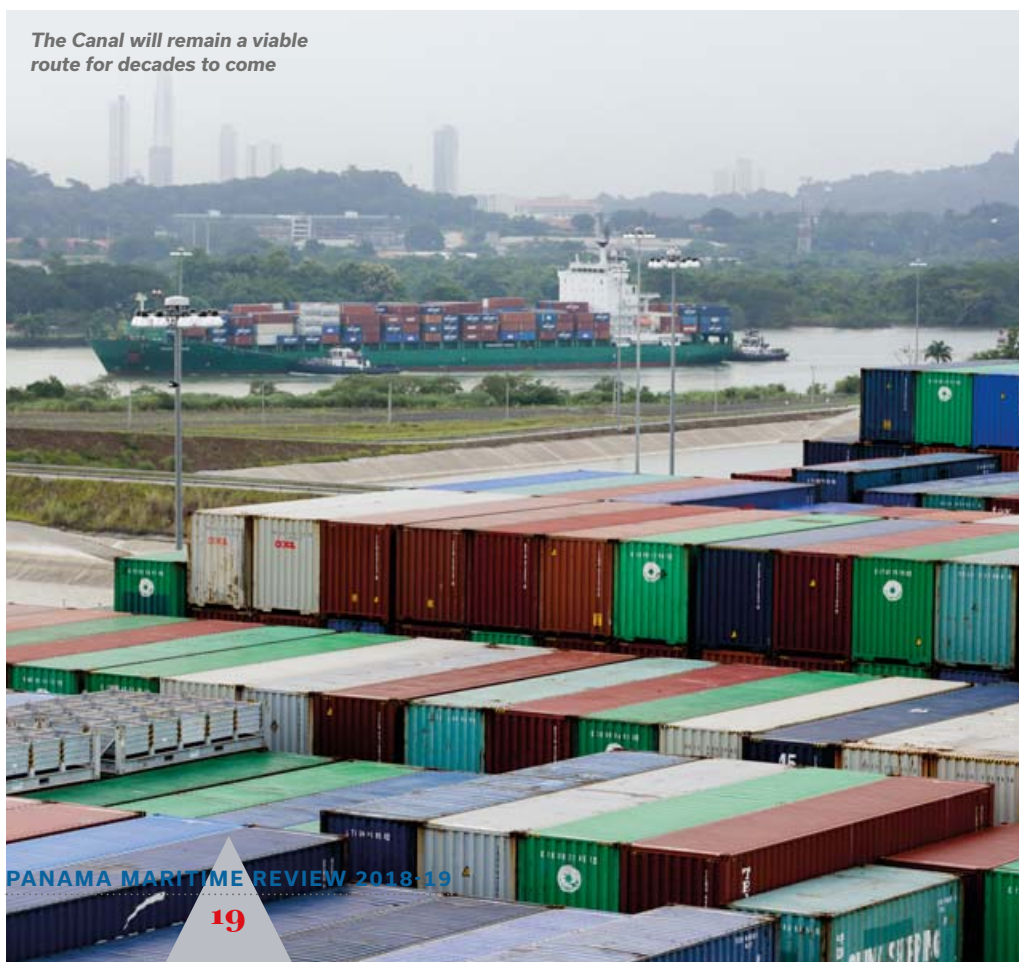
With the waterway being transferred December 31, 1999, to Panama administration, Panama Canal officials presented to referendum in 2006 a proposal to build a third set of locks to increase capacity.

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

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

At the time of the release of the expansion proposal, costs for the

*The Canal will remain a viable route for decades to come*



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## CONSTRUCTION & EXPANSION OF THE CANAL



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

In December 2008, Canal officials sign the external financial structure for \$2.3bn with five multilateral agencies. The financial package was allocated as follows: European Investment Bank, \$500m; Japan Bank for International Co-operation, \$800m; Inter-American Development Bank, \$400m; International Finance Corporation, \$300m and the Andean Development Corporation, \$300m. Spreads over LIBOR, in the package are at 48 basis points, 75bp and 120bp and up to 140bp, which gave an average interest rate of 5.49% with a 20-year amortising period including a 10-year grace period.

The expansion features engineering novelties since the design of the third set of locks, on the eastern side of Gatun locks in the Atlantic and on the western side of Miraflores and Pedro Miguel locks, includes the construction of water-

saving basins. The basins, three for each chamber of the new locks, re-use 60% water during lockage which will result in 7% less water consumption for each lockage than the original system. The new locks have three chambers, three water-saving basins per chamber (18 in total for the entire project), a lateral filling and emptying system and 16 rolling gates.

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

Another classic feature of the waterway also disappeared with the new design of rolling gates which are different from the hinged mitre gates used in the original locks, which require maintenance at the ACP industrial synchro-lift. The mitre gates also require dewatering of the locks, forcing

temporary suspension of operations, normally for a week, to allow for the lock chamber sills to be reconstructed and the wall seals to be replaced.

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

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

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

### The other components of the expansion programme

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



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PHOTO: PANAMA - PSA INTL. CONTAINER TERMINAL





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

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

A series of contracts were awarded for the excavations and construction of the access channels. The process to award the largest contract of the expansion to design and build the third set of locks began on August 28, 2007, when the ACP released its Request For Qualifications for the project. Four consortia were pre-qualified, and on July 8, 2009, Canal authorities revealed that Grupo Unidos por el Canal (GUPC) had received the best technical evaluation and offered the best price of \$3,118m, lower than the ACP's owner's allocated price of \$3,481m. GUPC is formed by Madrid-based Sacyr Vallehermoso as leader, accompanied by Italy's Impregilo S.p.A, Jan de Nul from

Belgium and Panama's Constructora Urbana S.A. (CUSA) with the designers Montgomery Watson Harza (MWH), IV-Groep, Tetra Tech, and Heerema Fabrication Group that would fabricate the gates. The Heerema Group will later be substituted by the Italian Cimolai shipyard. According to the terms of the fixed-price contract, the consortium had 1,883 days (269 weeks) to deliver the project from the commencement date, August 25, 2009.

### **The construction of the locks**

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

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

In 2011, GUPC replaced its gm Antonio Zaffaroni by Bernardo Gonzalez, who had previously overseen construction of the locks on the Atlantic side. The expansion project was entering a crucial period of getting ACP acceptance of the concrete design that had been delayed by a series of unforeseeable circumstances, but subsequently complied

with the requirements. Structural concrete placement began in June 2011. The special concrete had to meet ACP requirements, verified through a series of tests to prove its durability (to 100 years), low permeability to salt water, and compressive strength and shrinkage. About 4.8m cu mtr of concrete would be necessary to build both locks' complexes. The structural marine concrete was also accepted after having completed the American Standard of Testing Material (ASTM C 1202) used to determine the level of permeability.

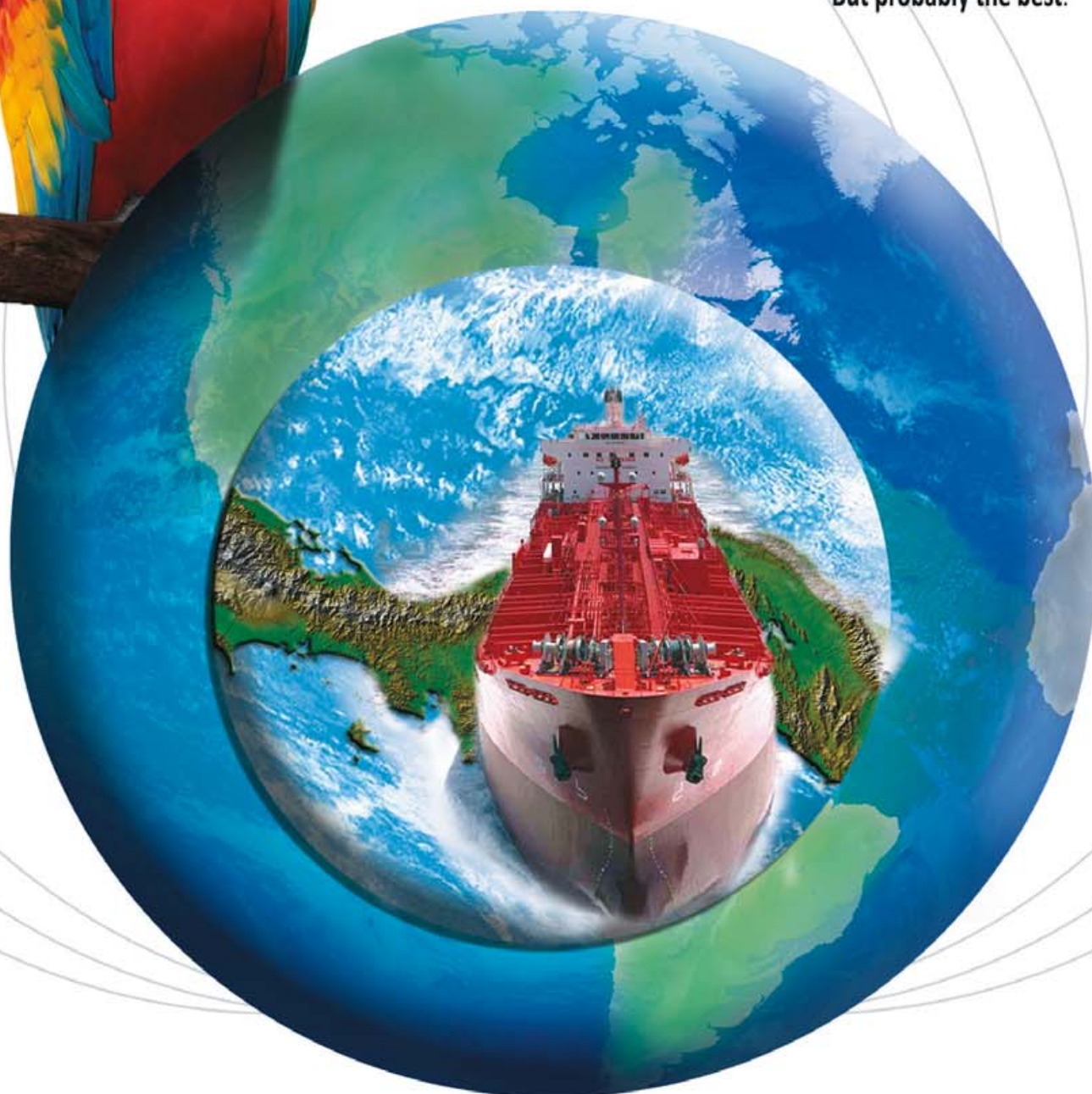
GUPC awarded the fabrication of the 16 gates to Italian shipyard and builder Cimolai began the fabrication of the gates October 2011 which took two years. The gate design varies depending on their location in the locks. All gates are the same length 57.6mtr. The tallest of all gates is 33.04mtr, the equivalent of an 11-story building. They weigh on average approximately 3,200 tonnes, the heaviest facing the Pacific Ocean at Cocoli Locks, weighing 4,200 tonnes, because of a more robust seismic requirements and higher tides. Another critical part of the locks system was the construction of 152 valves for the control the flow of water through the conduits and culverts. The valves would be fabricated at the Hyundai Samho shipyard in Gwangju, South Korea. Also, GUPC subcontracted the excavation and construction of the three Borinquen dams to the consortium CBDam (Consortium Borinquen), formed by Spain-based EPSA and Costa Rica's MECO, which produced the design with GUPC.



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In September 2012, Jorge Quijano, until then head of the expansion, was sworn in as the new Panama Canal Administrator while Ilya Marotta assumed the direction of the



Ilya Marotta

expansion programme being designated ACP evp for engineering and programmes management. Ilya Marotta had been deputy of Jorge Quijano for the third lane project until she was assigned to the completion of the expansion.

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

Claims have to be evaluated by the ACP whether the claims present merit or not. If GUPC is not in agreement with the ACP's determination, they then go to the Dispute Adjudication Board (DAB). Once the DAB has made a decision on the claim, the ACP and/or GUPC can issue a notice of dissatisfaction, within 28 days, and if the dispute is not amicably settled by the parties, an International Arbitration may be commenced 56 days after or later in Miami under International Chamber of Commerce (ICC) rules.

However by the end of 2013, GUPC presented a series of claims totalling

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

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

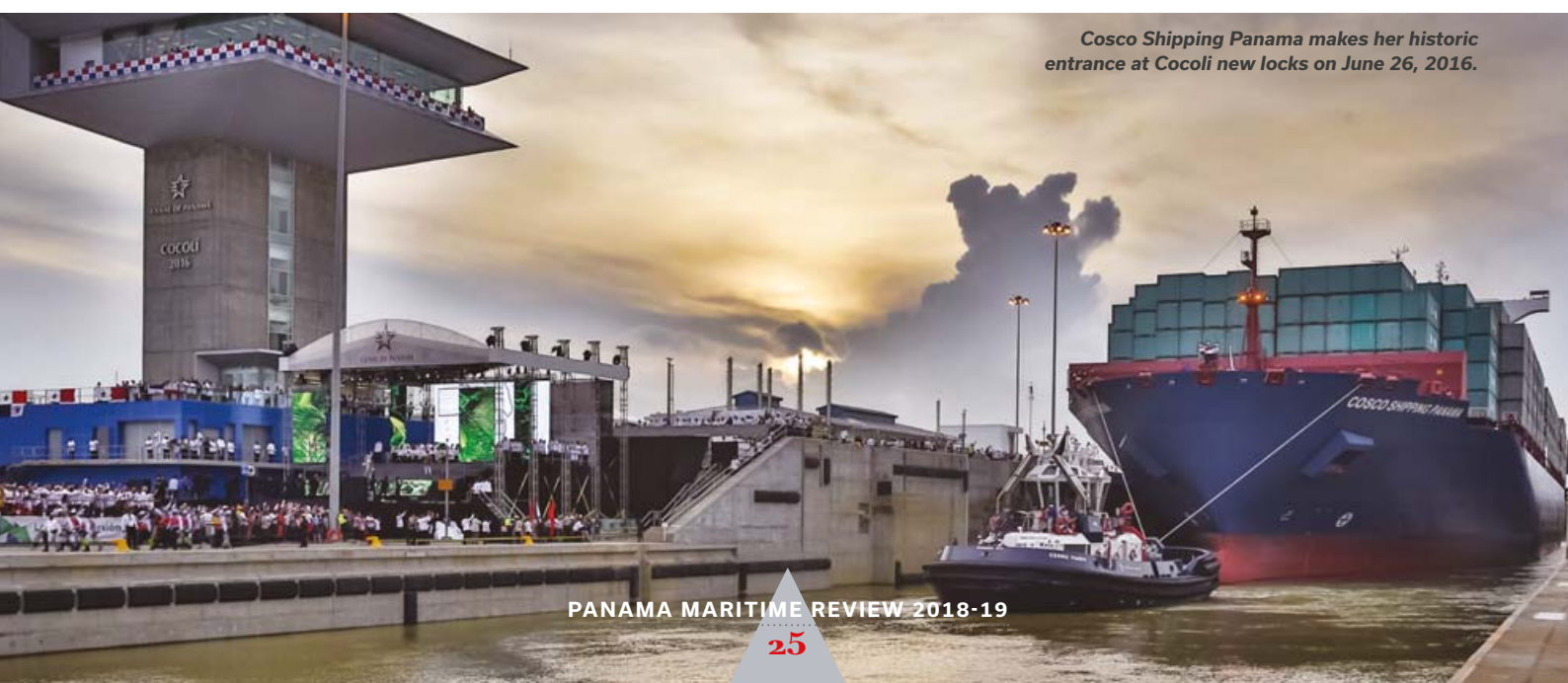
Since the arrival of the last locks gates and their installation in the Atlantic Cocoli and Pacific Agua Clara locks – the last gate being installed in Cocoli locks April 28, 2015 – the landscape of works is changing dramatically. The third lane was finally taking shape while some of the most significant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

Water filing began June 11, 2015. 'It is the culmination of years of arduous labour,' said Quijano at the time. But as the filling of the locks marked the start of a planned and methodical phase of operational testing of the locks, including its culverts valves, maintenance bulkheads and gates, seepage emerged at the end of August 2015 on the sills separating the lower

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

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

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



Cosco Shipping Panama makes her historic entrance at Cocoli new locks on June 26, 2016.

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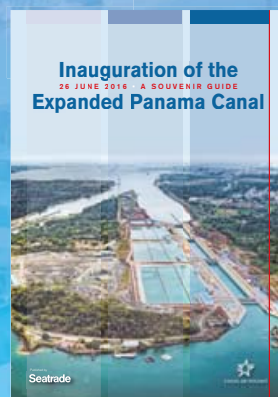
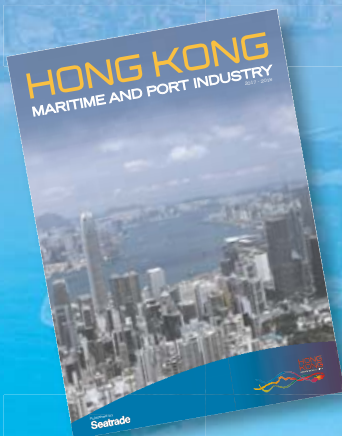


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## Container sector remains the market leader for tonnage through the Canal

# Cargo volumes increasing

**W**ith a little more than 4,350 transits of Neopanamax vessels at early October 2018, the Panama Canal Authority (ACP) concluded its Fiscal Year (FY) 2018, way ahead of all forecasts as it shows an increase of cargo volumes of 9.5% to 442.1m Panama Canal tonnes (PC/UMS) compared to FY2017 at 403.8 PC/UMS tonnes. Canal projections were at 429.4m PC/UMS tonnes, 12.3m tonnes under the final cargo volume for FY2018. A total of 62.8% of the total cargo transiting the Canal has its origin or destination in the US, followed by China, Mexico, Chile and Japan.

The container sector remains the market leader for tonnage through the Canal, accounting for 159m PC/UMS tonnes of the total cargo, of which 112.6m PC/UMS tonnes transited the expanded Canal. Tankers – which include liquefied petroleum gas (LPG) and liquefied natural gas (LNG) carriers – represented the following market segment with 130.3m PC/UMS tonnes, which have raised the participation of the US as origin and/or destination.

'It [container segment] has a lot to do with the larger size box ships now going through the new locks,' says Oscar Bazan, ACP evp for planning and business development. 'As for the tanker segment,

Japan is using more LPG for its energy needs while China and Japan have become important destinations for LNG transits.'

'The Panama Canal continues to exceed our expectations, reinforcing every day the importance of the waterway's expansion and its impact on global maritime trade,' said ACP administrator Jorge Quijano.

The next leading segments included bulk carriers (73.7 M PC/UMS tonnes) and vehicle carriers (49.5m PC/UMS tonnes).

'In July 2018, it was the first time in 14 years that we did not register transits of grains,' says Bazan. Would be grains the first casualty of the US-China trade war since most of US grains were exported to China? 'The danger for us is that Brazil

will have for the first time two grains crops in one year. Brazil grains do not transit the Panama Canal but are generally shipped through the Good Hope Cape to Asia. And now, Brazil will have more export capacity of soya, sorghum and maize,' he explains.

However, Panama Canal officials have begun to approach Brazilian grain producers who export their production through the heavily-congested ports of Paranagua and San Francisco del Sul, and offer them different options and proposals. 'We want to augment this cargo segment that has declined in recent years.'

In terms of cargo tonnage, the main routes using the Panama Canal in FY2018 were between the US East Coast and Asia, 53.08m long tonnes (LT) up from 54.04m



## CUSTOMERS OF THE CANAL

LT in 2017; Asia to the US East Coast, 32.43m LT, up from 30.62m LT; the West Coast of South America and Europe, 9.90m LT, up from 9.15m LT; the West Coast of South America and US East



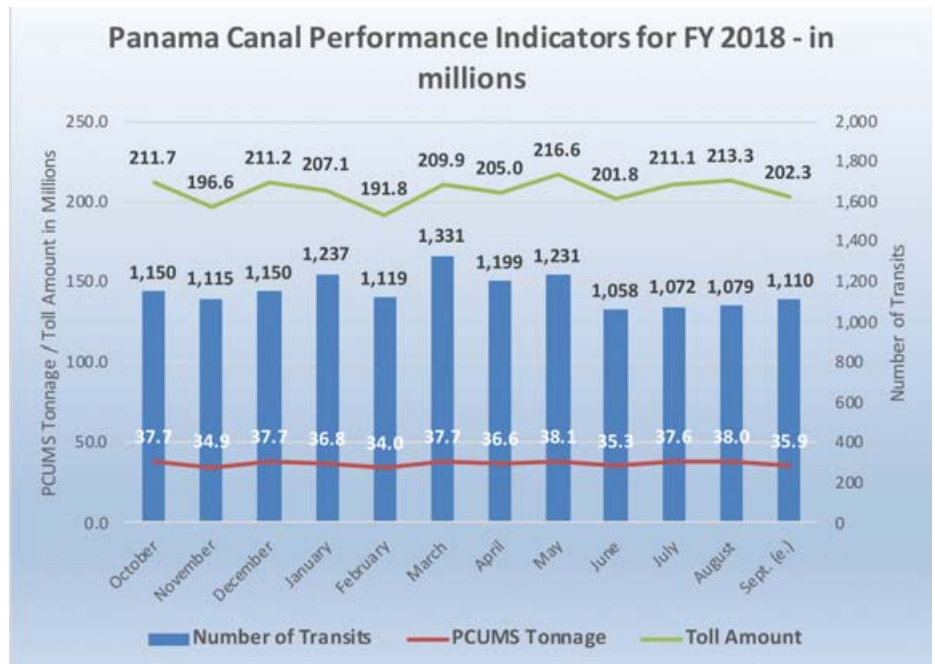
Oscar Bazan

Coast, 13,64m LT up from 10.63m LT; US East Coast and West Coast of South America, 26.14m LT up from 24.0m LT; US East Coast and West Coast of Central America, 18.18m

LT up from 15.9m LT; East Coast of South America and West Coast of South America, 5.58m LT down from 6.76m LT; Europe to US West Coast, 4.92m LT down from 4.93m LT; US West Coast and Europe, 2.35m LT, up from 2.0m LT; East Coast South America and Asia, 2.7m LT up from 1.83m LT; others 86.09m LT up from 81.24m LT; for a total of 255.04m LT up from 241.10m LT.

The main users during FY 2018 by origin and destination of cargo were the US, 172.60m LT; China, 41.59m LT; Mexico, 29.98m LT; Chile, 30.40m LT; Japan, 30.0m LT; Peru, 23.79m LT; South Korea, 23.48 m LT; Colombia, 23.09m LT; Ecuador, 13.21m LT; Canada, 12m LT; Guatemala, 7.57m LT; Panama, 7.22m LT; Trinidad & Tobago, 4.84m LT; Spain, 4.77m LT; Netherlands, 4.64m LT; Taiwan, 4.15m LT; Russian Federation, 4.03m LT; Belgium, 3.88m LT; Germany, 3.40m LT and Brazil, 3.37m LT.

The main commodities transported through the waterway were: Crude



petroleum, 6.62m LT; petroleum and products, 64.07m LT; grains, 27.8m LT; Coal and coke, 28.24m LT; containerised cargo 58.07m LT; vehicles, 4.98m LT; refrigerated foods, 2.15m LT; nitrates & phosphates, 10.69 m LT; Lumber, 2.41m LT; manufactures of iron & steel, 6.2m LT; chemicals & products, 16.86m LT; ores & metals, 11.52m LT; others, 25.38m LT, for a total of 255.04m LT.

Since the opening of the expanded Canal in June 2016 through September 30, 2018, MSC is so far the first user of the expanded Canal, 10.6%; followed by MOL, 5.8.7%; Evergreen, 6.1%; Cosco, 5.18%; Shell, 6.2%; CMA CGM, 5.0%; Yang Ming, 3.2%; Hapag Lloyd, 3.4%; "K" Line, 2.8%; Swiss Marine, 3.3%; Cheniere Marketing, 3.0%. Three big liners are at the bottom of the scale with Maersk, 3.5%, NYK,

1.36%, and Hamburg Sud with 1.2%.

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

'We are fully committed to understanding and meeting the ever-changing needs of the global shipping community,' said Panama Canal Administrator Jorge Quijano. 'The changes, guided by input



## CUSTOMERS OF THE CANAL



from our customers, strategic planning and years of experience, are an essential next step in ensuring the continued availability of the expanded Canal for all.

Until October 1st, customers could reserve transits during three booking periods determined by the days prior to the requested transit date. However, the announced adjustments introduced a new booking period within the 1st booking period, called booking period 1.a, which will be accompanied by corresponding modifications to the duration and slot allocation within each booking period.

These changes also included a transition period for those LNG vessels that have already obtained slots during the current booking period 1, which will allow customers to release them without being charged a cancellation fee.

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

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

Despite being the fastest-growing

segment, LNG vessels used only 60% of the reservations they acquired. The LNG vessels have transited the waterway for the first time since the inauguration of the expanded Canal in 2016.

The latest modifications to the Transit Reservation System are part of a series of efforts to provide added flexibility and reliability per growing market needs. This includes the Canal's decision in June to lift certain daylight and

meeting restrictions for LNG transits beginning on October 1, 2018, as well as the additional Neopanamax reservation slot made available in May, totaling eight daily. The Canal's decision to implement these modifications is a result of over two years of experience transiting Neopanamax vessels, including LNG vessels.

In October, the Panama Canal reached a new milestone after the successful transit

### Main commodities (thousand long tonnes)

	FY 2017	FY 2018
<b>Crude Petroleum</b>	3,810,488	6,629,332
<b>Petroleum/ -products</b>	55,113,580	64,072,666
<b>Grains</b>	36,227,017	27,801,843
Barley	7,396	0
Corn	9,325,285	8,215,142
Grain, Misc	4,250,687	4,692,024
Rice	577,482	525,997
Sorghum	9,766,902	6,574,368
Soybeans	9,406,995	5,380,879
Wheat	2,892,271	2,413,433
<b>Coal and Coke (Excl. Petroleum Coke)</b>	17,334,321	18,243,552
<b>Container Cargo</b>	54,719,968	58,077,116
<b>Autos, trucks, accesories &amp; parts</b>	4,530,332	4,986,341
<b>Canned &amp; refrigerated foods</b>	2,420,434	2,156,606
<b>Nitrates, phosphates and potash</b>	8,166,762	10,696,221
<b>Lumber &amp; products</b>	2,144,087	2,418,446
<b>Manufactures of iron &amp; steel</b>	6,761,024	6,203,806
<b>Chemicals &amp; petroleum chemicals</b>	14,878,505	16,860,775
<b>Ores &amp; Metals</b>	11,753,593	11,521,255
<b>Subtotal</b>	<b>217,860,111</b>	<b>229,667,960</b>
<b>Others</b>	23,243,382	25,381,185
<b>Total</b>	<b>241,103,494</b>	<b>255,049,145</b>

**Panama Canal main cargo routes (long tonnes)**

Origin route	Destination route	FY 2017	FY 2018
East Coast of the US	Asia	54,038,581	53,087,675
Asia	East Coast US	30,618,825	32,426,281
West Coast South US	Europe	9,156,437	9,903,397
West Coast South US	East Coast US	10,626,664	13,641,814
East Coast US	West Coast South US	24,007,691	26,139,940
East Coast US	West Coast Central US	15,875,672	18,179,005
East Coast South US	West Coast South US	6,763,660	5,585,887
Europe	West Coast US	4,931,479	4,925,658
West Coast US	Europe	2,008,010	2,354,738
East Coast South US	Asia	1,835,011	2,709,293
Others		81,241,462	86,095,459
<b>Total</b>		<b>241,103,494</b>	<b>255,049,145</b>

of four liquefied natural gas (LNG) ships with a beam of up to 160ft (49mtr) in a single day – October 1 – through the Neopanamax locks and with it broke the record set on 17 April 2018, when three LNG vessels transited through the waterway on the same day.

The 173,000cu mtr Ribera del Duero Knutsen and the 174,000cu mtr Maran Gas Pericles with transited northbound, while the 174,000cu mtr Torben Spirit and 155,300cu mtr Oceanic Breeze with a cargo transited southbound, facilitating international trade between customers in South Korea, Japan, Chile and the US Gulf Coast.

**Ocean Network Express (ONE)**

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

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

ONE is an integral member of The Alliance, providing 54 services, directly calling at 81 different ports on a regular and continuous basis, of which 19 in Asia Far East (7 in China, 5 in Japan), 5 in the Indian subcontinent, 7 in Middle East and Red Sea, 24 in Europe (7 in North Continent, 14 in the Mediterranean Sea), 21 in US and Canada, 7 in Central America and Caribbean.

ONE has decided to heavily invest in the refrigerated sector, by ordering in August 2018 over 14,000 brand new white reefer containers (15,000 x 40’ teu and 1,000 x 20’ teu). This large equipment purchase aims to establish ONE as a real leader in the reefer shipping market, reaching the top three positions in the carriers’ ranking.



**Julio De Lastra, president & ceo ONE (Panamá); Jeremy Nixon, chairman of ONE global HQ, ceo ONE (Singapore); Peter Duifhuizen, president & ceo ONE (Brazil), head of Latin America, regional HQ**

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

Ocean Network Express Panama Inc. start operation 1st April 2018 with the main office in Panama City and a second office locate in Colon, on the Atlantic side. ONE Panama staff is a mix of professionals in the maritime industry led by Julio De la Lastra, President and ceo with more than 59 years of experience in the shipping industry.

Since ONE began operation in Panama, more than 76 vessels have transited the Panama Canal. ONE had a canal ranking of 570 when started transiting the canal back in April 2018. In August our ranking increased to the 51st position and expect being at the top ten position in October 2018.

**The magenta-coloured ONE vessel**





**Ranking of countries by origin and destination of cargo  
Fiscal Year 2018 (long tonnes)**

Rank	Country	Origin	Destination	Intercoastal	Total
1	US	111,350,935	63,560,060	2,306,776	172,604,219
2	China	21,945,787	19,651,433		41,597,220
3	Mexico	7,737,210	22,681,512	433,823	29,984,899
4	Chile	13,748,815	16,659,485		30,408,300
5	Japan	5,907,327	24,097,139		30,004,466
6	Peru	8,477,598	15,320,093		23,797,691
7	South Korea	10,180,876	13,308,352		23,489,228
8	Colombia	16,061,454	7,620,619	590,571	23,091,502
9	Ecuador	5,776,210	7,435,707		13,211,917
10	Canada	9,259,121	2,798,116	57,168	12,000,069
11	Guatemala	1,579,789	5,991,699		7,571,488
12	Panama	1,405,729	5,995,452	176,069	7,225,112
13	Trinidad & Tobago	4,624,039	222,409		4,846,448
14	Spain	1,670,436	3,108,952		4,779,388
15	Netherlands	1,726,020	2,923,162		4,649,182
16	Taiwan	1,714,844	2,435,607		4,150,451
17	Russian Fed.	2,454,730	1,577,308		4,032,038
18	Belgium	1,718,621	2,164,282		3,882,903
19	Germany	1,417,505	1,991,916		3,409,421
20	Brazil	2,166,534	1,210,537		3,377,071

Although the Canal modified the tolls effective April 1, 2016, the new toll structure brought, for the first time, new incentives. These include: a loyalty programme for container vessels, which provides price improvements of as much as 6% on the capacity tariff, for customers who reach specific teu volumes. In addition, Canal Authorities apply the ballast rate for LNG vessels on the return voyage so long as this trip to the canal is made within 60 days after the laden transit was completed; and we have also developed a ballast rate for dry bulkers to promote the repositioning of the larger vessels that need to use the Neopanamax locks.

The modifications were approved by the ACP's Board of Directors and the Cabinet Council and were implemented October 1, 2017.

The proposed modifications safeguard the competitiveness of the waterway, the value of the route, and facilitate the Canal's goal of providing an efficient and reliable service to the global shipping community.

For the containership segment, the proposal offered more attractive rates per loaded containers on the return voyage, applicable only to those Neopanamax vessels deployed on the Canal route in

the head and back haul legs, and when: (1) the utilisation rate of the northbound transit is higher or equal to 70%, and (2) the time lapse between the northbound and the southbound transit is not greater than 28 days. In order to promote the use of the services provided by the local transportation hub, any additional days that the vessel requires to perform port-related activities in the Panamanian terminals will not add to the 25-day-period.

The proposal also modified the tolls charged to LPG and LNG vessels, keeping the units of measurement unchanged, as they have proven to be in accordance with industry standards. In addition, this tolls proposal reassigns the vessels classified by the ACP as 'container/breakbulk' into the 'general cargo segment.' These vessels are currently part of the others segment.

This reassignment resulted in more attractive tariffs for customers in this category, as general cargo tolls are lower.

Canal executives have prepared concession rules which are being under consideration by the board of directors. Those rules will allow calling international tenders for a series of projects designed by the ACP as new businesses and will allow giving

a legal framework for the security of concessionaires.

The Corozal port project on the Pacific side of Panama was pulled in March 2017 after no bids were presented by the four pre-qualified port operators and though Canal officials say the project has not been abandoned, it may takes some time before it is brought back. Panama port capacity is over 14m teu and will increase once the Atlantic Chinese terminal (PCCP) is concluded and for the moment, port operators estimate there is no need for another terminal.

The ACP had identified 1,200ha of land on the western side of the future Pacific locks, in an area formerly used as US military installations before 1999, to create a logistics park for international companies. Canal officials commissioned the Deutsch Antea Group to study all the eventual ventures to develop the area to determine which would be its better use; petrochemicals, logistics or industrial or the three of them together. A first tranche of 240ha has been selected but 'we will begin with a 54-55 hectare-plot which will go to tender, once we have the concession regulations approved,' explains Bazan.

And two others projects are almost ready to go to tender having attracted quite a lot of interest: a 40-hectare-LNG storage next to PSA-Panama terminal 'which would be the first tender to be called under the concession scheme. The tanks would have a total storage of 180,000cu mtr of LNG.'

The third project and second future tender (the third in line would be the logistics park) is a ro ro terminal in a 10-hectare area extensible to 20 hectares if necessary, to be located near PSA-Panama terminal and facing the LNG storage, says Bazan.

A new administrative structure has been put in place 'with a new vice-presidency of complementary businesses to emphasise Canal tourism and other commercial development projects, to cash in the true value of the land on the banks of the Canal,' says ACP Administrator Jorge Quijano. 'We expect that over the next few years the complementary businesses could bring around 15% of additional revenues for the ACP,' explains Quijano. ■



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Port of Baltimore

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## Since the Canal expansion, the patterns of global trade have changed

# US ports respond to demand

The Panama Canal expansion proved to be a vital element for the growth of US ports' cargo movement as they have increased capacity, built new terminals and dredged their facilities to welcome the Neopanamax vessels that now transit the waterway. The before and after has been substantial, creating jobs and boosting foreign trade. But the phantom of a slower economy, if the US administration imposes heavy duties on Chinese goods, frightens port executives. 'It would be a game-changer,' Mario Cordero, executive director of the Port of Long Beach, California, told US media late August. 'It would be detrimental to jobs at the port and detrimental to the state and national economy. In 2017, Southern California ports handled \$173bn in Chinese imports, about a third of all goods shipped from China to the US.'

Meanwhile, US ports continue to look at improvements to accommodate future growth. At the **Port of Baltimore's** Seagirt Marine Terminal, operated via public-private partnership with Ports America Chesapeake (PAC), is on the verge of putting additional 50ft-deep berthing in place. 'We've had a pretty remarkable year,' James J. White, executive director of the Maryland Port Administration said, citing all-time highs in cargo activity.

The Seagirt Marine Terminal, the port's primary container facility, has just embarked on a project to bring online within 12 to 18 months a second berth with 50ft alongside depth. Further to

taking the water depth adjoining the current 50ft berth to 50ft from its present 45ft, the plan calls for additional cranes and other supportive infrastructure. 'We think the Panama Canal is essential for the Neopanamax vessels and we want to be part of it and stay above the curve,' said White.

'You always want to get ahead of that curve,' he said, 'so we've been working with PAC over the last year to put a programme together where we're going to do some additional dredging, they're going to reconstruct and deepen the berth alongside, as well as put additional equipment over there, such as container cranes to work two vessels simultaneously in 50ft of water.' Since the Panama Canal new locks are in operation, bigger container ships, most of 8,000teu now dock at Baltimore.

It has been a long-awaited boom for Baltimore as the port is surrounded by very large consumer market, until the end of 2016 inaccessible for Neopanamax vessels. Baltimore's statistics are here to prove it. In the 12-month period ended April 30, 2018, the state-owned port's public marine terminals handled 1,000,571teu, and with it, Baltimore's first milestone of passing the one million teu mark.

In calendar 2017, the Port of Baltimore's public and private auto terminals combined to see moves of a record 807,194 cars and light trucks, marking the seventh straight year of Maryland handling more such units than any other US port, and

such activity is up 5.2% through the first half of 2018, further cementing the port's No.1 US ranking in such ro ro action. The Port of Baltimore's latest ro ro service addition came in March 2018, with Höegh Autoliners initiating monthly service from New Zealand and Australia.

Meanwhile, the port's ro ro-focused Fairfield Marine Terminal is in the process of growing by 7 acres with the fill-in of a wet basin under a contract with the Maryland Board of Public Works, with a boost from a federal grant. And land acquisition activity has not been limited to the Maryland Port Administration itself. Tradepoint Atlantic, which is developing a multimodal logistics centre just southeast of Port of Baltimore container facilities, in May acquired the 150-acre Sparrows Point Shipyard property, increasing its total footprint to 3,250 acres, providing additional space for near-berth warehousing and marine operations.

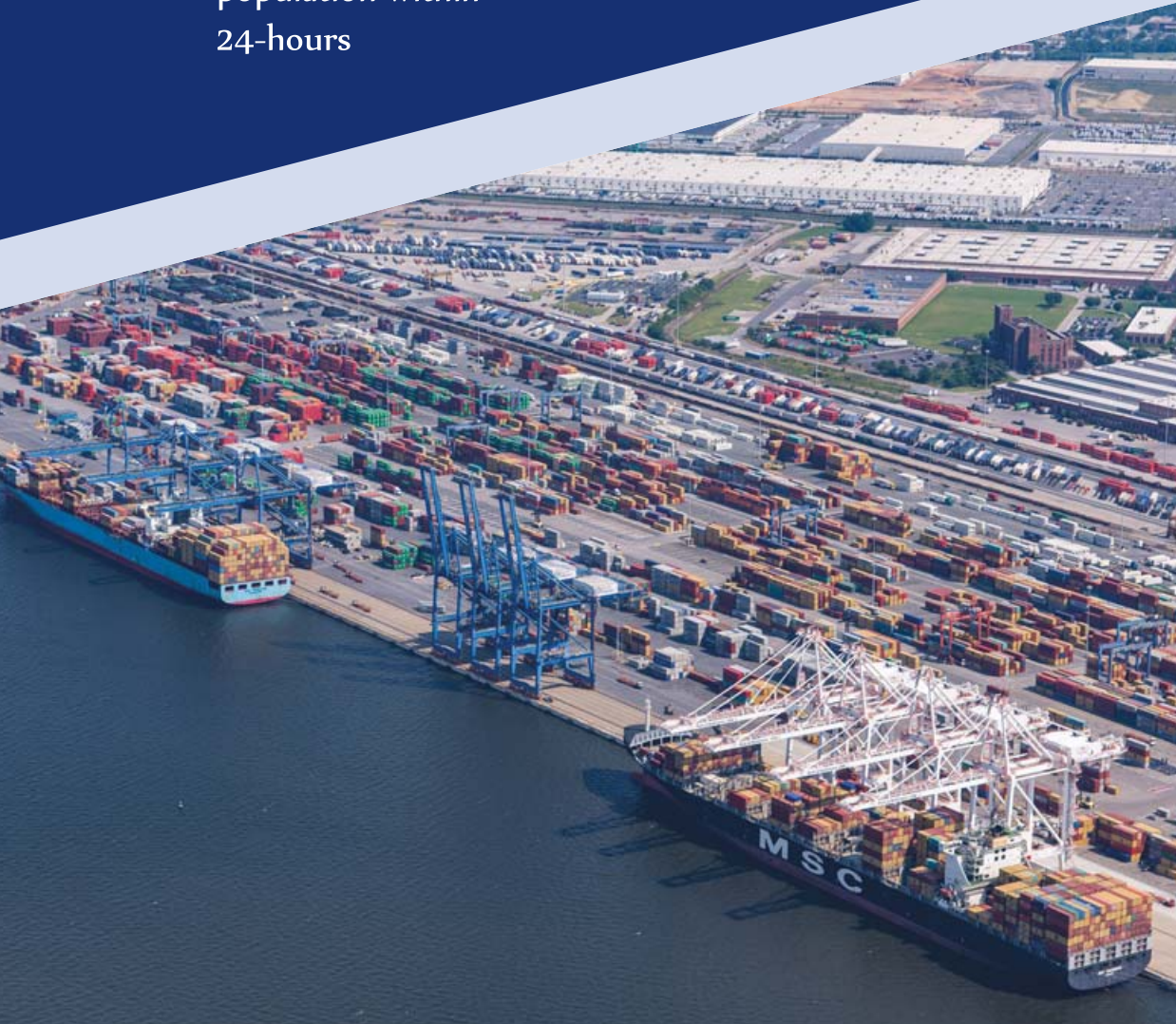
The **Port of Corpus Christi**, Texas, successfully priced and sold \$216.2m worth of Senior Lien Revenue Bonds, on 24 July. The bonds will be used for both the deepening and widening of the Corpus Christi Ship Channel as well as upcoming capital projects within the Port. Wells Fargo Securities acted as Lead Manager of a syndicate of underwriters including JP Morgan, Citigroup, and Frost Bank.

'We are pleased with the level of interest the institutional investment community demonstrated for both series of our bonds,' said Sean Strawbridge, ceo of the Port of

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Corpus Christi. 'This round of funding will help the Port of Corpus Christi further progress our ambitious yet achievable capital investment programme designed to increase exports of US produced energy to our allies and trading partners around the world.'

The Port's Senior Lien Revenue Bond 2018 Series pricing follows strong ratings reiterations received from both Moody's Investors Service and S&P Global Ratings. Moody's assigned an A1 Rating to the Port's newly issued debt, while upgrading the Port's existing debt from A1 to Aa3. S&P assigned a rating of A+ to the Port's newly issued debt, while reaffirming the same rating for the existing debt. The bond 2018 will allow the Port of Corpus Christi to self-finance the first part of a long-delayed channel dredging project. The port's commission approved a bond sale of \$102m for the dredging project and an additional \$115m for a new crude oil terminal, along with other improvements.

Corpus Christi seeks to dredge its channel to 54ft in order to allow large tankers to take on a fuller load of crude oil before departing. The project would increase efficiency and lower shipping costs at what has quickly become America's busiest port for crude exports. 'Our customers tell us that larger, deeper draft cargo ships could save them 50 to 75 cents per barrel, a major global competitive advantage,' said Corpus Christi port chairman Charles W. Zahn in a recent statement. 'These transportation cost savings are in excess of \$300m per year for our port customers.'

The port is interested in completing the project in time for the replacement of the port's new harbour bridge in 2021, which will remove air-draft restrictions for larger ships. This timeline also coincides with the completion of new oil pipelines connecting the rapidly-growing Permian Basin oilfields with Corpus Christi. 'We anticipate these new pipelines to be completed by 2020-2021. When this new production take-away capacity is completed, the Port of Corpus Christi must also be ready to handle the anticipated increase in volume. We cannot become the constraint in the continuing growth of energy exports with a [dredging project] that is stymied by lengthy delays,' Port ceo Sean Strawbridge told the House Subcommittee on the Interior, Energy and Environment in March.

At the **Port of Los Angeles** for the first half of 2018, volumes are off 2.6% but Port of Long Beach said it is on track for its highest-volume year on record, with 2017 as the current all-time high. On a year-to-date basis through July, POLB volumes are up 11.3% at 4.6m teu. July volumes at the Port of Los Angeles (POLA) and the Port of Long Beach (POLB) were mixed, according to data recently released by the ports. POLB reported that total monthly volume, at 688,457teu, was off 4.4% annually, compared to July 2017, which at that point was an all-time monthly high for the port but has since been eclipsed by the 752,188teu in June 2018.

POLB officials cited various factors for the annual decline, including shipping

alliances' decisions in July to shift vessel deployment and port calls. And they also expressed concerns about escalating tariffs potentially slowing trade activity over the course of the remainder of the year, which, to date, is the busiest on record over the port's 107 years of operations. July POLB imports were off 8.2% annually at 347,736teu, and exports were off 5% to 119,747teu.

**POLA volume shines:** POLA officials heralded the best July in the port's history, with 833,568teu, which was up 4.6% annually, topping July 2017, which was the previous July high. What's more, July 2018 marked the fourth highest-volume month in the port's history.

The escalating trade war with China is leading US retailers to speed up the import of goods from Asia's largest economy to avoid new tariffs and ensure they have adequate supplies for the winter holidays.

**The Port of Philadelphia** – whose 21% increase in loaded volume was the healthiest of the top 25 US container ports in 2017 – is looking beyond its traditional strength in refrigerated cargo to boost exports and rail-bound cargo, as it looks to fill capacity that will nearly double under its US\$300m expansion.

The port's deployment in May of two new cranes at the Packer Avenue Marine Terminal, and the opening of an extended berth that will enable the port to handle three super post-Panamax vessels at once are the first parts of the expansion. By the

Port of Corpus Christi





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end of next year, the port is expected to have increased capacity from 550,000 teu to 1m teu.

In addition, with all but the finishing touches completed on a dredging project to take the port channel from 40 to 45ft deep, the port has already begun accepting mega-ships with the largest, MSC Shuba B at 12,200 teu, stopping at the port recently.

With just over 2% of the East Coast loaded container market, the port is facing potential competition just 30 miles down the Delaware River, with a proposed container under consideration for Wilmington by the state of Delaware.

Philadelphia officials are confident that additional capacity will be filled by future growth similar to the port's 2017 surge in cargo volume from 299,324 loaded teu in 2016 to 362,812 teu. That surge stemmed in part from an increase in exports, which rose by 23.3% in 2017 over the year before, stronger even than the 20.5% increase in imports.

The recent export surge was driven in part by goods sent by train from the Midwest on their way to Europe or South America. The port has attracted shippers with a message that it has abundant rail capacity, an efficient port and a variety of maritime routes to get cargo to Europe and South America, he said.

Philadelphia's expansion includes another three cranes that are expected to arrive in early 2019, an additional 45 acres for

stacking containers, and 365,000sq ft of new dry and refrigerated warehouse space on 29 acres of land bought by the port last year.

The **Port of Jacksonville's** container volumes grew 25% year on year in February to 100,346 teu, said Jaxport authorities.

Last year, Jaxport and private users of the harbour moved 1.3m teu, making Jacksonville the No.1 container port in Florida, reported media.

The port's Asian container volumes continue to grow with during the past five years, Jaxport recording an average of 21% annual growth in Asian container volumes.

The federal project to deepen the Jacksonville shipping channel to 47ft to accommodate bigger ships started in February this year. As the primary US port for commercial trade with Puerto Rico, Jaxport and its partners continue to supply aid to the residents following Hurricane Maria's devastation in September 2017.

The **Port of Oakland** has released a plan for the next five years that calls for 8% more containerised cargo volume in Oakland by 2022. The California port, which handled 2.4m teu in 2017, expects to be handling 2.6m teu in five years. The port authority said its 'Growth with Care' plan envisions more jobs and economic stimulus. The plan envisions cargo growth from two capital projects at the seaport.

The first is a 283,000sq ft refrigerated distribution centre called Cool Port Oakland that opened in 2018. Another 440,000sq ft distribution centre is planned at a nearby Seaport Logistics Complex. The plan also calls for further reductions in diesel particulate emissions from trucks and ports.

According to port data, truck emissions are down 98% since 2009, while vessel emissions have declined 76%. The strategic plan commits the port to an overall reduction of 85% by 2020.

Despite increased cargo volumes, the port expects to achieve that by having more ships 'cold iron,' or use shore-based electricity rather than relying on their ship engines while at berth. It is also planning a program for near-zero and zero emissions equipment at the port.

Other goals mentioned in the five-year plan include: Obtaining a container service that makes Oakland a first port of call; promoting new trans-load and refrigerated cargo capabilities, with the goal of increasing the discretionary intermodal cargo it handles to 15%, growing refrigerated exports by 10% and imports by 5%, and extending its market efforts to Western grain and Midwest frozen meat exporters; maximising Oakland's participation in newly permitted rice exports to China; recapturing cargo, especially the Utah and Colorado markets, and continuing to market its services beyond Northern and Central California; and exploring bulk and breakbulk cargo opportunities. ■

Port of Oakland





Inauguration of the Panama's Consulate in Shanghai

Panama-flagged vessels can now enjoy advantages offered to other states

# 'Most Favoured Nation'

Last year Panama was celebrating the centenary of the Ship Registry, which is under the supervision of the Panama Maritime Authority as the Directorate-General of Merchant Marine. The Ship Registry, created by Law 63 of December 15, 1917, is the world's largest register and has maintained this position since 1993. It was a year of celebrations which led the International Maritime Organisation (IMO) to organise the World Maritime Day Parallel Event in Panama from October 1 to October 3, 2017. The event was inaugurated by the IMO Secretary-General Kitack Lim and President Juan Carlos Varela and included bi-lateral meetings, conferences and a gala-dinner which was the official celebration for the anniversary of the Ship Registry.

After many years in the pipeline, Panama passed legislation for ship financing, the first of its kind for the country. The Law 50 of 28 June 2017 entered into force on 29 December 2017 and is known as the 'Naval Financing Law'. The legislation creates an attractive investment environment and contemplates ship financing from banks established in Panama while extending its reach to all foreign financial institutions providing they establish a branch office in Panama to enjoy the law's benefits.

Panama's banking centre is one of the most important of the region with a total of 86

banks established in Panama. None of those banks, though, has looked yet at this novel market and one of the purposes of the law is to encourage those institutions to provide ship financing and attract all foreign financial institutions providing they set foot in Panama to do ship financing and enjoy the benefits of Law 50 of 2017.

The law creates a special legal regime for financing operations in the local and international maritime sector and grants fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime project fundable, from the Republic of Panama.

The AMP, through the General Directorate of Public Registry of Ships has already started with local presentations to



Minister Jorge Barakat and MARAD's Admiral Mark H. Buzby

publicise the law and is also planning international road shows. 'This administration is currently working on a strategic plan to promote this law at international forums and in different markets – such as Asia and Europe – which are currently trending in ship financing, allowing the international financial community to close local and regional deals in Panama, which should be more attractive and less complicated for the Latin American and Caribbean markets, said Panama Minister of Maritime Affairs and head of the Panama Maritime Authority, Jorge Barakat.

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

Following the signature in November



2017 in Beijing of an accord on maritime transport between Panama and China to promote maritime and port development in Panama and China, strengthen the Ship Registry and support the Chinese Maritime Authority in the maritime safety issues of Panama-flagged vessels sailing in its waters, the rule entered into force May 17, 2018 and on July 1, the Panama Ship Registry received the 'Most Favoured Nation' treatment. Panama-flagged vessels can now enjoy the advantages and lower port costs applicable to other states, which have similar agreements with China. The agreement includes transfer of knowledge and technical control of ships' documentation and crews on board Panamanian vessels.



*China's minister of Transport Li Xiaopeng and Minister Barakat, at AMP offices in Panama*

contribute to strengthening relations between the two countries.

Panamanian students to study at the Maritime University of Dalian.

In August, Panama's Minister of Maritime Affairs Jorge Barakat held a meeting with China's Minister of Transport Li Xiaopeng, who visited the headquarters of the Panama Maritime Authority (AMP). Li was accompanied by a delegation of the Chinese government and Chinese companies working in Panama's maritime sector. Both ministers expressed their interest in reaching a memorandum of understanding (MoU) on maritime matters for which they started negotiations immediately. The MoU will implement projects and activities that

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

An important milestone was the launching, at end-July, of the Maritime Safety and Inspection System Global Platform, on accurate and fast receiving data system working on a 24/7 basis. 'This platform, in addition to facilitating the work of Panamanian inspectors, will guarantee the safety of the seaworthiness of the vessels registered under the Panama flag and will show warning measures for the decision-making based on the different processes carried out by the Department of Navigation and Maritime Safety, for the realisation of

## **Panama's Ship Registry in Posidonia**

Posidonia 2018, inaugurated by Greece's Prime Minister Alexis Tsipras, was the largest exhibition-conference ever with 22,000 visitors and almost 2,000 exhibitors.

Prime Minister Alexis Tsipras came to cut the ribbon of the Panama Pavilion, accompanying the Minister of Maritime Affairs, Jorge Barakat; the Administrator of the Panama Canal Authority, Jorge Quijano; the Ambassador of Panama in Greece, Cristina Liakopulos; the Minister of Maritime Transport and Island Policy of Greece, Theodoros Dritsas; the AMP's General Director of Merchant Marine, Fernando Solorzano and the General Director of Ports and Auxiliary Maritime Industries, of the AMP, Guimara Tuñón Guerra.

The occasion was propitious for Minister Barakat to congratulate the Hellenic maritime community for the great organisation of the event and give Prime Minister Tsipras a commemorative gift, for being Greece one of the founding users of Panama's Ship Registry.

'The presence of the Panama Ship Registry in this important forum has a positive influence, since direct contact with users helps to cement the trust of the Registry, and we are pleased to be invited to participate in one of the conferences, where



*Greece's prime minister Alexis Tsipras at Panama Pavilion*

Panama presents the Panama Ship Registry and our Port Development,' said Minister Barakat.

'The client wants an efficient and rapid service, flexibility, security and loyalty, but above all, that the representative of the Registry speaks their language, that is why the culture of service that the Panamanian flag has projected, coupled with the simplicity of the steps, make Panama one of the favourite options when it comes to flagging their ships,' he added.



Minister Barakat with Her Majesty Queen Elizabeth II at the IMO's 60th anniversary

Annual Flag Inspections (ASI), Interior Service Inspections (ISI), as well as Port State Control Inspections (PSC),’ said Jorge Barakat.

It will also provide a fast and fluid communication between the Department of Navigation and Maritime Safety and the Departments of Ship Registration, Maritime Protection of Ships and the General Directorate of Seafarers. The system can be accessed from a fixed or mobile computer from any place where there is internet access 24/7, obtaining information on all applications that are entered into the system. The ASI carried out through this system will be carried out at an international level to all Panama-flagged vessels through the flag inspectors duly authorised by the General Directorate of Merchant Marine.

Panama’s Minister of Maritime Affairs Jorge Barakat and the US Maritime Authority Administration (MARAD)’s Admiral Mark. H. Buzby, have inked a major maritime transport co-operation agreement in Washington D.C. in September 2018. ‘The signing of this Memorandum of Co-operation will optimise the exchange of information and experiences for the training of seafarers and port operators; it will also promote favourable conditions for the private sector investment and will serve as a framework to present the

maritime investment projects promoted by Panama to US investors, in order to continue strengthening Panama’s logistics hub’ said Minister Barakat. Since the maritime industry is a crucial part of the world trade, the agreement will contribute to the sustainable growth of this important industry and will work to meet the world’s expectations with regards to safety, environmental protection and responsibility.

‘Likewise, our ties between the US and Panama will be strengthened in maritime commercial activities, ties that go back to the beginning of the 20th century with the construction of the Panama



President Varela visiting the construction site of the Atlantic Bridge

Canal, one of the most important world endeavours, which plays a vital role in the efficiency and sustainability of maritime transport,’ added Barakat.

‘It is important to highlight that today we have fulfilled one of the main objectives proposed by both administrations since the bilateral meeting held in 2016, when we presented the first draft of the Agreement together with the interest of our country in strengthening the bonds of understanding and maritime cooperation. It is the beginning of a lasting relationship between the AMP and the Maritime Administration of the United States of America (MARAD).’

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

‘It is very important that we could ensure our business is able to comply with an ever increasing and complex regulatory landscape. As the world’s largest flag, by both ships and tonnage, we felt it was essential for us to lead our industry by adopting these new technologies that can protect our teams and our clients, and ensure that all efforts are made to comply with sanctions and regulatory policy worldwide. The Pole Star ‘PurpleTRAC’ solution enables us to screen our entire fleet on a daily basis, and guarantee we have the clarity we need to comply,’ said Fernando Solorzano head of Panama Ship Registry.

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

The Panama Maritime Authority has announced that it is preparing, together with the Development Bank of Latin America (CAF), a strategic plan for maritime and port development of the

Republic of Panama Vision 2040. CAF contributed through a non-reimbursable cooperation of \$125,000 to develop the strategy, for a period of nine months, which will be in charge of the Spanish company Mc Valnera S.L.

Currently the port system of Panama is constituted by a large conglomerate of state ports, concessioners' ports, concessioners' terminals, docks, berths, shipyards and ramps. This conglomerate constitutes one of the fundamental pillars of the Panamanian economy.

According to the AMP, the strengthening of this asset requires establishing a Strategic Maritime and Port Development Plan with a vision by 2040, defining the actions required to contribute to the increase of the country's productivity, determining the construction of new terminals, the development of the ports, the modernisation of the existing infrastructures, the coastal reordering and the regulation of auxiliary maritime economic activities; as well as the implementation of electronic information exchange systems to expedite the reception of ships and international maritime traffic.

As reported by the AMP, the plan will conclude with the completion of a diagnosis of the Port Maritime System of the Republic of Panama; the 2040 Strategy for the integral development of Panama's competitiveness; the priority action bases applicable to the generation of added value by port area; the analysis of port facilities: current activities and action proposal; defined poles of port development; identification of investments and inventory of available areas; proposal for the reordering of auxiliary maritime services; identification of the parameters of environmental policies for development and a road map by port area or pole with the Priority Bases of Action.

The Maritime Authority of Panama (AMP) and the General Directorate of Maritime Transport of the Federal Public Mobility and Transport Service of Belgium signed a Cooperation Agreement, based on Rule I/3 and Rule I/10 of the International Convention on Transport Regulations. Training, Titling and Guard for Seafarers (STCW'78, as amended), with the purpose that



the competency titles of Panamanian officers are recognised by the maritime administration of Belgium, which concludes the initial phase of the process so that the competition titles issued by the AMP, are recognised by the European Union (EU), which marks a milestone in Panamanian maritime history.

This important Agreement was signed by the Minister of Maritime Affairs of Panama, Jorge Barakat and the Secretary of State for the North Sea, Kingdom of Belgium, Philippe De Backer, and also by the Director of the Directorate General of Navigation, Eugene Van Craeyvelt, at the office of the Maritime Inspectorate of Belgium (BMI) in Brussels.

This process began in June 2016, when the present Administration, during an official visit to Belgium, held the first meeting of rapprochement between both maritime administrations, which resulted in the support of Belgium to Panama when it applied before the European Commission, in compliance with the procedures of Directive 2012/35/EU amending Directive 2008/106/EC, which establishes this requirement to European countries for the recognition of qualifications of competence and degrees of sufficiency of third countries not members of the European Union.

In addition to the nomination of Panama as a third country, an audit is also required, which will be carried out by the European Maritime Safety Agency (EMSA), an entity created in the wake

of the Erika shipwrecks (1999) and the Prestige (2002), to increase maritime safety through various legislative measures and to assist the European Economic Commission and its Member States in matters of maritime safety and prevention of pollution caused by ships, the correct application of European regulations and encourages cooperation between the Member States.

Belgium, being the applicant country and as a requirement for the signing of this Agreement, conducted a preliminary audit in Panama in March 2018, to the General Directorate of Seafarers, whose purpose was to verify the degree of compliance with STCW'78 Convention, as indicated in Circular Letter MSC.1/Circ.1450 of January 24, 2013 of the IMO, the result of which supports the signing of said Agreement.

'The efforts made by the AMP demonstrate the commitment of this Administration to comply with the STCW'78 Convention, as amended, and to promote the employment opportunities of our seafarers, as well as to strengthen the technical cooperation ties between Panama and Belgium, demonstrating in this way that the Panamanian Registry is focused on providing the international maritime industry, officers with a high level of professional training, competitive and at the forefront with the technological requirements that guarantee a safe and reliable maritime transport,' said minister Barakat. ■

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Remaining top of the world's ship registries

# Fleet numbers rising

**T**he Ship Registry that celebrated its 100th anniversary in 2017 'is younger than ever and has retained its position as the world's largest register abiding by IMO regulations and international accords,' said President Juan Carlos Varela. And it is the ship registry that turns the word Panama into a household name in the maritime sector since its inception. The Register became the world's largest merchant marine in 1993 and since then, has always remained at the top of the world's ship registries. During those 25 years, Panama has ratified, implemented and complied with the major international maritime conventions.

Even though the number of vessels slightly rise or decrease, total tonnage at end-June 2018 reached 218,484,082gt, up from 217,794,698gt in December 2017 but down from 219,682,936gt in June 2017. The number of vessels decreased in June 2018 to 7,964 (since the register eliminated several ships considered sub-standards) down from 8,017 in December 2017 and 8,085 in June 2017, according to IHS Global. Panama's merchant marine represents 17.1% of the world's fleet at end-June, 2018 and the age of the fleet is at 18 years.

According to Panama's Merchant Marine statistics department, the participation

at August 2018, by vessels owners' nationalities was the following: Topping the list is Japan with 41.3% of total Panama's tonnage; South Korea, 9.7%; Greece, 6 %; Switzerland, 5.9%; PRC, 5.2%, China/Taiwan, 5.1%; China/Hong Kong, 2.1%; Bermuda, 1.5% and others, 23.4%.

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

But the good news is that 56% of the fleet

# PANAMA





is under ten years old with 19% under 4 years of age with 1,104 vessels and tonnage of 4.9m gt while 37% are under 9 years of age with 2,137 vessels and 81.2m gt. Under 14 years of age are 1,336 ships, 21%, totalling 45.02m gt and vessels over 15 years total 49.9m gt and 3,410 ships.

Panama Ship Registry is an important contributor to the national economy bringing directly around \$160m in fees and taxes, and indirectly some \$250m to the economy including the legal sector which is one of its main beneficiaries. It is also the flag with the highest number of seafarers, over 630,000 seafarers' worldwide, at mid-2018, which held Panama competency licence to date, the largest manpower registry globally.

In recent years, the Panama Maritime Authority (AMP) has opened new offices of Segumar (Segumar is the acronym for Seguridad Maritima – Safety at Sea. Segumar offices offer technical support and a 24/7 service all year round) in Ibamari, home of Japan's leading maritime cluster and in Istanbul, Turkey and Miami US, that has replaced the New York office. Segumar also has offices in Piraeus, Busan, Seoul, Singapore and Tokyo with the Segumar-Panama office having the largest number of employees. All these offices are staffed with technicians speaking the language of the country and, as such, able to reply promptly to any eventual technical problems. 'We have also opened Segumar offices that provide these same services in Manila, London, Houston and Dubai,' said Panama Maritime Authority (AMP)'s general director of Merchant Marine and head of the Ship Registry Fernando Solorzano. Recently, a Segumar office has been habilitated in Shanghai, China.

Panama's decision in June 2017 to open diplomatic relations with China, which had been in the pipeline for decades, has

given the maritime sector and the Ship Registry in particular many opportunities. An immediate benefit was the opening of the Consulate and merchant marine office in Shanghai, with a Segumar office. Shanghai Consulate can register all maritime services including naval mortgages and property titles. Now with diplomatic relations, Panama will qualify for establishing technical offices in China for the control of maritime safety and navigation of its vessels, which will strengthen the quality of the fleet.

In November 2017 in Beijing, Panama and China signed a bi-lateral Agreement on Maritime Transport that includes Panama in the list of co-operative countries and promote the competitiveness of the Ship Registry.

And China's Minister of Transport Li Xiaopeng, visited the headquarters of the Panama Maritime Authority (AMP) in September 2018. Both ministers expressed their interest in reaching a memorandum of understanding (MoU) on maritime matters for which they started negotiations immediately. The MoU will implement projects and activities that contribute to strengthening relations between the two countries.

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

The Seafarers Automated Application (SAA) has been implemented and the manual system has been suspended. 'SAA is the technological platform that

allows access online, 24/7, with the emissions of seafarers documents in short time with transparency, following standards established in the amended STCW'78, which confirms that the maritime administration complies with the international standards of training and certification for the more than 600,000 seafarers worldwide,' said Magdalena Carrera, AMP's general director of Seafarers.

Considering afore mentioned, the implementation of the BWMC has been the kick-start opportunity to achieve this goal, through the E-Segumar Application Window, and as well as in this way contribute with the paper-less culture. The certificates will not be delegated to the Recognised Organisations (ROs).

The certificates have validity and consistency with the format and content required by the relevant International Conventions or instrument. The certificates are protected from edits, modifications or revisions by other parties. They have a unique tracking number for verification purpose, as well as a printable and visible symbol confirming the source of issuance. 'Our first step to achieve this goal is the implementation of our platform e-Segumar application window,' says Solorzano. With the new platform e-segumar app, third parties intervention is not required; this will reduce as well any additional charge, unless the ship-owner or operator decided to use third parties in this process.

The current E-Certificates are: CLC 92; BWMP Approval; IBWMC and DMLC Part I. And as part of the planning schedule more certificates will be added to the e-Segumar platform during these coming years. 'As a leading ship registry we are working towards the commitment

with the shipping industry to facilitate the communication among the ship, its owner, manager, the Port State Control Authorities, the Class or Recognised Organisation, and our Administration,' says Solorzano.

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

'This platform, in addition to facilitating the work of Panamanian inspectors, will guarantee the safety of the navigability of the vessels registered under the Panama flag and will show warning measures for the decision making based on the different processes carried out by the Department of Navigation and Maritime Safety, for the realisation of Annual Flag Inspections (ASI), Domestic fleet Inspections (ISI), as well as Port State Control Inspections (PSC),' said Jorge Barakat, Minister of Maritime Affairs



and administrator of the AMP when the platform was launched.

It will also provide a fast and fluid communication between the Department of Navigation and Maritime Safety and the Departments of Ship Registration, Maritime Protection of Ships and the General Directorate of Seafarers. It will show the warning measures for decision making based on the different

processes carried out by the Department of Navigation and Maritime Safety, either through (emails or warning messages in the web application), where the offline application will be integrated on mobile devices (tablets), for carrying out Annual Flag Inspections (ASI) and Domestic fleet Inspections (ISI), to the Panama-flagged ships, as well as conducting Port State Inspections (PSC) ) to the ships flagged by other registries.

### International Association of Recognised Organisations (IARO)

The International Association of Recognised Organisations (IARO) was created in 1999, and is composed of Recognised Organisations of Panamanian capital. Its current members are: Inter maritime Certification Services ICS; International Register of Shipping IRS; Isthmus Bureau of Shipping IBS; MACOSNAR Corporation; Overseas Marine Certification Services OMCS; Panama Marine Documentation Services PMDS; Panama Shipping Register PSR and Qualitas Register of Shipping QRS.

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

Amongst its goals, are advising and issuing opinions to public and private entities in the national and international scope of inspections, classification, or technical recognition required by all ships engaged in maritime trade within the framework of regulations related to maritime safety and fostering, within the Association, the uniformity of the regulations or rules used by its members in surveys or inspections of maritime safety, always in accordance with national and international regulations on the subject while promoting the participation of IARO's members in meetings at both national and international levels.

The IARO looks at defending the position and technical capacity of all its members before national and international organisations in the face of any type of attack that leads to discredit the existence or technical capacity of its members as well as promoting technical assistance to the maritime authorities of their respective countries, in order to support their participation in international maritime organisations, such as IMO, etc.

Throughout its existence, IARO has carried out different activities in compliance with the above-described purposes, such as organising seminars, issuing technical opinions, making communications, making political and legal recommendations to governments, among others.

Several of IARO's members are part of technical organisations such as the International Association of Technical Survey and Classification Institutions (TSCI) and the Pan-American Institute of Naval Engineering (IPIN).

'All IARO members have been audited by the AMP, and other flag states, to verify compliance with the OR code. Several of its members have also gone through oversight by other states for specialised purposes, such as the USCG and China MSA,' says IARO president Rogelio Barsallo from Qualitas Register of Shipping. 'The Association does not rule out the inclusion of foreign members in the future,' he adds. The board of the Association is formed by its president, Rogelio Barsallo accompanied by Abdiel Diaz (PSR) as vice president, Luis Velasquez (Macosnar), secretary, Frank Marmol (ICS) deputy secretary, Alex Orillac (IBS), treasurer, Santiago Torrijos (ICS) deputy treasurer.

The system can be accessed from a fixed or mobile computer from any place where there is internet access 24/7, obtaining information on all applications that are entered into the system.

The ASI carried out through this system will be carried out at an international level to all Panama-flagged vessels through the flag inspectors duly authorised by the General Directorate of Merchant Marine.

The system will streamline the process of data delivery by inspectors ASI, PSC, ISI in national and international waters, in addition the application will provide the facility to administer inspectors' files, as well as handle everything digitally, including images. It will be possible to review all the documents of the same by the different users of the sections of the different types of inspections, besides being able to carry out online evaluations to the inspectors and to archive a history of everything they have

done throughout their delegation of respective functions or authorisations.

'This is a great improvement. There will be an electronic invoicing system, which can be verified daily by the Comptroller General of the Republic of Panama and the Internal Audit Office of the AMP, giving transparency and agility,' said Solorzano.

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

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

to do so. 'It is very important that we could ensure our business is able to comply with an ever increasing and complex regulatory landscape. As the world's largest flag, by both ships and tonnage, we felt it was essential for us to lead our industry by adopting these new technologies that can protect our teams and our clients, and ensure that all efforts are made to comply with sanctions and regulatory policy worldwide.

In January 2018, the General Directorate of Merchant Marine (DGMM) of the Panama Maritime Authority (AMP) was successfully audited by Lloyd's Register Quality Assurance, Inc. (LRQA), achieving an effective transition from the Standard of Quality ISO 9001: 2008 to the Quality Standard ISO 9001: 2015, process verified through the lead auditor, the engineer José Wong. 'The certifying entity LRQA also made a random sampling of all the International Ship Documentation Technical Offices (SEGUMAR), and the Segumar Miami Office, located in

### Polestar

The AMP is world's largest Ship Registry by both ships and tonnage, and through the provision of a suite of services from Pole Star Space Applications Ltd, a privately-owned company headquartered in London, they have created what is widely considered to be the world's largest vessel monitoring centre, managing over 8,000 SOLAS class vessels.

Leading from the front and demonstrating its innovative credentials, the AMP adopted Pole Star's multi-award winning and UN recognised best practice solution, PurpleTRAC. It is the only solution that streamlines, automates, and records complex compliance processes in a single online platform, giving users the ability to screen and monitor key compliance issues and generate incorruptible reports for audit purposes, demonstrating best efforts to comply with international trade sanctions. Pole Star's PurpleTRAC Bulk Screening solution cross references global Sanctions lists that incorporate information relating to a vessels Beneficial Ownership, Ship Management, Registered Owner, Operator and Close Associates with historical ship movements and port state control measures to ensure compliance to International sanctions across its entire registry operations.

'It is very important that we are able to ensure that our business is able to comply with an ever increasing and complex regulatory landscape. As the World largest Flag, we felt it was essential for us to lead our industry by adopting new technologies that can protect our clients & teams and ensure that all efforts are made to comply with sanctions and regulatory policy worldwide,' said Fernando Solorzano, director general of the Panama Registry.

In addition, Pole Star supports the AMP through the provision of a fully out-sourced Long-Range Identification and Tracking (LRIT) services, non-SOLAS vessel monitoring, and Ship Security Alert Service (SSAS) Management of the fleet.

AMP's new vessel monitoring centre is based in Panama City and manned by trained staff on a 24 x 7 x 365 basis. Panama is the first flag state to implement such a broad range of Maritime Domain Awareness (MDA) capabilities under a single platform. This sets a new standard of excellence creating a precedent for other flag states who will wish to keep up-to-date with increasing safety and compliance requirements to follow.

The world's political landscape will continue to change. Existing international trade agreements will be 'torn-up' and new programmes will be established. Additional Sanctions will be imposed on 'rogue nations' whilst others will be removed. The ability to stay informed and to do all you can to be compliant with the current international requirements will be the constant that many will strive towards.

Pole Star Space Applications Limited ([www.polestarglobal.com](http://www.polestarglobal.com)) – is a privately-owned technology company, formed in 1998, and headquartered in London with offices in Panama, Singapore, Hong Kong, and Sydney. We provide a suite of ship-centric tracking, monitoring, compliance, and risk management services to the shipping, offshore, government, financial markets and compliance sectors. We are widely acknowledged as one of the leading providers in our field and support over 1,200 shipping companies, 100 governments, and 50 banks and commodity trading firms directly or through our global distribution network.





Florida, US, was selected and obtaining satisfactory results,' said Eng Jose Wong. The ISO 9001: 2015 Standard is the basis of the Quality Management System-SGC, which fulfills the function of establishing international regulations that serve as a reference standard for the quality management of a company anywhere in the world.

For the Ship Registry, obtaining this re-certification in the framework of its centennial is fundamental to carry on imposing new goals. 'We continue to prepare ourselves to face the quality audit to be certified with the ISO 9001: 2015 Quality Standard, which represents a great challenge for the Ship Registry in the arduous commitment to maintain ourselves and fulfil an excellent attention to our clients that conform the world's first ship register,' adds the head of the Registry, Fernando Solorzano.



Fernando Solorzano

Following a series of meetings that took place in Belgium and Portugal in 2016, the AMP administrator Jorge Barakat travelled to Belgium in September 2017 to formally initiate the recognition by the European Union of the certificates of competence issued by the AMP to Panamanian officials and mates.

This process will continue with a further technical visit to Panama by Belgium officials to verify the good practices implemented for the standards of competence, training, qualification and quality systems for seafarers in order to achieve a favourable result in the audit process with the European Maritime Safety Agency (EMSA, for its acronym in English) which assists the European Economic Member States on maritime

safety and the prevention of pollution caused by ships to this end, ensures the correct application of European legislation and encourages cooperation between Member States.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments, adopted in 2004 (BWMC), came into force on September 8. Accordingly, all ships engaged in international maritime transport must carry out their ballast and sediment water management in accordance with the provisions of that Convention. The AMP and the Ship Registry have created a specialised section to evaluate the technical documentation that Panama-flagged ships must carry on board, as evidence of faithful compliance with the International Convention.

As a result, the AMP determined that the definitive certification and approval of the Ballast Water Management Convention (BWMC) plans will be carried out by the General Directorate of Merchant Marine in the SEGUMAR-Panama Department and 'considering the importance of the implementation of this Convention at the international level and compliance by the Panamanian merchant fleet, it is therefore necessary to delegate to our Recognised Organisations some of the tasks necessary to control and comply with the Convention's guidelines on board Panamanian flag vessels,' said the AMP. Within these requirements it is possible to emphasise that the ships bigger than 400gt, are object of inspections with the purpose of verifying the faithful fulfilment with the requirements of the Convention.

'Currently, we have a special category of Circulars called 'BWMC' available on the website [www.segumar.com](http://www.segumar.com), where our users can find updated information regarding the AMP's policy on the

Convention for the Management of Ballast Water and Sediments of Ships,' explains Solorzano.

Most ships will need to install a ballast water treatment system on board. With the Convention into force, all ships are now required to maintain a BWM management plan, and the procedures described shall be implemented. In addition, all ships will have to carry a 'Ballast Water Log Book' and must apply BWM procedures in accordance with the rules of the Convention. Existing ships will be required to be fitted with a ballast water treatment system, but after a phasing-in period. Parties to the Convention have the option of taking additional measures in accordance with the criteria set out in the Convention and the IMO guidelines. The AMP published Resolution ADM No. 138-2017 of August 16, 2017, and in the Official Gazette No. 28358-A of September 5, 2017, the Regulations of the International Convention for the Control and Management of Ballast Water and the Sediments of Ships.

There are a number of yachts that fly the Panama flag. Notwithstanding, there have been issues in which the Panama Ship Registry has encountered lack of proper regulations to confront specific matters. Thus, the Panama Maritime Authority has decided to adopt as its own, the regulations appearing in the Red Ensign Yacht Code Part A and Part B. These regulations, prepared and adopted by the UK and its overseas territories, are the most referred to and applied around the world, with the highest standards for a safe and proper operation of these vessels.

These regulations will enter into force next January 1, 2019. In the meantime, the Panama Ship Registry is working on the proper implementation of these regulations on yachts either operated for private use only or commercial yachts. ■

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Canal expansion brought a reshuffle of services and bigger ships

## Every terminal growing

**T**he inauguration of the Panama Canal expansion brought a reshuffle of services and the arrival of bigger ships that would go all the way to their final destination without transhipping in Panama, which combined with a global crisis in 2016, had a direct impact on Panama's port activity that year. But the pendulum went again in favour of Panama with cargo volume handled by Panamanians rebounded in 2017 showing an increase of 10.1% to 6.89m teu, up from 6,27m teu in 2016.

Every terminal registered growth, two of them doing so with double digits in 2017, with only PSA-Panama with cargo volume decreasing by 48.4% because of its ongoing expansion to increase capacity to 2m teu. PSA-Panama began operation of its expanded terminal in March 2018.

On the Atlantic side, Evergreen's Colon Container Terminal (CCT) posted growth of 10.9% with 701,516teu, while SSA's Manzanillo International Terminal (MIT) increased volume by 2.6% to 1.88m teu, failing to match its 2015 mark of over 2m teu. Cristobal, administrated by Hutchison's Panama Ports, saw a growth of 65.2% to 1.31m teu mainly because it benefited from transhipment from

the Caribbean in the wake of various hurricanes that damaged the islands. On the Pacific side, Balboa, also administrated by Hutchison's Panama Ports, registered increase of 2.6% to 2.91m teu. PSA-Panama handled 81,568teu. The increase in moves through Panama's ports during 2017 appears to have been attributed mainly to the hurricanes in the Caribbean and the need to divert transhipment cargo, specifically from Freeport.

During the first seven months of 2018 (January-July) cargo volume was down by 1.3% mostly affected by strong declines in Balboa and Cristobal: Cristobal because normalcy returned to Freeport and the Caribbean terminals and Balboa because several services moved to PSA-Panama when it began accepting Neopanamax increasing dramatically its growth by 246%.

All terminals but those cited posted strong growth of double digits. On the Atlantic side, Evergreen's Colon Container Terminal (CCT) has been posting growth since the last two years and during the first seven months of 2018, the terminal saw an increase of cargo volume of 11.9%. 'Since the Panama Canal completed the new set of locks, services have been returning to the Panama routing,' comments CCT president Stephen Shaffer. 'We expect to

end the year up 10% on a YOY basis. The PWS returned to CCT after about a year of not transiting the Panama Canal. The service is now jointly operated by EMC and Cosco. The SAX, an OA service, also started calling in late-May. Some feeder services have also upsized in recent months reflecting solid regional growth in some Caribbean markets,' explains Shaffer.

'Our local volumes have remained steady. That points to our customers, the lines, doing more to sell into the Colon Free Zone (CFZ)/Panama market. Colon is drawing greater interest from Fortune 500 companies seeking to locate or relocate operations from places like Miami which would only further add underlying stability to volumes moving into the different Free Zones, but CFZ specifically,' Shaffer says. 'It is one of the reasons why CCT is now working to develop 30 hectares of land adjacent to the terminal for logistics facilities and operations. That is where the need is greatest for the market, not in additional CY capacity.'

Manzanillo International Terminal (MIT), a joint venture between Seattle-based SSA Marine and a group of local investors, has posted strong growth of 13.6% during the first seven months of 2018, in spite of a lagging debut, to 1,237,590teu. Cargo

## Panama Ports Company (PPC)

Panama has experienced a decrease in throughput as a result of changing market dynamics such as continuation of mega-vessels deployment as well as the formations of new alliances between the shipping lines that have put pressure on transshipment hubs like Panama. In the first seven months of 2018, port activity showed an overall slight decrease of 1.5% compared to the same period in 2017.

Since last year, there are great changes in the industry; more competitors are fighting over the same existing markets. Furthermore, cargo moving from Asia to West Coast of South America and, from West Coast South America to Europe and to the US East Coast is transported today by vessels with more capacity, able to transit the Panama Canal with no need of transshipment service.

At Panama Ports Company (PPC) that administers the ports of Balboa on the Pacific side and Cristobal, on the Atlantic, the trend that has affected Panama, mainly because vessels can now take cargo to their final destination, evading transshipment costs and saving time, has been felt with Balboa seeing a decrease in cargo volumes and Cristobal also, in smaller proportion.

Panamanian ports are strategically located at both ends of the Panama Canal and offer benefits no other ports can, comment PPC officials.

However, other countries may have bigger population i.e. local consumers which may drive greater demand for imports – resulting in an opportunity for ports in those countries to offer transshipment services. ‘We need to work on the options that help us to be ahead of changes and challenges that customers call for,’ they say.

‘Our clients are reinventing and adapting on today’s economy conditions and trends. This translates into added requirements that we, as service providers, must always ensure to be attentive to foresee by developing methods that offer profitable initiatives on how to manage, transport and deliver their cargo,’ they add.



‘All the supply chain participants in Panama need to work together and promote initiatives that will guarantee success not only for the industry, but as a country.’

PPC officials, like most port operators, consider that ‘it will depend on other factors that we must be always aware of: international economic growth and trends, variation of networks and a few mega-projects taking place in the region, where Panama as a transshipment hub could benefit.’

Since Panama is not an island in the region, it is important to be attentive to the changes that may arise and evaluate its impacts if trade relations between the US and China deteriorate in the next future. But the opening of diplomatic relations between China and Panama last year ‘could translate into new business opportunities for the region,’ they believe.

Cristobal had benefitted in 2016 and 2017 particularly from cargo volumes that were unable to reach Freeport heavily damaged by hurricane Mathew in 2016. Although port activity in Freeport has almost returned to normality, ‘we have not yet received confirmation from the shipping line if all services will go back to Freeport. However, because of this particular situation, PPC was able to attract new potential business,’ say PPC officials.

increase includes container cargo (17% more full transshipment boxes, 7% more full local boxes) as well as more ro ro cargo (25% more passenger vehicles, 47% more heavy equipment vehicles),’ explains MIT gm Stacy Hatfield.

‘We estimate 2018 year-to-date container and ro ro growth trends to continue for the rest of the year, unless new service announcements come out. We don’t see the current trade



Stacy Hatfield, MIT

dispute between US and China affecting volumes in the short-term – there’s very little China-to-US cargo in transit through MIT – but we do see opportunities for logistics operators based in Latin America, especially Panama, benefitting from an increase awareness by companies with operations in the US to have a secondary location in Latin America to create redundancy,’ he says.

MIT has been at the receiving end of a significant portion of cargo used for the Canal expansion, the metro lines 1 & 2, the construction of the copper mine that will begin operations early 2019, the Atlantic-side third bridge over the Canal and other

past iconic civil projects in Panama built between 2009 and-2014. Project cargo – with the construction of the fourth bridge over the Panama Canal and the metro Line 3 – will add to cargo volumes in the coming months. ‘We’re already in contact with transportation companies bidding to provide services for these projects so we expect some of this project cargo to be handled by MIT, given the know-how and experience handling similar projects in the past’ confirms Hatfield.

Also on the Atlantic side, located at the entrance of Panama Canal, Cristobal which is part of Hutchison’s Ports Holding’s Panama Ports Co (PPC), saw

a decrease of 2.1%, for the first time in two years to 719,991teu. Cristobal had benefitted in 2016 and 2017 particularly from cargo volumes that were unable to reach Freeport heavily damaged by hurricane Mathew in 2016. Although port activity in Freeport has almost returned to normalcy, 'we have not yet received confirmation from the shipping line if all services will go back to Freeport. However, because of this particular situation, PPC was able to attract new potential business,' say PPC officials.

Since the inauguration, with the arrival

of 13,100teu MSC Renee on April 2, 2018, of the \$450m-expanded PSA-Panama that doubled its capacity to 2m teu, cargo volumes have increased very fast. 'The results have been very positive. All MSC services have been shifted over to PSA Panama. We increased from two services per week to 13. The entire shift of MSC hub took place only in a two-week period in June 2018. A huge challenge,' says Alessandro Cassinelli, general manager of PSA Panama.

No wonder that PSA-Panama posted growth of 246% to 196,773teu in less than

four months. 'The volume shift took place during June 2018 and July 2018 was the real first month with all volume handled at PSA. On an annualised basis, we are looking at over 1m teu,' he adds. In addition to MSC's own services, PSA-Panama also handles vessels from MSC's partners: ONE, Hapag Lloyd, Sealand and Hamburg Sud. Today, some 13 services from MSC call PSA-Panama.

On the other side of the waterway, facing the newly expanded PSA, is Balboa, so far the terminal with the larger capacity in Panama, which is

**PSA-Panama**



Since the inauguration, with the arrival of 15,100teu MSC Renee on April 2, 2018, of the expanded PSA-Panama that doubled its capacity to 2m teu, cargo volumes have increased very fast. 'The results have been very positive. All MSC services have been shifted over to PSA Panama. We increased from two services to 13 services per week. The entire shift of MSC hub took place only in a two-week period in June 2018. A huge challenge,' says Alessandro Cassinelli, general manager of PSA Panama.



*Alessandro Cassinelli*

'The volume shift took place during June 2018 and July 2018 was the real first month with all volume handled at PSA. On an annualised basis, we are looking at over 1m teu,' he adds. PSA-Panama cargo volume grew by 246% to 196,773teu during the first seven months of 2018, compared to 56,868teu in the same period in 2017.

In addition to MSC own services, PSA Panama also handles vessels from MSC's partners: ONE, Hapag Lloyd, Sealand and Hamburg Sud. Today, some 13 services from MSC call PSA-Panama.

While cargo volumes in Panama have slightly decreased by 1.5% during the first seven months of 2018, 'we see that there is a trend of more direct calls in certain destinations in Latin America, hence transshipment hubs like Panama are subject to up and downs. Also the Panama Canal expansion has allowed more ships to transit the canal, instead of making transshipment in Panama,' explains Cassinelli.

'More direct services will continue. But we also see in the Caribbean competing terminals that manage to lock in more cargo, such as APMT Moin and DPW Caucedo. They have a bigger local cargo base and extensive logistics zones, which Panama does not have yet.'

'In 2020, the low-sulphur regulation will increase the cost of shipping and vessel operations. This might turn the trend towards transshipment and Panama can leverage on this,' he comments.

'To remain competitive in a market everyday more difficult, Panama needs to continue to build the PanaHub concept. Shipping lines who use Panama as a transshipment hub need to be rewarded operationally and financially. The Panama Canal is unique – no competing country has a Canal. Panama as a country can give operational priority and rewards for Canal transits for vessels that stop in Panama. It is a trend that has affected Panama, mainly, because vessels are now able to take cargo to their final destination – evading transshipment costs and saving time. Furthermore, it is key to promote Panama beyond being a transshipment hub to a become a cargo distribution facilitator. As PSA, we are actively working on a plan to do so in the near future,' Cassinelli says.

'Competition forces Panama to reinvent its model. Shipping lines are consolidating and creating alliances. Vessels are becoming bigger. E-Commerce and technology disrupt traditional supply chains, but also enable new business models. We need to change the way we have done business so far.'

'Instead, we need to envision and implement new solutions for the cargo to start seeing a completely new horizon which could bring Panama into a 'new golden egg period.'



TEIXEIRA DUARTE

# NEW SPECIALIZED CONTAINER TERMINAL PORT OF LA GUAIRA - VENEZUELA



## TRANSSHIPMENT NEW DESTINATION IN SOUTH AMERICA AND THE CARIBBEAN BASIN

VENEZUELA, in search of approaching economic development and the center of world trade, ordered in 2008 the expansion of the west wharf of the Port of La Guaira. Teixeira Duarte, one of the most important economic groups in Portugal, founded in 1921 and with more than 40 years of experience in the Venezuelan market, was the company one chosen to develop the project that would consolidate the new port terminal today among one of the most modern in the Caribbean.

The expansion of the west wharf of the Port of La Guaira was a project built in just 30 months with the objective of creating an advanced Terminal that could receive Post-Panamax ships. For the development of this project the incorporation of Venezuelan personnel was of paramount value, more than 5.000 workers were integrated to the process.

In the year 2014 Teixeira Duarte delivered to the Bolivarian Government of Venezuela, represented by the President Nicolás Maduro, the terminal completely finished, becoming one of the most important projects of Venezuela in the last 40 years and fully concluded within the term contracted

Due to the relationship built of trust and success, President Maduro extended the invitation to Teixeira Duarte to help manage and operate the new terminal in a Strategic Alliance with Bolívariana de Puertos, Bolipuertos.

The new Specialized Container Terminal is currently operated, since April 13, 2017, through a Strategic Alliance between Bolipuertos and Teixeira Duarte, Venezuela and Portugal, signed in January of that same year.

The commitment and determination of this Portuguese group in cooperation with Bolipuertos allowed the new Terminal to begin operations and receive the first vessel in just three months after the signing of the Alliance.

The Special Container Terminal of the Port of La Guaira counts with high tech equipment: 6 STS quay cranes (Ship to Shore); 15 RTG's yard cranes; 2 reach-stackers; 6 empty-handlers; 32 terminal tractors and 40 bomb-carts, as well as a new container yard with 700 meters of berths for two simultaneous vessels of 70,000 DWT with a draft of 15.2 meters.

Until today, the new Specialized Container Terminal has received 220 ships, unloaded 285,000 TEU'S without serious accidents. Their work to build a port that grows alongside society and more vinculan-tes to the community has led them to participate in different charity, sports and training events. It is worth highlighting the Port School (Puerto Escuela) a project to promote port education throughout the country.

In the last year, the Specialized Container Terminal of the Port of La Guaira attended important port events, such as the IAPH global conference held last March in Baku, as well as the annual meeting of AAPA in October in Valparaiso.

TEC as a port offers excellent perspectives for growth in the international trade, thanks to it's state-of-the-art equipment and its strategic location, positioning it to become a key transshipment port in the Caribbean, offering more competitive rates and high value services to customers.

Venezuela and the Specialized Container Terminal of the Port of La Guaira are presented as a new solution for transshipment routes.



Rui Cardoso-General Manager

SPECIALIZED CONTAINER TERMINAL (TEC)- PORT OF LA GUAIRA

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## Colon Container Terminal (CCT)

On the Atlantic side, Evergreen's Colon Container Terminal (CCT) has been posting growth since the last two years and during the first seven months of 2018, the terminal saw an increase of cargo volume of 11.9%. 'CCT's customers (and the Colon Free Zone) have finished digesting the collapse of the Venezuelan market. So we are all working with a baseline market that is stable but neither frothy nor freefalling. Further, since the Panama Canal completed the new set of locks, services have been returning to the Panama routing,' comments CCT president Stephen Shaffer. 'We expect to end the year up 10% on a YOY basis.'

'Several services have returned to CCT. The PWS returned to CCT after about a year of not transiting the Panama Canal. The service is now jointly operated by EMC and Cosco. The SAX, an OA service, also started calling in late-May. Some feeder services have also upsized in recent months reflecting solid regional growth in some Caribbean markets,' explains Shaffer.

But there are also other factors such as regional growth. 'After several years of volatility for markets more dependent upon commodity exports for national income (Venezuela and Colombia, for example), Colombia has been stable (although FX swings this past year certainly made things more interesting) while Venezuela has entirely disappeared from the trade map. Northern Caribbean markets have also continued to pull steady demand for imports which has resulted in steady loadings for feeders serving those markets.'

'Our local volumes have remained steady. That points to our customers, the lines, doing more to sell into the CFZ/Panama market. Colon is drawing greater interest from Fortune 500 companies seeking to locate or relocate operations from places like Miami which would only further add underlying stability to volumes moving into the different Free Zones, but CFZ specifically,' Shaffer says. 'It is one of the reasons why CCT is now working to develop 30 hectares of land adjacent to the



terminal for logistics facilities and operations. That is where the need is greatest for the market, not in additional CY capacity.'

'The broader context for Panamanian authorities is whether terminals on both sides of the Panama Canal can retain the ability to remain competitive for volumes with significant investments being made in other non-Panamanian hubs such as Kingston, Caucedo, or Cartagena, especially in support of regional distribution activities. Those investments aim to convert discretionary volumes into non-discretionary volumes. Does cannibalisation within our own market through new terminal expansion support Panama's ability to remain competitive with regional competitors on the logistics and distribution battlefield? If the answer is 'no' then we'll need to see the authorities take steps to help Panamanian terminals and the logistics ecosystem remain competitive,' comments the CCT president.

administered by Panama Ports. Balboa took a direct hit with MSC moving its calls to its neighbour making cargo volumes decrease by 21.95 to 1,330,823teu compared to the same period in 2017. At Panama Ports Co (PPC) the trend that has affected Panama, mainly because vessels can now take cargo to their final destination, evading transshipment costs and saving time, has been felt in Balboa and Cristobal also, in smaller proportion.

'We need to work on the options that help us to be ahead of changes and challenges that customers call for,' PPC officials say. 'Our clients are reinventing and adapting on today's economy conditions and trends. This translates into added requirements

that we, as service providers, must always ensure to be attentive to foresee by developing methods that offer profitable initiatives on how to manage, transport and deliver their cargo,' they add.

Investments in Panama's port sector has largely surpassed \$3bn bringing total capacity to 14m teu, without counting the future \$1.1bn, 2.5m teu box terminal in construction on the Atlantic side in Margarita Island, next to CCT, by the Chinese consortium Landbridge Group and its partners. The box terminal consists of three berths totalling 1.2km with a draught of 18mtr, which is being built by China's CCC Group and the design of the piers by Beijing-based

Port Design Institute (PDI). Two of the three berths will have capacity to receive super-Neopanamax vessels and the third berth for Neopanamax and multipurpose ships. PCCP has a 20-year-concession renewable for 27 hectares where the terminal and container yard will be built. Construction works are expected to conclude by end-2019.

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



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- Inspection, lubrication and change of boom, trolley, catenary and hoist cables.
- Training services for the maintenance and operation of Spreaders RAM.
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to increase capacity in Cristobal and Balboa. The 50 hectare-expansion of PPC facilities in Balboa has included extending the container yard to 63 hectares and Balboa piers to 1,900mtr of quays with 27 STS cranes, the biggest carnage in Latin America.

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

Pacific entrance. The terminal, with a draught of 10.5mtr, will have capacity to accommodate two cruise ships of 360mtr in length, with a capacity of 5,000 passengers per vessel and is expected to be inaugurated by mid-2019. An international tender will be called before end of 2018 for the administration of the cruise port, since the AMP wants the terminal opened to every cruise line.

The US-China trade war 'will affect all of us,' Carlos Urriola, president of MIT and of SSA International that oversees more than 30 terminals in countries others than the US, recently told Panama's

Chamber of Shipping audience. Topics of environmental issues and Chinese restrictions on plastics have to be taken in consideration by every terminal.

Future M&A will 'change the way we [global port operators] will run our businesses. Mergers will continue and we see it at every level of cargo and even in port operations as recently in Seattle and Tacoma. A new element is transforming the sector which is shipping lines buying terminals and also the opposite where ports companies acquire shipping lines as DP World bought months ago Unifeeder line,' says Urriola.

## Manzanillo International Terminal (MIT)

On the Atlantic side of the Panama Canal, Manzanillo International Terminal (MIT), a joint venture between Seattle-based SSA Marine and a group of local investors, has posted strong growth of 15.6% during the first seven months of 2018, in spite of a lagging debut, to 1,237,390 teu.

This increase year to date 'is the result of new services connecting the Caribbean, Europe and Asia regions. Towards end of 2017, container ocean carriers began reviewing their network designs with the expanded Canal and the tonnage upgraded between 2H2016 and 1H2017 in place and saw new opportunities using MIT hub advantages. Cargo increase includes container cargo (17% more full transshipment boxes, 7% more full local boxes) as well as more ro-ro cargo (25% more passenger vehicles, 47% more heavy equipment vehicles),' explains MIT gm Stacy Hatfield.

'We estimate 2018 year-to-date container and ro ro growth trends to continue for the rest of the year, unless new service announcements come out. We don't see the current trade dispute between US and China affecting volumes in the short-term – there's very little China-to-US cargo in transit through MIT – but we do see opportunities for logistics operators based in Latin America, especially Panama, benefitting from an increase awareness by companies with operations in the US to have a secondary location in Latin America to create redundancy,' he says.

Project cargo – with the construction of the fourth bridge over the Panama Canal and the metro Line 3 – will add to cargo volumes in the coming months. 'We're already in contact with transportation companies bidding to provide services for these projects so yes, we expect some of this project cargo to be handled by MIT, given the know-how and experience handling similar projects in the past. MIT has been at the receiving end of a significant portion of cargo used for the metro lines 1 & 2, the construction of the copper mine that will begin operations early 2019, the Atlantic-side third bridge over the Canal and other past iconic civil projects in Panama,' confirms Hatfield.



'Container terminal overcapacity has been a problem for some time in our region. We also have to remember that four out of the top six container ocean carriers have stakes in Caribbean terminals, that consolidation continues to play out amongst shipping lines and our region's economic performance has had strong peaks and valleys during the last 10 years. We expect new capacity in the area to bring additional challenges to the market. We also foresee a decline in port investment in the region because 1) there is little demand for additional capacity and 2) interest rate increases will make finance costs more expensive and capital allocation trickier for potential investors,' he comments.

Many port operators seem concerned about the future of transshipment in the region but Hatfield looks calmly at the prospect: 'As with every market, there are highs and lows. We are seeing more effects derived from the expanded Canal with new network designs and less volume growth through Panama's land-bridge. The oil price also plays a big part in transshipment as direct delivery makes sense as long as oil price is low enough, similar to the effects on Canal transits and we can't overstate the effect of container ocean carriers with stakes in container terminals,' he estimates. 'Also, as alliances continue to expand the reach – Latin America is included in some alliance's network while, for others, the region is served on an individual basis – the transshipment game will become more of a boom or bust,' says MIT gm.



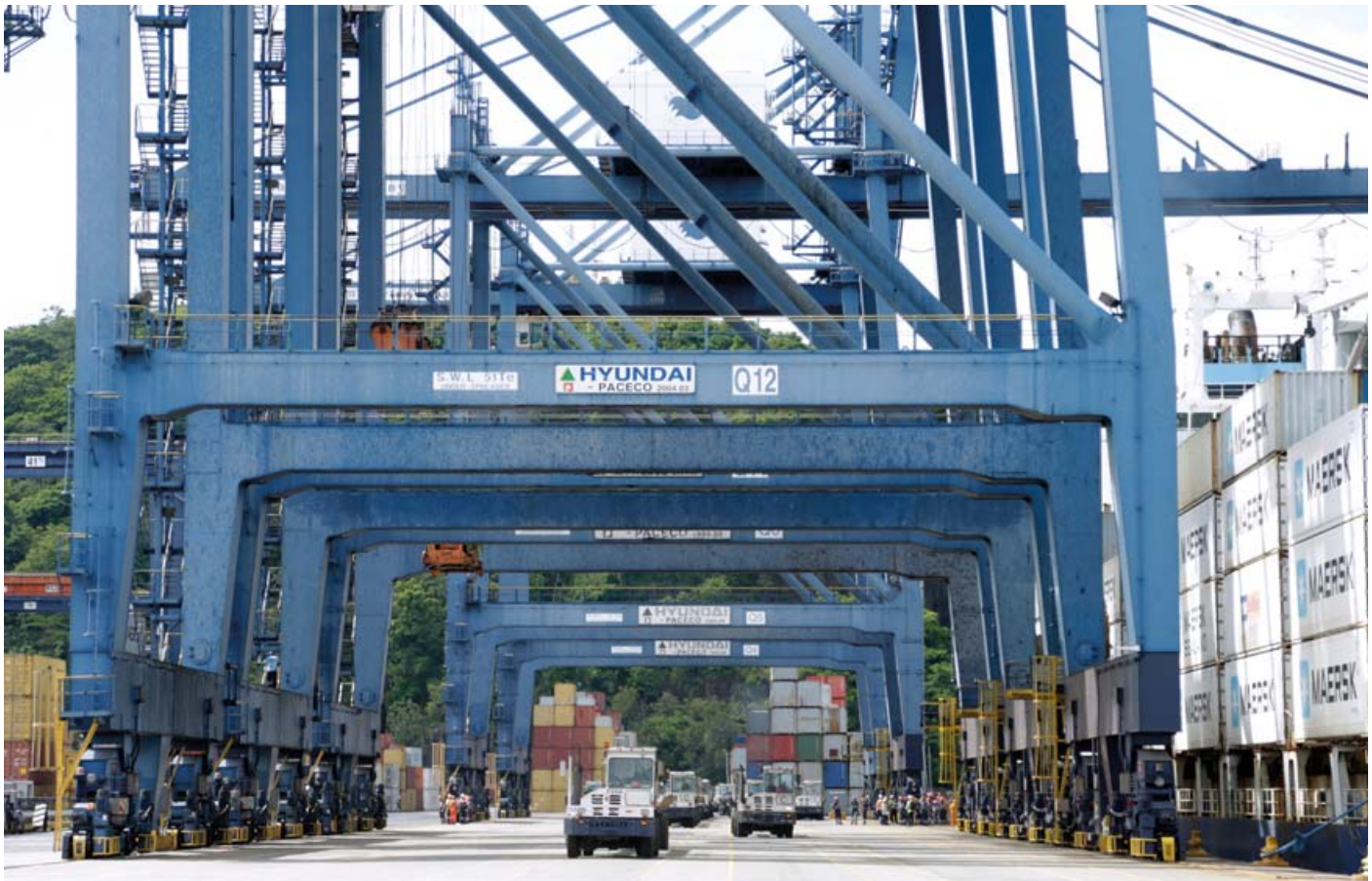
'Panama's maritime sector is not following the global rate and speed of innovations, lagging in digitisation. There must be a unified system where everybody could talk in the same language to the other. The sector must prepare for eventual cyber-attacks and create laws and regulations for cyber-protection,' recommends Urriola. There are many changes happening in

the shipping industry and if 'we [Panama] want to grow we must begin to do due diligence on security.'

'Panama's economy is certainly running at a slower pace than during 2017. And there is ample anecdotal evidence to support a hypothesis of slower domestic spending, slower capital investment levels, and hence

slower demand for imports,' comments Stephen Shaffer, president of CCT.

'Since a large portion of volume handled at Panamanian ports is transshipment, the place to look for changes in growth would be at the ends of the spokes of carrier mainline and feeder networks that stop in Panama. Final demand is





Stephen Shaffer, CCT

what drives our volume, and if the ends of the spokes are experiencing softer growth in demand, then it would make sense that we should feel some impact. The market is by no

means signalling solid growth in every direction. We do not need to look too far afield to observe growth that hinges on a number of macroeconomic factors continuing to trend positively, but recent FX volatility in some of these markets is certain to have negatively impacted the buying power of those economies, resulting in slower import growth driven by regional spokes,' he explains.

Many observers of Panama's port sector estimate there is an over-capacity but building terminals continues to attract many an investor.

Shaffer believes 'there is a misconception among a few investors that having a berth, deep draught, and gantry cranes will guarantee one volume and market share. Or that by building capacity volume will materialise from thin air (typical supply side economics). There are plenty of examples out there to throw cold water on that hypothesis, especially in the current market climate. Having the hardware only gets you onto the playing field, but it doesn't do anything to differentiate your offering from others. There are the softer commercial elements such as management, strategy, relationships in the local market, reputation, customer service, and service innovation that are not directly linked to

capital investment nor show up on the balance sheet; these, in my experience, are equally, if not more, important differentiators for customers. Before adding significant capacity, one needs a credible business plan and strategy. Supply side economics may have worked better in the pre-global financial crisis era when everyone grew at healthy rates for years, but we are in a structurally different global economy facing changed population demographics, economic structures, and income distribution.'

'As such, demand for 1m teu of Panamanian port capacity cannot be created from whole cloth. The pie is only so large at any given point in time and since my terminal does not float and cannot relocate to another geography I must go further and extend our focus and attention to needs of the lines, as well as the needs of their customers – the beneficial cargo owners.'

'Additional capacity will certainly pose a challenge to existing operators in a market where capacity is already in a state of oversupply, but for a new entrant (and assuming that entrant is commercially oriented and concerned with the bottom line), its shareholders and employees will have to wonder where they will find the volume to support their payroll and achieve their ROE. Significant consolidation in the carrier sector, and the formation of the three alliances, makes the market far lumpier and less fungible for MTOs than a decade earlier. So a new entrant thinking it can pick off one carrier or one service here and there will need to consider the interests of the other carriers included in that alliance, and

where their equity interests lie. Picking off one or two services now isn't the same task it might have been pre-global financial crisis, and even if it was, it wouldn't support investment in a new terminal. Having a money tree in your backyard would be the only way to make that investment thesis work,' says Shaffer.

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MIT is the largest terminal on the Atlantic side

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**There has been a dip in sales compared to growth over the last two years**

# LNG bunkering facility

**P**anama's bunker sector posted positive figures during 2017, with almost all sectors showing double digit growth. Total sales were at 4,634,922 metric tonnes (mt), up 15.61% from 4,009,262mt the year before. Of this total 4,274,017mt were of fuel oil, up 14.38% and marine diesel up 32.43% to 360,905mt while the number of vessels receiving bunkers was also up 8.55% to 5,792 ships.

Sales on the Pacific side were up 14.84% to 3,589,031mt of which 3,351,269mt were of fuel oil, up 14.10%, while marine diesel sales increased 26.35% to 237,762mt but vessels taking bunkers grew by 4.26% to 3,918.

Bunkering on the Atlantic side continued on the rise with sales growing by 18.32% to 1,045,891mt of which fuel oil were up 15.40% to 922,748mt and marine diesel up 46% to 123,143mt.

On the Atlantic side Oiltanking operates a bunkering terminal with capacity of

750,000bbls (120,000cbm). The average load of barges has also increased volumes to 15,000-20,000bbls and they are now bigger and in better condition, leading to improved margins with prices on the Atlantic side very competitive. The Atlantic side competes with Caribbean bunker facilities.

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

Also on the Atlantic side, Telfer Tanks, located in the Atlantic port of Cristobal, is a joint venture of international and domestic investors. It has a 400mtr-pier and 1.2m bbls of tank capacity, with a 4-island-8 position, automated loading rack for truck delivery. The terminal, which is the newest on the Atlantic side, began operations mid-2015.

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

But, Panama's market was affected in 2018 by the 'bad bunkers' problem that started with fuel supplied in the US Gulf region, particularly in the Houston area with the problems quickly extending in Panama and in a larger proportion to Singapore. Although the problem is now widespread, it is described in the industry as 'the Houston problem', Houston being the first location affected.



# Attitude makes the difference

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However, during the period January to July 2018, total bunker sales were still showing growth of 4.18% (much less than in previous years) with total sales of 2,860,507mt. The number of vessels attended grew by 13.21% to 3,831 ships during the seven month-period. Fuel oil sales were up 2.10% to 2,591,729mt and marine diesel reported an increase of 29.67% to 268,778mt.

On the Pacific side, sales decreased by 1.30% to 2,135,159mt of which fuel oil fell by 2.99% to 1,963,109mt while marine diesel grew 23.25% to 172,050mt, which seems to reflect the concern about 'bad bunkers'.

Sales on the Atlantic side, showed a healthy increase of 24.53% to 725,348 of which fuel oil sales grew by 22.11% to 628,620mt and marine diesel by 42,915 to 96,728mt.

BIMCO received reports that more than 100 ships were supplied with fuel that was contaminated in the first half of 2018. In these cases, the samples could pass the standard analysis when

compared against the ISO standard 8217. But the fuels were contaminated with products which normally should not be in the fuel supply chain, namely phenolic compounds and long-chain fatty acids, BIMCO said.

By late August, the fuel testers FOBAS alone have confirmed that they are involved in 60 cases, of which 30 stemmed from supplies in Houston, 15 in Panama, and five in Singapore. Panama sources said that some 50 cases have been reported.

'There has been a recent small dip in sales compared to strong growth over the last two years, however it is difficult to say at this point if this is really the result of negative press of quality issues or just the expected seasonal slowing of demand around June/July that we see every year. What we understand is that of many reported cases of contaminated fuel, relatively few are found in the end to have foundation after further testing and investigation. Yes, there have been issues, but they seem to be somewhat overstated,' Raul De Saint Malo Director of Eagle Navigation & Trading, S.A, explained.

Rasmus Jacobsen, managing director of Monjasa Americas, estimates that 'the whole market was affected, and clients are scrutinising their suppliers much more than before. We think that's a good thing. We have been running our setup professionally, spending a lot of resources securing our operation standards but also being very cautious with the suppliers we choose to buy our cargo from. The quality issues are not that simple, so it's difficult to find out where exactly the contamination happened, but the industry image has been affected. The market will bounce back and recover eventually, but we are seeing several shipping companies moving significant volumes out into smaller nearby ports, such as Cartagena, Callao, Kingston, etc. It's good for the smaller ports, but obviously not for Panama,' he adds.

But the problems seem to fade quickly, 'the principal suppliers have taken steps to demand much more stringent quality guarantees when buying products from cargo traders and have put in place significant additional testing requirements on the product filling the storage tanks,' comments De Saint Malo.

'To bunker buyers wishing to avoid future problems, we would recommend that they purchase from the principal suppliers that control their full supply chain – cargo import, own storage tanks and fully time chartered barges. Clearly such suppliers have much greater control over quality than a 'supplier/trader' who is spot chartering a barge for a single delivery, and buying product ex-wharf from whoever will sell to them. These companies may offer a few dollars cheaper price as they do not have the fixed costs of running a larger operation, but the risk is massively higher of quality problems or the inability to resolve

### Triton Energy of Panama

Triton Energy of Panama is one of the leading companies in the delivery of marine fuels to the ships transiting the Panama Canal. Its main products are MGO and IFO.

Triton energy is one of the physical fuel suppliers with a logistics network and complete supply in the entire Panamanian territory. 'All our Logistics Network makes our service reliable at all times,' say Triton officials.

TEP also has storage on both sides of the Panama Canal with a

sufficient capacity to serve all its customers in the waters of the Panama Canal. The company has also a network of barge fleets dedicated for its use.

All Logistics and Infrastructure that Triton Energy has in Panama makes it one of the most reliable marine fuel physical suppliers in the territorial waters of the Panama Canal.

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

## BUNKERING



*Decal Terminal on the Pacific side*

any financial claims that may arise,' recommends De Saint Malo.

'[bad bunkers] has never happened before. Now, we make sure to analyse the product we receive and verify that the product brought by the physical supplier is suitable for bunkering before selling it,' comments a bunker operator.

Bunker operators are confident about this year forecast: 'We should see a seasonal upswing according to historical trends, and we hope that customers affected

by recent quality issues will return as these problems seem to have all but disappeared as suppliers have tightened quality control and sourcing procedures,' De Saint Malo says.

Panama has always been a very competitive market and competition continues to be fierce, with no real solution in sight. Some suppliers are simply holding on until 2020 with the expectation that the change in regulations and higher financial costs for compliant products may bring industry consolidation of smaller players,

and better opportunity for margins.

'Unfortunately [until the bad bunkers problem] sales were on the rise because more Neopanamax were bunkering in Panama but without margins the players are lowering prices and bet on increasing volumes, bringing even more competitive prices,' says a bunker operator.

'We are clearly seeing a change in buying behaviour in Panama after the recent issues with quality claims and if we look towards next year, this trend is likely to

*Isla Melones Terminal, on the Pacific side*





continue. From mid next year, we will probably have Very Low Sulphur Fuel Oil (VLSFO) available in Panama as well, so the complexity will only increase. Already, we are seeing an increased interest in taking more distillates and that trend will also continue. Claims are going to be more expensive, so again the bigger players are looking stronger and the smaller ones will have a challenge,' says Jacobsen.

But 'what prevails [in Panama] is disloyal competition by companies that operate without ISM and ISPS certificates or technical department or the required maintenance for their barges,' says a bunker operator who suggests the creation of division of local inspectors at the Panama Maritime Authority (AMP).

A report by Deloitte published earlier in June revealed that LNG is slowly but surely becoming the preferred solution among ship owners and operators. The search for sustainable alternatives to traditional fuels has recently ramped up in response to the International Maritime Organisation's (IMO) new emissions standards for marine bunker fuels, which aim to cut the shipping sector's overall carbon emissions by 50% by 2020.

Some 120 LNG-powered ships currently exist around the world, while another 130 are on order. Yet numerous organisations such as the International Association of Port and Harbours (IPAH) are encouraging ports around the world to develop LNG bunkering facilities.

In June this year, Panama became an LNG bunkering facility following the delivery of a commissioning cargo to Colon's Costa Norte terminal near the Panama Canal. The terminal features a 180,000cu mtr storage tank and is scheduled to attract a broad range of customers, including Panamanian utilities, liquefied fuel suppliers and companies in Central America aiming for small-scale purchases. A recent expansion of the canal has further given space for 90% of the global LNG fleet to transit the Panama Canal, enabling US producers to ship the fuel to Asia more quickly.

Will LNG fuel become strong competition to bunkers? Many bunker operators see LNG fuel as a very small niche market. 'It is a fuel product that requires notable



*Telfer Tanks Terminal, in Cristobal, on the Atlantic side*

investment and it is not something we are worried about and don't expect it to affect bunker sales in Panama much. So we don't see a revolution in the near future. We see the change into VLSFO as a significantly bigger change in the market,' says Jacobsen.

De Saint Malo estimates that 'what seems to have taken an interesting direction is the uptick in demand for scrubbers, with many large owners of tankers and bulker fleets opting for installation of units before 2020, where they have guarantees of been able to buy cheaper fuel oil products to utilise the scrubbers. Most other owners and suppliers seem to be working towards distillate solutions to the regulations.'

Bunker storage capacity has reached 30m bbls while it is estimated that over \$1.5bn has been invested in the sector in the past seven years. There are 12 free zones fuels having the current concession including aviation fuel tanks Tocumen International Airport. These oil-free zones enjoy certain tax incentives granted by law to help boost the sector.

On the Pacific side, the \$80m state-of-the-art Isla Melones Terminal, built on a 38,700sq mtr island, 15km from the Panama Canal Pacific entrance, began operations in April 2013. The terminal is a privately-owned company with a storage capacity of 2.1m bbls for heavy fuel oil and diesel and it operates within a Tax Free Zone (TFZ). The terminal has the capability of handling Low Sulphur fuel oil (1%S) with a segregated

system to cope with the demand of this new quality of fuel.

Decal, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr) is being increased by 181,500cu mtr, for a new total capacity of 2.23m bbls (356,500cu mtr) in one tranche. The expansion consisted in the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions permitting a loading capacity up to four barges at a time with maximum 3,000T/hr.

PetroAmerica Terminal SA (PATSA) is a land-based energy storage terminal located on the Pacific entrance of the Panama Canal. A highly regarded regional terminal with an excellent operating track record, it plays a significant role in supplying regional, national and international markets. In early 2017, PATSA became part of the VTTI group, a global independent provider of energy storage. The 1.5m barrel footprint in Panama extends over two terminal locations: Rodman Tank Farm, with 400,000 bbls and Arraijan Tank Farm, with 1.1m bbls.

'We see too much storage capacity in Panama,' says an industry player. 'It is time for the authorities to have a well-structured plan and not bring to the market new [storage] projects while there are unused 80-year-old tanks that do not offer anything other than rising capacity when they should be demolished and make use of the land for logistics projects,' he adds. ■



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**Institute to open in 2019 creating some 5,000 technicians in two years**

## Developing logistics sector

Since the inauguration of the expanded Panama Canal in June 2016 and the increase of vessels transits through the waterway, Panama has put all its efforts, supported by the government and the private sector, into developing the logistics sector. Many countries have tried to do so and some in the Middle East, have succeeded quite well in building special economic zones around their port facilities that do not distribute goods in their regions but add value to the products. But it is a complex issue that involves not only investment, land and facilities but also a dedicated and well-trained workforce.

And to address this issue, President Juan Carlos Varela in 2016 gave the order to proceed to construction of the \$200m-Superior Institute of Specialised Technology (ISTE) that will teach some 5,000 technicians in two years. The students will have a diploma of bilingual technician particularly oriented to the logistics sector. The Institute, with technical assistance from the UK and Singapore, will open in 2019 and should respond to business groups' insistence for having a skilled workforce to develop the logistics sector.

President Varela announced in November 2015 the creation of a committee to design a national logistics strategy, focusing on an integral planning for ports, as well as redirecting the Colon Free Zone and the technological inter-oceanic corridor area. The Committee presented to the Executive the National Logistics Strategy until the year 2030. The plan will create the conditions for the continuous improvement of the country's competitiveness in this important sector. The Strategy – enacted in Decree 268 of April 10, 2018 – is designed to meet the logistical demand generated by international users, productive and national sectors, domestic consumption and foreign trade.

The Strategy's objectives include giving priority to economic activities and possible diversification towards others that allow better use of the competitive advantages of Panama and identify infrastructure and land requirements to make this strategy viable in a sustainable manner until 2030.

The plan complies with the Government's strategic plan that establishes the creation of public and private initiatives for the

development of logistic activities around the Panama Canal and the new port, airport and service capacities that allow the country to take a leap qualitative and quantitative importance as a global logistics node.

Ana Reyes, coordinator of the Government's Logistics Cabinet, said that this is an important step because 'it reaffirms the commitment of this administration to turn Panama into a world-class logistics hub.' Reyes said that the important thing is that the strategy 'was agreed upon by the public-private sectors and is the product of the commitment made by the Logistics Cabinet in 2015, within the framework of the priority road map of the logistics sector.' The Logistic Cabinet integrates the different plans, programmes and goals of the different governmental entities, in coordination with the private sector. Its members execute a master plan for logistics development with the purpose of promoting Panama as an international logistic centre for global trade.

Demostenes Perez, president of the National Logistics Council (COEL by its



acronym in Spanish) and member of the Advisory Council, said that the logistics strategy is a 'leaving map' until the year 2030. Perez stressed that this framework document will allow positioning the industry, but that 'the biggest challenge is that the Strategy involves three administrations. It involves a very high human, monetary work, both from the public sector and the private sector, so we require that the future governments understand the value of this document and give it continuity,' says Perez. 'We, as a private sector, are going to ensure that the next administration works on the basis of the National Logistics Strategy 2030,' he added. 'It marks a new era that positively impacts the economy of the country, by mapping the route that should be followed as a country in the next decade.'

'This strategy is a boost from the government for the sector, which contributes 10% to GDP. In short it marks a before and after for the sector; now we have the legal framework to develop the 134 tasks that comprise the document that was agreed between the private sector and government, in coordination with the permanent advisory committee, the academy and multilateral organisations,' explained Perez.

'The initiative was born from the need of the private sector to do things well. This has been a job where the actors of the sector have clear which are the tools that are required for the sector to be strengthened, through a roadmap to 5, 10, 20 and 30 years. There is no doubt that in time the trends in the sector will continue to change, but we have a clear idea of where we are going as a country. We only hope that both the

private and public parties understand their role, especially the public, because the plan will be implemented in parallel with three administrations and we are worried that the goal will be interfered with by political guidelines, which would be detrimental to the country, because development is affected.'

'The first thing that must be done, since we have the best service platform, is to invite companies to venture into the area of generating added value because, unlike the region, Panama is a leader with its air and maritime hub and has advantages competitions that other countries lack. The added value is when a company transforms a product that leaves the country with labeling and precisions, such as delivery address, among other services. Value-added systems generate not only profits for the country, but create direct and indirect jobs, and as suppliers require, the economy is active and remains attractive,' he says.

But with the rumors of trade war between China and the US, 'we all saw in the news that the escalating trade dispute is leading US retailers to speed up the import of goods from Asia's largest economy to avoid new tariffs and ensure they have adequate supplies for the winter holidays but what about those companies that are importing to the US from China and shipping goods to Latin America or the Caribbean Islands? Their goods will be more expensive and will automatically lose customers and market share by their competitors that are reaching the market from a different place than the US.' 'For companies who want to reach the Latin American market in a faster, safer and reliable way the only competitive option is indeed: Panama,' he commented.

Tocumen airport, which is being expanded and whose Tocumen 2 will be inaugurated in early 2019, with Panama's COPA Airlines, is considered as one of the most important hubs in the Americas connecting North, Central and South America and the Caribbean.

Many international companies have already taken advantage of the local tax incentives – in the former military bases of Clayton and Howard – where government and the private sector make great efforts to develop the incipient logistics sector.

Panama Pacifico, which is often cited as a success story, is located in the former Howard Air Force base which is developed by UK-based London & Regional-Panama. The complex Panama Pacifico has more than 250 companies foreign and national installed in the area, many of them processing, transforming and giving value-added to products before being re-distributed elsewhere in the region.

At August 2018, a total of 146 multinational enterprises [SEM] offices have benefited from the tax and labour benefits of Act 41 of 2007 and have installed their regional offices in Panama, which represents an investment of more than \$1bn and supporting 6,000 jobs. Some of these, which received their licenses in 2017, are in the process of being installed.

It was reported that the SEM companies have up to six months to settle, once they receive the licence and have delays in their internal procedures, they can request an extension. However, they are not obliged to officially inform the Ministry of Commerce and



Industries about the progress in their establishments in the country. The Ministry of Commerce, to date, has not yet received any request for extension of the 20 companies that last year decided to enter the country through the SEM law. Boeing, Visa, Panalpina, Hankook, Grünenthal Pharma GmbH & Co., McKinsey & Company, Athens PVT Limited, Elite Flower Group, amongst others, have received their licences in 2017 to settle in Panama.

According to the ministry, these results confirmed the confidence of investors in the competitive advantages of Panama and the laws that promote investment. Foreign direct investment reached \$5.2bn in the first half of 2017, which represents a 15.9% increase compared to the same period in 2016.

In 2009, a total of eleven companies were installed in the country. Nestlé, Mars, Cemex, Kumho Tire, Heineken, Phillips, Pan American Life, are some of them. Vanity Fair, Adidas, Sanofi Aventis, Robert Bosch, Alfa Laval, Puig, among six others, were installed in 2010. In 2011, 14 SEM companies arrived. Johnson & Johnson, Huawei, Grainger, Unilever, Wrigley, Bauer and eight other multinationals complete the list of those that were installed that year.

Telefónica, S.A. 3M, Under Armor Inc, Tetra Pak, Evergreen Group, Ralph Lauren Corporation, China Harbor Engineering Company Limited, The Brink's Company received their SEM licenses in 2012. That year 19 companies were installed in the country. In 2013, a total of 16 companies were installed in Panama. Hino Group, Ace Limited, Sony Corporation, China State Construction

Corporation Ltd, Hospiten Group, Nike Inc. and Banesco International Financial Group are on the list for that year. On the other hand, nine multinationals received their licenses in 2014. Cementos Argos, Royal BAM Group, Cochlear Limited Group, Cotecna S.A, Dell Inc. and others. Intcomex Inc, Tadano Ltd, Daewoo International Corporation, Michelin Group, Acino Group, Mercon Ventures S.A. and Yamaha Motor Co. are part of the list of SEM companies that arrived in 2015. Cosco Container Lines, The Stee Lauder Companies Inc, Pandora and Payless Inc. were among others installed in 2016. While in 2017, Red Bull GmbH, The Central America Bottling Corporation, Visa, Athens PVT Limited, Yang Ming Marine Transport Corp and others, received their licenses in 2017.

The US continues to be the country with the largest number of companies with regional headquarters in Panama.

The National Assembly is studying new requirements for the SEM such as having a minimum of five full-time permanent employees is one of the requirements that companies must meet in order to obtain a Regional Offices of Multinational Corporations licence, if a bill from the Varela administration succeeds. In addition, it details a proposed law reform, under which companies must generate annual operating expenses in the country of at least \$500,000.

The bill, whose content base is to make more competitive the special regime for the establishment and operation of Regional Offices of Multinational Corporations (SEM), could increase foreign investment and consolidate Panama's logistics service platform and, at the same time would enable updates to be made which are required by international standards with the introduction of new requirements for obtaining an SEM license. ■





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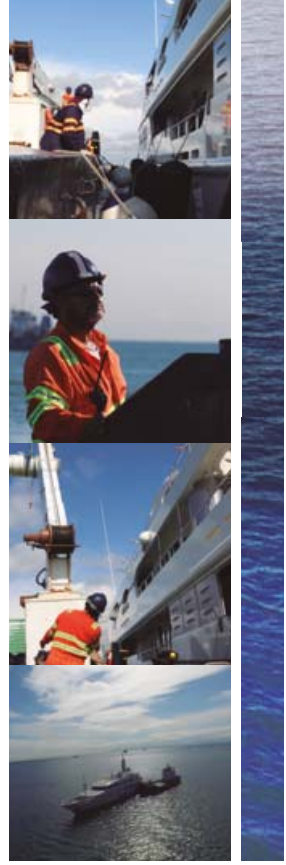



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## After many years Panama has now passed legislation for ship financing

# Great investment location

**T**he maritime sector has seen many opportunities to develop that will complement Panama's unique geographic position.

Large infrastructure projects in the making and/or soon to tender, have given port operators hopes to capture project cargo in the coming months. The sector (that includes the Panama Canal, the container terminals, logistics companies, shipping services and the Ship Registry) is now an important segment of the country's economy participating with around 25% of its Gross Domestic Product (GDP) and the largest after financial services.

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

After many years in the pipeline, Panama passed legislation for ship financing, the first of its kind for the country. The Law 50 of 28 June 2017 entered into force on 29 December 2017 and is known as the 'Naval Financing Law'. The legislation creates an attractive investment environment and contemplates ship financing from banks established in Panama while extending its reach to all foreign financial institutions

providing they establish a branch office in Panama to enjoy the law's benefits. Panama's banking centre is one of the most important of the region with a total of 86 banks established in Panama. None of those banks though has yet looked at this novel market. One of the purposes of the law is to encourage those institutions to provide ship financing and attract all foreign financial institutions providing they come to Panama to offer ship financing and enjoy the benefits of Law 50 of 2017. The law creates a special legal regime for financing operations in the local and international maritime sector and grants fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime project fundable, from the Republic of Panama.

Chinese companies are already participating in constructions and infrastructure projects. The Panama Cruise Terminal on the Pacific side at Amador, where the Chinese CHEC construction company, together with the Belgian Jan de Nul, carry out the construction of this project, is built with the concept of being a 'Home Port'. The construction is expected to conclude mid-2019 and an international tender will be called before end 2018 for the administration of the cruise terminal. This project will revolutionise tourism in Panama and particularly the cruise tourism.

The Panama Canal expansion has proved a sounding success, posting financial results

much better than the expectations, say Canal officials. With a little more than 4,350 transits of Neopanamax vessels at early October 2018, the Panama Canal Authority (ACP) concluded its Fiscal Year (FY) 2018, way ahead of all forecasts as it shows an increase of cargo volumes of 9.5% to 442.1m Panama Canal tonnes (PC/UMS) compared to FY2017 at 403.8 PC/UMS tonnes.

The opening of the larger locks has re-configured most services, upsizing the vessels and though they did not bring additional transshipment to Panama's terminals they have opened the possibility of future businesses around the expanded canal. In 2017, cargo volume handled by Panamanian ports showed an increase of 10.1% to 6.89m teu, up from 6.27m teu in 2016. During the first seven months of 2018 cargo volume was down by 1.3% mostly affected by strong declines in Balboa and Cristobal, although the other terminals posted positive results. PSA-Panama has inaugurated in March 2018 its expansion that doubled its capacity to 2m teu and a Chinese group is constructing a 2m-teu box terminal on the Atlantic side, in Margarita, that is expected to begin operations by end-2019

The Panama Canal Authority is itself looking at ventures around the new locks, including the construction of a ro-ro terminal, a LNG storage area and the multiple uses of a 1,200-hectare area where to create distribution centres and other

## SHIPPING SERVICES



Chamber of Shipping new Board of Directors

businesses that could boost the incipient logistics sector. Additional projects in tourism are being studied for the areas around Gatun Lake.

The government is focused on developing the logistics sector. Favourable legislations had been enacted in previous years, giving tax incentives to multinationals establishing regional headquarters in Panama while a great number of firms have initiated operations in the economic free zone of Panama-Pacifico located in the former Howard Air Force base which is being developed by UK's London & Regional. The former US military installations – that reverted to Panama at end-1999 with the implementation of the Panama Canal Treaty – have been transformed and developed into residential areas, transport and economic zones that have boosted the potential of the maritime sector since they were located in the surroundings of the Panama Canal.

The Panama Maritime Authority has also been working in association with Panama Chamber of Shipping on the construction of a pier, on the Pacific entrance of waterway, near Amador, for maritime auxiliary services. The construction of the new pier, located in a strategic point, very close to the Bridge of the Americas, has been awarded to a local company, Consorcio Maritimo Inzelva. The auxiliary services pier will optimise the competitiveness demanded by the maritime industry. This modern pier, whose cost was around \$6m, should be ready before end-2018. The pier will offer the same service for up to four ships simultaneously, two load and two

passengers, and will include warehouses, cranes, monitored 24-hours-a-day, as well as controls and services of infrastructure in this category, in addition to the inclusion of offices, warehouses and facilities.

**The Panama Chamber of Shipping (Camara Maritima de Panama, [www.camaramaritima.org.pa](http://www.camaramaritima.org.pa))** is the most important guild of the maritime scene. It was created in 1979 as a non-profit organisation and groups shipping lines and shipping agencies, marine supplies companies, ship repair, bunkering, ports administrators as well as the railroad and almost every sector related to the maritime business. Because of a great number of new companies, foreign and nationals have opened shop in Panama in recent years, its membership has grown to 250 companies, all related to the maritime-port activity and the chamber membership comprises the shipping agencies, ship chandlers, terminal operators and the largest shipping lines

in the world and main users of the Panama Canal, such as Maersk Line, Cosco, Evergreen, MOL, APL, Seaboard, Crowley Liner Services, CMA CGM amongst others, having offices in Panama and operating Neopanamax and Panamax vessels, tankers, reefers and bulk carriers.

Every year the Chamber of Shipping elects a new Board of Directors. The election was held in June 2018 for the period 2018-2019, presided by Patricia Velasquez, from Macosnar agency, and the first woman elected to chair the Chamber.

She is accompanied by Veronica Valenzuela, Glencore, and Daniel Izasa, Logistics Specialists, as vice presidents; Mary Carmen Barrios, Wallenius Wilhelmsen Logistics Panama, secretary; Rodolfo Sabonge, Logitran Advisory Services Corp., treasurer; and Francis Ziemetz, Panama Agencies as director with Maria Lourdes Galan, De Castro & Robles, Nicolas Vukelja, Marine Advisors and Wendy Sagel, Marine Engineering Corp.



Patricia Velasquez

The president, who is also member of WISTA-Panama, is new to Panama maritime industry where she has worked for the past 12 years. Patricia Velasquez said that being the head of Panama's Chamber of Shipping 'is a responsibility and a way to contribute to the sector that has been and will be part of my life. For my part, I am committed to integrating all the members of the Chamber for working in specialised committees on the relevant topics of our business.'

Her programme will have two pillars: A greater presence in the decision-making



spaces and alignment with the interests of the members.

'This implies that the government sees us as its ally, specifically in matters of the logistics cabinet. We applaud the current government's initiative not only of having reached consensus on the 2030 Logistics Strategy, but also to give it a legal framework by means of a decree,' Velasquez told her audience.

'Our presence in the decision-making spaces contemplates explaining to the candidates for the Presidency of the Republic (in the May 2019 general elections) the importance of the sector, our proposals to develop it and how we can participate. We need a harmonious collaboration with the key entities of the sector to ensure the continuity of the negotiations after the change of government. We also need regulations and policies that promote the development

of the maritime sector, especially the juridical security that encourages investments and gives stability to our businesses,' said Velasquez.

Panama has a great challenge in education, Velasquez explained the guild will support Panama's universities in the preparation of courses, diplomas and seminars that will train qualified professionals for our companies.

'We need to align ourselves with the interests of the union's members, be useful and efficient. We must provide them with statistics, job exchanges, reports and training. It is also important to incorporate the Chamber's former presidents' experience in sessions that generate projects and proposals. We must also promote alliances with the public sector, network with companies and chambers of the region that promote business and growth for the guild and the

country. This period 2018-2019 coincides with the general elections in May. It is time to project our sector that represent 1/4 of the Gross Domestic Product, and highly deserves it.'

'We have a great future ahead and I want to reiterate my commitment to work for the benefit of the chamber. We, all, have the responsibility to leave a strategic legacy that will lead to the expectations of our chamber's and Panama.'

Every two years the Chamber of Shipping in co-ordination with the Panamanian Maritime Law Association (PMLA) organise a series of conferences and exhibition known as **Panama Maritime** that put the eyes of the international maritime industry on Panama. Panama Maritime is organised alternatively by the Panama Maritime Chamber and the PMLA. This year the Organising Committee, from the Panama Chamber of

### WISTA Panama

WISTA (Women's International Shipping and Trading Association) is an international organisation whose mission is to support women working at a managerial level in the maritime industry and the trade and logistics sectors. WISTA now has more than 5,000 members in more than 40 countries.

This year, WISTA received approval to join the International Maritime Organisation (IMO) as a consultative body.

Because Panama is an important hub for the maritime and logistics sectors, WISTA Panama had joined, a few years ago WISTA International as one of the NWA (National WISTA Association) as they are known to their memberships in different countries around the world. Ms. María Dixon was one of its earliest founders; Ms Dixon is a Panamanian maritime professional and specialist with more than 37 years of experience in that sector.

However, after some years of inactivity, WISTA Panama has been reactivated this year 2018. Chaired by Veronica Valenzuela, general manager and legal representative of Glencore Ltd., she is accompanied in the board by Patricia Velasquez (secretary), commercial director of Macosnar Corporation; Gianela Rivas (deputy secretary), partner of law firm Moscoso & Partners; Laura Duran (treasurer), commercial manager of Canal Movers & Logistics Corp; Elvia Bustavino (deputy treasurer), partner at law firm Torrijos & Asociados;

Gabriela Araya (director), director in the Setimsa Group and Mireya de Troitino as executive director.

WISTA Panama, like all the NWAs (National WISTA Association) of WISTA International which are governed by the laws and regulations of each registered country, abides by the laws and regulations of Panama.

One of the main objectives of WISTA Panama is to promote maritime education, fostering cooperation, communication and exchange of knowledge for the benefit of the community. WISTA Panama's main goals are to contribute to the improvement of the maritime industry with activities that have an impact on the Panamanian economy, promoting ethics, transparency as well as ensuring the promotion of the interests of the industry.

Panama will be the host country in 2019 of the Second Regional Conference-WISTA Americas- that will gather WISTA members from different NWAs.

'The number of women with management positions in the maritime sector has increased. At WISTA Panama, we want our members to promote business and professional relationships by exchanging our knowledge, contacts and experience,' said WISTA president Veronica Valenzuela. 'And we want to invite all the professional women of the sector to join us.'



Shipping, is presided by Captain Orlando Allard, RTI Latin America, who also chaired the Organising Committee of Panama Maritime XII.

The bi-annual Conference-exhibition Panama Maritime, in its 13th version (March 12-14, 2017) took place at the Megapolis Convention Centre and was inaugurated by Kitack Lim, IMO Secretary General, in presence of Alvaro Aleman, minister of the Presidency in representation of President Juan Carlos Varela, Jorge Barakat, minister of maritime affairs and administrator of the Panama Maritime Authority (AMP) and international and local personalities of the maritime industry. The Organising Committee, from the PMLA, was presided by lawyer Flor Torrijos, from the Inter-maritime Group, who thanked the attendees for their presence at the event that gathered around 300 delegates with some 30 exhibitors and important leaders of the maritime industry of Panama and experts from more than 50 countries.

The Panama Maritime XIV World Conference & Exhibition will be held from March 17 to 20, 2019 at the Megapolis Convention Centre in Panama City. The main theme of the conference is: 'Taking advantage of the evolutionary trends of the industry: a more ecological, digital and autonomous maritime industry.'

The main thematic axes of the conferences include: The future of ports: from the current tensions to the changes and innovations of the future; Strengthening of the Panamanian

logistics hub; Automation of shipping logistics and the future of work; The changing legal patterns of the industry of maritime transport and logistics; Impact of artificial intelligence in a timeless industry: maritime transport; Environmental impact of maritime transport as it faces 2020: Impact of the new regulatory regime of clean fuels and friendly to the environment; Impact of investment International in positioning Panama as a regional logistics hub; Empowering women in the shipping industry and logistics.

Panama Maritime XIV 2019 will also have an Advisory Board made up of international experts on issues related to the thematic areas. They have already confirmed important figures such as Alex Conjour, head of global port & cargo operations for Wallenius Wilhelmsen Ocean; Professor Robert Force, director emeritus of the Law Centre of the University of Tulane has also confirmed; Irene Rosberg, director of the master programme of Copenhagen Business School; Jorge Quijano, administrator of the Panama Canal and Philip Embiricos, former president of BIMCO and member of the Panama Canal advisory board.

As has been the case for the past twenty-eight years that the IMO secretary general will open the conference and exhibition.

### **Bunkering**

Panama's bunker sector posted positive figures during 2017, with almost all sectors showing double digit growth. Total sales were at 4,634,922 metric

tonnes (mt), up 15.61% from 4,009,262mt the year before; of this total 4,274,017mt were of fuel oil, up 14.38% and marine diesel up 32.43% to 360,905mt while the number of vessels receiving bunkers was also up 8.55% to 5,792 ships.

Sales on the Pacific side were up 14.84% to 3,589,031mt of which 3,351,269mt were of fuel oil, up 14.10%, while marine diesel sales increased 26.35% to 237,762mt but vessels taking bunkers grew by 4.26% to 3,918. Bunkering on the Atlantic side continued on the rise with sales growing by 18.32% to 1,045,891mt of which fuel oil were up 15.40% to 922,748mt and marine diesel up 46% to 123,143mt.

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

Panama's port activity combined with an increasing number of Neopanamax vessels going through the expanded waterway and taking bunkers in Panama have provided more bunker business. The expectations of business because of more traffic in the expanded Canal have been a determined element in prompting the construction of high-tech terminals in Panama. Existing oil terminals have also expanded their facilities to reach a total storage capacity of 30m bbls.

But Panama's market was affected in 2018 by the 'bad bunkers' problem that started with fuel supplied in the US Gulf region, particularly in the Houston area with the problems quickly extending in Panama and in a larger proportion to Singapore. Although the problem is now widespread, it is described in the industry as 'the Houston problem', Houston being the first location affected.

However, during the period January-July 2018, total bunker sales were still showing growth of 4.18% (much less than in previous years) with total sales of 2,860,507mt. The number of vessels attended grew by 13.21% to 3,831 ships during the seven month-period. Fuel oil





sales were up 2.10% to 2,591,729mt and marine diesel reported an increase of 29.67% to 268,778mt.

On the Pacific side, sales decreased by 1.30% to 2,135,159mt of which fuel oil fell by 2.99% to 1,963,109mt while marine diesel grew 23.25% to 172,050mt which seems to reflect the concern about 'bad bunkers'. Sales on the Atlantic side, showed a healthy increase of 24.53% to 725,348 of which fuel oil sales grew by 22.11% to 628,620mt and marine diesel by 42.91% to 96,728mt.

Some important bunker suppliers have left Panama: Aegean, Ow Bunker and BP, but newcomers have entered the market. A few firms engage in spot deliveries. Panama's major bunker suppliers are Chevron, Chemoil, CEPESA, Bomin, Peninsula Petroleum, Triton, Rio Energy, Quinn Oil and Terpel. Although Panama is not the only port offering LSFO, most terminals have special tanks for those products distributed now by the major suppliers. Many vessels coming from the Far East and the West Coast of South America are expected to take small

quantities of LSF fuels to burn them when approaching and leaving US ports as SECA had entered into force since January 2015.

On the Pacific side, the state-of-the-art **Isla Melones Terminal**, built on a 38,700sq mtr island 15km from the Panama Canal Pacific entrance, began operations in May 2013. The terminal, the first of its kind in the country, is a privately-owned company with a storage capacity of 2.1m bbls for heavy fuel oil and diesel and it operates within a Tax

## PetroAmerica Terminal SA (PATSA)

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

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

With the new marine fuel quality regulations in sight, PATSA's flexible infrastructure and its segregation and blending opportunities enable our customers to meet IMO 2020 requirements.

At PATSA's privately held and operated marine facilities in the port of Balboa, customers have access to two jetties with four

berthing positions for barges and vessels up to Panamax size, with draught of 59ft and 750ft LOA.

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

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

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



Free Zone (OFZ). The terminal has the capability of handling Low Sulphur fuel oil (1%S) with a segregated system to cope with the demand of this new quality.

**Decal**, with a present tankage capacity of approximately 1.1m bbls (175,000cu mtr) is being increased by 181,500cu mtr, for a new total capacity of 2.23m bbls (356,500 cu mtr) in one tranche. The on-going expansion consists in the construction of 14 tanks and the existing jetty is also being expanded to add two more barge loading positions permitting a loading capacity up to four barges at a time with maximum 3,000t/hr.

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

The Atlantic side competes with Caribbean bunker facilities. In December 2010, Colon Oil and Services S.A. (COASSA), a terminal for marine fuels located on the Atlantic entrance of the Panama Canal was purchased by the Hamburg-based **Oiltanking Group** and began operating in January 2012. The terminal has currently 750,000 barrels of capacity, a jetty of 14mtr depth for Panamax vessel and three positions for barges, plus a truck loading rack. Oiltanking owns and operates 73 terminals in 22 countries and is one of the world's



leading storage partners for oils, chemicals and gases. Oiltanking can expand its facilities in Panama to a total of 1.15m bbls if needed.

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

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

PATSA plays in supplying domestic and international markets and enhance its multiple potential growth opportunities.

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

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

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

**Panama Oil Terminal S.A. (POTSA)** has a 20-year concession to administer 65 tanks and supply bunkers on both entrances of the Panama Canal, with total storage capacity of 2.7mbbls although most of the tanks date from decades ago.

**Royal Dutch Shell**, in March 2017, agreed to lease capacity at a large oil terminal in



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

**Chevron-Texaco** operates a tax-free fuel zone like the other seven free zones existing in the country. **Exxon Mobile** has kept a local presence through PetroAmerica (PATSA) that bought AMSTA in 2003. Singapore-listed **Chemoil Energy Limited**, and Spain's **CEPSA** are also present on the market. Mexican government-owned **Pemex International** entered the Panamanian market in 2007 by forging an alliance with local storage. The Mexican company stores 1.32m bbls of fuel oil on both sides

of the Panama Canal, from which it will provide marine fuel to major distributors in the region. Also two companies **PetroBunker** and **Petroport** have entered the market in 2008 and have built storage tanks.

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

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

**Compañía Marítima de Panama S.A. (Grupo Boluda)** provides oil to its customers abroad the Caribbean, Central

and South America. **Terramar Oil & Services** provides barge service, bunker and other services.

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

### Chandlery

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

It is a pillar of auxiliary services. The market has become highly competitive as

## Centralam Panama

Centralam Panama S.A. is amongst the oldest and most recognised players in the chandlery business in Panama. The company has recently moved to new facilities which enable us to be more efficient in our logistics, increasing our delivery performance with provisions in particular. From our new facilities, we have easy access to all the terminals plus launch facilities at the Pacific side of the Canal, and we are right next to the highway to Colon on the Atlantic side.

The crises that are talked about in shipping also affect the chandlery business. Focus on supply chain efficiency and service is more needed than ever, as most vessels trading through Panama have the choice between several ports where to place most of their purchases. Panama is not the cheap option, and due to our location, we will, most likely, never be able to compete on price alone. So our strategy has to follow what Centralam has always been about: High level of service and satisfaction. 'With a smile on your face, you can learn to live with the bill.'

The expansion of the Canal with increased tonnage on bigger but fewer vessels has meant that there actually less potential customers, so it is challenging to secure sustained growth,

but it has been possible by focusing on customer's needs and ultimate satisfaction.

Just as the retail business sector in Panama attracts shoppers 'we have to make Panama the preferred shopping mall for vessels. And combined services is one of the ways. 'As operational costs increase, we have to combine services to increase efficiency and become more competitive,' explains Centralam president Thomas Rold.

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

'Our plans, at Centralam Panama S.A., are to increase the amount of customers that decide to use Centralam Panama S.A as their preferred supplier of stores and services. This is simple. Success comes through providing what you customer wants, and not through looking for a customer that will accept what you want to provide,' he adds.

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

However it is not clear, like other segments of the maritime sector, whether the increase of transits of Neopanamax vessels, which most of the time have no waiting time, bring additional business to ship chandlers. The cruise market remains 'very competitive and demanding' ship chandlers say as most cruise vessels buy the large majority of their products in the US. But there is in the pipeline, the construction of a cruise terminal at the Pacific entrance of the Canal in Amador that could mark a difference for ship chandlers. Government officials will call an international tender to administer the terminal and some opportunities may surge as it will operate as a homeport. With some 200 cruise calls a year, cruise vessels have offered opportunities for ship chandlers to increase their business but not in the proportion expected by chandlers before the cruise industry began to call Panama on a regular basis.

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

Mercansa holds over 4500 references in a 10,000sq mtr warehouse in the Colon Free Zone (Atlantic side) and new warehouse in Albrook (Pacific side) that provides immediate delivery through its specialised division Mercansa Ship Supply at

competitive prices, on the widest range of deck, engine, cabin, deck, safety materials, provision, bonded goods and fire, rescue and safety related products, as Mercansa currently services a large number of the 14,000 vessels that transit the Panama Canal every year. A new business unit Mercansa Food Logistics, as wholesaler and distributor for ship chandlers and the local market, includes new cold storage of 1,000sq mtr, a new refrigerated truck fleet of 15 units, a warehouse in Albrook (Pacific side) and its own supply boats in both sides (Atlantic-Pacific).

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

A recognised specialist for mooring, towing and wire ropes and hawsers, Mercansa also sells specialty marine and heavy duty coatings, marine fire-fighters suit and chemical proof clothing, fire-extinguishers, fire extinguisher cabinets, foam concentrate, foam proportioning systems, fixed and portable foam fire-fighting equipment, monitors, nozzles,

specialised big flow pumping solutions and many other safety related products.

With Panamanian port and industrial sectors developing rapidly as well as in the region, Mercansa has included a list of industrial products (distributed through the Colon Free Zone and in the Capital city) such as floor preparation, grinding and polishing products, corrosion and coatings removal, concrete and stone dressing, deck and tank de-scaling, vibration management solutions, local area tamping, compound mixing and dust control products amongst others.

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

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



Jason Critides is the owner of Islamorada International

## SHIPPING SERVICES

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

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

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

**Provedora Tecnica S.A. (PROTECSA) (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.

### Charts

**Islamorada International S.A. (www.islamorada.com)**, the largest nautical bookstore in Latin America, is well known to the merchant marine community, yacht owners and sailors that find what they look for at the colonial-style building in Balboa near the Panama Canal. Islamorada International is now a landmark for nautical bookstores in Latin America. In spite of its emphasis on commercial ocean-



going shipping and publications for the professional mariner, Islamorada with its location in the former Canal Zone, an area of historic interest in itself, is a store worth stopping off at to browse around in. The store is decorated with some interesting pieces of nautical history and particularly that of the Panama Canal since its inauguration in 1914.

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

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

The company had been appointed as an Oceangrafix Remote printing agent, and

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

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

The bookstore offers a wide range of professional maritime reference books on the industry in general; with subjects ranging from tanker operations, port operations, maritime education, to salvage. 'Tramp bulk and tankers form the mainstay of its customers in addition to clients from round the world and the merchant shipping that transits the Panama Canal and trades in Latin America,' explains the owner.

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

*Islamorada*

www.islamorada.com



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

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

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

### Dredging

**The Panama Canal Authority (ACP) Dredging Division** – Upon the completion of the capital dredging works for the Canal Expansion Programme in 2016, which included the widening and deepening of the navigation channel of the southern end of Gatun Lake, Cartagena and Cocoli Reaches and the removal of the dams or 'plugs' within the lake and close to the Neopanamax locks, as well as the widening of Gaillard Cut, removing a total estimated volume of 47.9m cu mtr – the ACP dredging programme has been focused on relevant channel improvement and maintenance dredging since 2017.

One of these improvements, was Gamboa Reach's widening from 225 to 305mtr, on a 7.7km portion of Canal, which allows the meeting of two Neopanamax vessels transit parallel to each other since December 2017. Another project was the expansion of Gamboa's mooring area to accommodate Panamax and Neopanamax vessels, which required the removal of approximately 11.75m cu mtr of earth and rocks. The \$137m project began on October 2013 and will conclude on January 2019. Works includes drilling and blasting, dry excavation, dredging, relocation of aids to navigation, alignment towers, and installation of mooring buoys. This project improves the Canal's capacity, accelerating traffic, reducing the time in Canal waters and providing a safe area to secure vessels.

As part of the plan to increase the Panama Canal offering to the maritime industry, two new anchorages (Peña Blanca and Monte Lirio) are being created at the northern part of Gatun Lake in order to provide a maximum equivalent capacity of 13 Neopanamax

and one Panamax vessels. Works include the subaquatic clearing of stumps and dredging of 0.44m cu mtr to reach the design depth of 18.3mtr. The project will be delivered on July 2019.

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

The ACP dredge fleet, composed by the dipper dredge Rialto M. Christensen, backhoe dredger Alberto Aleman Zubieta, cutter-suction dredger Quibian I and drilling and blasting barge Baru, have been kept extremely busy maintaining channels depth through maintenance projects in Gaillard Cut, facing the removal, not only of sediments, but slides and boulders. Maintenance and capital projects area developed sharing equipment and in a complex and dynamic schedule.

A trailing suction hopper dredge was chartered in 2018 for 70 days to remove 1.01m cu mtr of siltation in Gaillard Cut and the Canal's Pacific side. Additionally, beyond the commitment of the expansion programme, both sea entrances to the Neopanamax locks were deepened to allow an increase in vessels draught from 14mtr

*Dredging in the Panama Canal*





### Royal Boskalis Westminster NV

Royal Boskalis Westminster NV, a leading global maritime services company operating in the dredging, maritime infrastructure and maritime services sectors, has become a regular feature in the various infrastructure works in the Isthmus with dredging projects since 1989. Through its subsidiary company Boskalis Panama SA they have won a series of contracts and works for the private port concessionaries, port operators in Panama during the last decades, but have also executed a couple of dredging works in the past for the Panama Canal Authority (ACP) and more recently has written history with the construction of the first artificial islands in the Americas for Panama's Grupo Los Pueblos.

The construction of the second artificial island off the coast near the residential area of Punta Pacifica in Panama city's bay, for which the contract had been awarded to Royal Boskalis Westminster by Compania Insular Americana, S.A. In March 2015, has been successfully completed in June of last year (2017).

Not long thereafter Boskalis Panama secured a contract with Shanghai Dredging Company for the reclamation works associated with the construction of the Panama Colon Container Port (PCCP) on Isla Margarita in Colon. Preparations for the project commenced in September of 2017 with the first dredger arriving in October. The large size trailing suction hopper dredgers were deployed on the project to supply approximately 5m cu mtr in the reclamation area. The works

were completed in March of this year. This project is the largest reclamation project undertaken by Boskalis in Panama till date.

The Municipality of Panama has developed, in consultation with the IDB, a masterplan for the development of the Metropole. Out of this masterplan a project to redevelop the coastal zone of Panama between Punta Pacifica and Tocumen has been initiated, named "Sea-Zone". Boskalis is following this project with interest as the Dutch expertise in coastal development will be a valuable asset in this development.

In March of this year Boskalis invited investors and project owner from the Latin American region to Panama for an inspirational event on business development and the extended role that Boskalis can play in realising their project. The event was well received and closed in style with some Panama culture.

After almost four years as the regional manager for Boskalis in Panama, Marc de Leeuw will be leaving for his home country of The Netherlands following 15 years on the road with his family. His successor John Brocatus has effectively taken over responsibilities as of the 1st of August.

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



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to 15.2mtr, which was mainly executed under dredging contracts, removing 1.8m cu mtr for a total amount \$30.7m.

Other minor dredging works, such as the excavation of a commercial vessels dock's basin and the deepening of ACP tug, fuel and launches landings, will be performed during fiscal year 2019. Most of the materials being dredge are disposed in open water disposal sites. However a significant portion of them are disposed on confined inland disposal sites, which are built for this purpose close to the project site.

**Dredging International (DEME Group-D I)** from Belgium has been involved in the Panama Canal expansion since the beginning of the project. DI was awarded by the ACP the dredging of the Pacific entrance for the Canal expansion project, in April 2008. DI offered \$177.6m to widen the Canal's approximate 14km navigation channel to a minimum of 22.5mtr and deepen it to a maximum level of -15.5mtr Mean Low Water Spring (MLWS). It was the first project in Panama for Dredging International, and one of the largest projects currently under execution in the Americas.

The scope of work included dredging 9.1m cu mtr from 14.2km of the canal, from its entrance at the Amador Causeway up to the Miraflores and new locks sites, making of Dredging International's scope a vital part of the \$5.25bn expansion programme. DI's split the project into eight sections that was dredged over two phases, removal of the relatively soft overburden, and then, removal of the rock. In January 2012, the ACP requested a modification of the contract that brought additional work

and expanded the deadline to June 2013.

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

In addition to the ACP expansion, Dredging International-Panama dredged the approach of the PSA-Panama International Terminal as subcontractor to Alvarado & Durling and Vergel & Castellanos, which built the facilities. There was some land-based dredging in addition to the of 1m cu mtr to increase depth to 14.5mtr at MWLS.

In June 2010, the ACP awarded DI their second Panama Canal contract to dredge Gatun Lake since the Belgium Company offered the lowest price of \$39.98m for widening and deepening the existing navigational channel by dredging approximately 4.6m cu mtr in the northern most reaches of the Lake. This contract was one component within the ACP Fresh Water Dredging and Excavation Project for the Canal expansion, which included

the dredging and/or excavation of about 30m cu mtr in the 425sq km Gatun Lake and Gaillard Cut.

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

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

Jan De Nul Group was part of the consortium Grupo Unidos Por el Canal (GUPC) which was awarded the \$3.2bn contract for the construction. In August 2009 the construction of six new locks was commenced, comparable to the Berendrecht lock that was realised by the company 30 years ago in the port of Antwerp. It is especially its size that made the work in Panama complicated. The six locks along the Atlantic Ocean and the Pacific Ocean together required 5m cu mtr of concrete, 40m cu mtr of dry excavation, 50,000 tonnes of steel doors and sluice gates, and no less

## SHIPPING SERVICES

than 6,000 to 7,000 workers. Hence, the challenge has not been only in the technical difficulties, but especially in the use of the large numbers of means and employees. The assignment was won thanks to a number of creative and innovative solutions.

The consortium Cruceros del Pacifico, formed by Belgium's Jan de Nul and Beijing-based China Harbour Engineering Co. (CHEC), was awarded a \$165.7m contract by Panama Maritime Authority (AMP) to design, develop and build the Amador Cruise Terminal at the Panama Canal Pacific entrance. CHEC, a subsidiary of China Communications Construction Co. Ltd., has been present in the isthmus for some years, having been awarded the construction of Evergreen's Colon Container Terminal expansion, amongst other projects.

The works are to be carried out within 24 months and its inauguration is planned for the first semester of 2019. The terminal will have capacity to accommodate two ships of 360mtr in length, with a capacity of 5,000 passengers per vessel, in an area whose



draught must reach 10.5mtr and be able to receive cruise ships at any time of day, regardless of the condition of the tide.

The terminal will have an area with parking for 300 vehicles, 60 spaces for buses and 25 for trucks. An environmentally friendly administrative building of approximately 10,800sq mtr will be built to serve the 10,000 passengers when the port is in full operation. This building will have a green building certification, with more than two hectares as a green area and paths, which

should be integrated with the other spaces included in the project.

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

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Since the opening of Van Oord's office, several important projects in the region have successfully been completed in amongst others Costa Rica, Mexico and Colombia, where both capital and maintenance dredging works were executed with the employment of dredgers from Van Oord's fleet that consists of more than hundred vessels. Van Oord's strategy has included a €1bn investment programme resulting in a very modern and versatile fleet that includes vessels for all types of projects, including self-propelled cutter suction dredgers and backhoe dredgers, as well as specialised equipment for pipeline installation and the installation of offshore wind farms.

In addition, there are also a number of opportunities outside Panama, just to mention: In Mexico the 2013-2018 National Infrastructure Plan is set to allocate around \$315bn for projects over the next six years. Amongst others this plan includes port upgrades with the aim to improve exports logistics. Van Oord has got a branch office in Mexico and is intensively participating in emerging tenders.

### Maritime Services

Even before the Canal expansion, most of the Canal customers shipping lines

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

The most important shipping lines are now working directly their vessels from their offices opened in the past ten years. **APM-Maersk** group of companies in Panama with more than 200 people, has its commercial headquarters in Costa del Este, covering the local **Maersk Panama** activities, **Maersk Line Caribbean Sea Cluster** (overlooking 10 countries) and the new **Maersk Line Regional Team** (recently relocating from Sao Paulo), **APM Terminals** and **Damco Latin America** regional teams, as well as the

Latin America liner operations centre located in Balboa. **Maersk Panama, S.A.** Operations officially started January 1992 with ten staff members, one office with the opening of two services, the Andean Service covering East Coast of the US, Panama and West Coast of South America serviced by three vessels. But the present structure might change in the next months in view of the APMoeller Group re-organisation.

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

### Alpha Subsea

Alpha Subsea ([www.alphasubsea.com](http://www.alphasubsea.com)) is a specialised subsea company which supports a diverse range of clients.' Our competent, committed, and experienced teams are quickly turning us into one of Panama's leading dive support companies. We are committed to safety and performance. We believe that all tasks can be performed safely and without injury whilst maintaining the highest standards of delivery across all of our diving services. This drive for safety and performance, in combination with our state-of-the-art equipment, competent and committed professionals, with the right mind set and hands-on experience are the basis for successful operations and your guarantee that our (your) projects will be delivered in a timely manner and within budget to the highest standards,' say Alpha Subsea officials.

The company offers a comprehensive range of subsea services. 'Our projects are managed and maintained by a dedicated professional team based in Panama City. Our diving services are compliant with the highest industry standards. We adhere to ADCI guidelines and all our diving personnel are ADCI certified.'

'We operate mobile diving systems to meet the specific project requirements of each client. These systems are maintained by our in-house staff and operated by our highly skilled personnel. Diving operations are supported by our experienced dive supervisors.'

Alpha Subsea offers emergency services and repair work to ship management agencies and owners alike. The service is available 24/7.

When a vessel is damaged or requires maintenance, time is usually critical, therefore speedy, professional support is vital in order to return the vessel to productive duty in the quickest possible time.

'Our client base is steadily growing and we are gradually expanding our operations. We are excited for what lies ahead for Alpha Subsea.'



purchase of its parent company NOL by CMA CGM.

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

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

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. The Panama regional office had been augmented with the merger with China Shipping.

The French carrier **CMA CGM** is amongst the top ten first customers of the Panama Canal and is a leader in the international container shipping industry, which plays a predominant role in the global economy by carrying more than 90% of all goods bought and sold around the world. The CMA CGM Group operates globally through a network of 650 agencies in more than 150 countries. With its five main hubs



located in Malta, Tangier, Khor Fakkan, Kingston and Port Kelang, the Group serves both major shipping lines and secondary axes.

CMA CGM started operation in Panama on January 1, 2006 under the new joint venture named CMA CGM Panama, Inc. Before that date, the French company, the world's third largest container shipping company, was represented in Panama by French Shipping Agency until December 2005. CMA CGM calls Panama ports on both Atlantic and Pacific sides. Two offices are located in Panama: one in Panama City and one in Manzanillo International Terminal (MIT) in Colon. CMA CGM team in Colon takes care about Colon Free Zone exporters, in close relation with Panama City office. With an organisation dedicated to reefers and a network of experts in over 85 countries, CMA CGM moves most of agricultural Panamanian exports, in particular fruits such as watermelons and pineapples. CMA CGM owns one of the largest and youngest fleets of reefer containers: 170,000 reefer teu in fleet within 90,000 low energy teu.

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

in Panama as the company continues to operate in Latin America.

**ONE** – from the merger of MOL (Mitsui O.S.K. Lines), NYK and "K" Line. Ocean Network Express (ONE) was announced and formed as a new joint venture in 2016, in between Nippon Yusen Kaisha (NYK), Mitsui O.S.K. Lines (MOL), "K" Line (KLI). The company started trading under the name 'Ocean Network Express' from 1 April 2018, with a holding company office in Tokyo, global HQ in Singapore and regional HQ in UK (London), US (Richmond, VA), Hong Kong, and Brazil (Sao Paulo). ONE has a fleet size of 1.4m teu and is the 6th largest player in the global shipping market.

ONE is an integral member of The Alliance, providing 34 services, directly calling at 81 different ports on a regular and continuous basis, of which 19 in Asia Far East (seven in China, five in Japan), three in the Indian subcontinent, seven in Middle East and Red Sea, 24 in Europe (seven in North Continent, 14 in the Mediterranean Sea), 21 in US and Canada, seven in Central America and Caribbean.

**Ocean Network Express Panama Inc.** start operation April 1, 2018 with the main office in Panama City and a second office locate in Colon, on the Atlantic side. ONE Panama staff is a mix of professionals in the maritime industry led by Julio De la Lastra, president and ceo with more than 39 years of

experience in the shipping industry. Since ONE began operation in Panama, more than 76 vessels have transited the Panama Canal. ONE had a canal ranking of 570 when started transiting the canal back in April 2018. 'In August our ranking increased to the 31st position and expect being at the top ten position in October 2018,' said De La Lastra.

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

that minimise the financial impact of any unexpected break down.

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

**Best Freight Search (www.bestfreightsearch.com or www.buscomejorflete.com)** is a platform designed to facilitate competitive freight for Panama exporters and importers. The site is completely free for importers and exporters. They are not required to subscribe, providing quick access to a large number of maritime, air and land cargo transport service providers. Freight providers become members of the platform at a very low monthly

membership fee. The freight providers will make best offers, as they know they are competing with other members of the platform. The platform's actual members are shipping lines, cargo agencies, logistics operators and any company selling freights. There are advertising spaces for other providers of cargo services.

Best Freight Search website has established a user friendly site which makes it easy to select the country where the shipper wishes to post his cargo and request the freight rate.

Users can also easily download the platform link on the screen of their tablet or mobile phone for quick access and post their freight request.

To date, the platform registers an average of more than 12 visits per day or 350 per month and has an average of two effective postings of freight quotations

### Best Freight Search

Panama is joining the shipping digital community with the first web platform in the region which allows Panamanian importers and exporters to take advantage of this maritime and air connectivity.

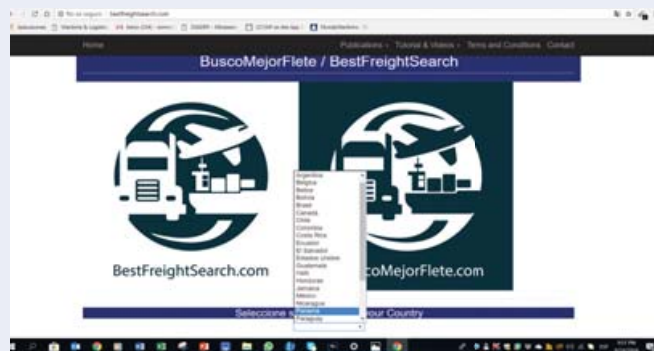
Recently set-up by Rommel Troetsch, [www.bestfreightsearch.com](http://www.bestfreightsearch.com) or [www.buscomejorflete.com](http://www.buscomejorflete.com) is designed to facilitate competitive freight for Panama exporters and importers.

Troetsch with 54 years of experience is well-known in Panama's port sector and twice a former president of Panama Chamber of Shipping. 'This new tool saves time and labour costs in the management of freight purchases to the employer, because in a single site you can find a wide range of freight providers operating in Panama,' explained Troetsch.

The site is completely free for importers and exporters. They are not required to subscribe, providing quick access to a large number of maritime, air and land cargo transport service providers. Freight providers become members of the platform at a very low monthly membership fee.

The freight providers will make best offers, as they know they are competing with other members of the platform. The platform's actual members are shipping lines, cargo agencies, logistics operators and any company selling freights. There are advertising spaces for other providers of cargo services.

Another advantage of the platform is that it allows entrepreneurs to better organise quotations and maintain electronic files of these, providing the entrepreneur with a good management tool for transparency in freight management. And it is user-friendly and very practicable



and there is no need of special training and features an instructional video on how to use it. The website is bilingual; with simple language and easy information to fill out the request for freight quote.

The platform, which has been well received by importers and exporters, has also recently started operations in all the Americas countries and progressively will be implemented in Europe and other regions, explains Troetsch.

BestFreightSearch.com has integrated a friendlier Home page in which it is very easy to select the country where the shipper wishes to post his cargo to request the freight rate.

Users can also easily download the platform link on the screen of their tablet or mobile phone for quick access and post their freight request.

To date, the platform registers an average of more than 12 visits per day or 350 per month and has an average of 2 effective postings of freight quotations per day that have included from annual tenders of 1,000 containers up to the total annual movement loose cargo of one single importer.



per day that have included from annual tenders of 1,000 containers up to the total annual movement loose cargo of one single importer.

**Braemar (incorporating The Salvage Association) (Braemar SA)**, a world leading multi-disciplinary Marine Surveying and Technical Consultancy, has set up a new office in Panama. Braemar SA offers a broad range of technical and in-depth expert services to the maritime industry. In addition to traditional Hull & Machinery damage surveys it has also successfully further developed our scope of services to include a broad range of expert marine consultancy services and also expansion of the project cargo warranty capacity. The company has offices in New York, Miami, New Orleans, Houston, Seattle, Montreal, Rio and a planned office in Toronto.

**ClassIBS – Isthmus Bureau of Shipping (www.ibs.com.pa)** was founded in May 1995 in Panama and recently celebrated its 30th anniversary. Class IBS was established as Classification Society in order to promote the regulation and development of the shipping and shipbuilding industries.

Although ClassIBS has its head office in Panama, it has a network of representative offices and more than 75 surveyors around the world, which work under direction and coordination from its head office. In addition to its classification activities, ClassIBS conducts surveys on behalf of third parties including State Administrations like Panama through the AMP, Belize through International Merchant Marine of Belize (IMMARBE),

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

**Hubel Marine B.V.**, is a Rotterdam-based maritime consultancy firm Hubel Marine B.V. were laid in the 1980 by Mr. J.W. de Koning performing flag state inspections for Panama. The range of services grew and since 1997 the company is run by Erik de Koning, his son and sole owner. De Koning was joined, a couple of years later, by Wouter Sluis who is now general manager, and a support team of professionals. The four pillars of the company are the following services: Registration of vessels, Flag State seafarer endorsements, Flag related Classification surveys and a service department that assist with S&P of vessels between clients.

**Intercoastal Marine Inc. (www.imi.com.pa)** is the leading marine construction company in Central America. Since its foundation in 1995, IMI has played a major role on the development of the marine sector in Panama completing most of the existing container terminals in the country. It continues to participate in all the tenders and large projects of the expansion of the existing terminals on both sides of the Panama Canal.

In 2011, IMI was acquired by two important construction companies in Latin America: Conconcreto from Colombia and Salfacorp from Chile through a

Colombian outfit called Consalfa. IMI, backed by its partners, offers solid management and depth technical expertise on each and every one of its workers and professionals. IMI is an equipment intensive company and offers a large series of heavy cranes that range from 12 tonnes to 300 tonnes and it has bought its sixth 2,100hp-25 tonnes bollard pull-tug boat. IMI has been able to maintain its sustainable growth in Panama and simultaneous start its internationalisation in other Latin American markets such as Guatemala and Dominican Republic.

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

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

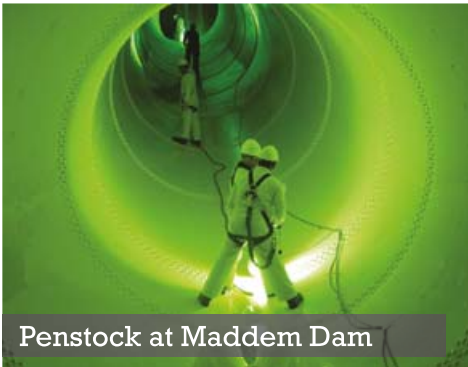
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important Flag states. **Intermaritime Certification Services (ICS Class)** giving class and statutory services to ships flying Panama, Belize, Honduras and Kiribati flags as Class Society, Recognised Organisation (RO) and Recognised Security Organisation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

**Intermaritime Group** has a training centre **Panama Maritime Training Services (PMTS)** with more than 15 years of experience since, certified by AMP and IMMARBE, as well as the Panamanian Ministry of Education, to conduct out STCW78/95 courses and assessment.

To respond to clients' demands, the Group has built a strong business structure that includes a law firm, **Panama Maritime Lawyers & Co.** The Group represents, as Deputy Registrars and Maritime Registrars, the following Maritime Authorities: Panama, Belize, Bolivia, Honduras, Vanuatu and Sierra Leone.

Three years ago Intermaritime Group launched its strategic partnership

with Marine and Cargo Reinsurance Broker Aquamercantile, the first reinsurance broker to be authorised by the Superintendency of Insurance and Reinsurance of Panama (Registration Number ROC-002) specialising in Cargo 'Stock Throughput', Marine Cargo, Marine Hull & Machinery including War Risks, Protection & Indemnity as well as other marine liabilities, Oil Terminals and Port Facilities, Claims and Salvage Assistance 24/7.

**Lalizas Panama, S.A.** The franchise for Panama and Central America was recently inaugurated, the well-known brand of maritime security articles: Lalizas. The franchise seeks to expand the presence of products manufactured in Europe within the competitive Latin American market.

### Intermaritime: New Office Centre and International Development

Intermaritime has been working hard in the past year with the new challenge of operating international offices such as our new Miami branch and Paraguay. There are always growing pains with new projects however our recent endeavours in the US and South America have gone as smoothly as can be hoped for. We feel that 2019 will be the kick off of our biggest year as our offices in South Florida will be at full operation.

We are also proud to announce the opening of a new office centre for our Legal and Survey team in Diablo Heights, Panama. With beautiful new offices and our proximity to the Panama Maritime Authority we can better serve our clients with efficiency and receive them with comfort.

Intermaritime is also close to receiving two new ISO certifications for both ICS Class and ICSurveys. These new certifications will open the door for more business opportunities and services we can provide our clients worldwide.

This year, Intermaritime will also see the launch of our E-Certificates for all statutory certificates which will allow surveyors and clients to download wherever they may be their official certificates authorised by the state flag. No longer will they need hard copies which will save time and speed the process.

Furthermore, our new in house Operations Task manager for surveyors has already been launched. This new programme allows our surveyors, operations department and survey clients to see in real time the status of each operation. This is a huge benefit as it has reduced the workload of the whole team and allowed them to concentrate on what is essential.

Intermaritime Group is formed by six companies committed to providing integral maritime solutions tailored to the customers' needs: Class Organisation (ICSClass), law firm (Panama Maritime Lawyers), Survey team (ICSurveys), Training Centre (Panama Maritime Training), Insurance Provider (AQM) and Radio Accounting/Point of Services Activations Company (World Maritime Communication).



**Founder Santiago Torrijos and lawyer Flor Torrijos**

All of Intermaritime Group's companies are certified with International Standards depending on the service, ISO 9000 BV Certified, IFIA Certified, Lloyds List Registered, to mention a few.

Intermaritime Group is present in over 70 countries with exclusive surveyors and representatives worldwide to attend each one of its clients locally. Its headquarters are in Panama, with offices in Dalian, China, to serve Asia, and London to serve Europe. In this last decade, thanks to its customers the Group has attended to more than 3,000 vessels with its global network.

Take advantage of this multidisciplinary team of professionals from naval architects, radio technicians, risk specialists, surveyors, bunker inspectors, adjusters and lawyers with years of experience that provides customers with the advice and technical expertise they deserve.

We've got you covered.

### Lalizas Panama

Lalizas Panama, S.A. The franchise for Panama and Central America was recently inaugurated, the well-known brand of maritime security articles: LALIZAS. The franchise seeks to expand the presence of products manufactured in Europe within the competitive Latin American market. The Lalizas brand is present in a large part of the commercial and recreational merchant fleet around the world. In addition, the company also bets on its sister brands: Lofrans (Windlasses); Max Power (Thrusters); Ocean (defenses for yachts and small boats) and Nuova Rade (Manufacture of plastic articles for yachts). Lalizas is a company that manufactures maritime equipment and has a presence in 127 countries. The company maintains a leading position within the European Maritime market with more than 36 years of experience and being experts in equipment for the rescue of life at sea.

Having sold more than 15,500,000 life jackets in the last 36 years, Lalizas is associated with "Security" probably more than any other manufacturer and distributor in the maritime industry, with millions of loyal customers, in the recreational and commercial segments.

Lalizas manufactures and distributes in the global market over 10,000 products of maritime equipment, lifesaving equipment at sea and articles directly related to sports and water activities.

Lalizas manufactures and provides its customers with maritime products of a high quality at a very competitive price. All products are designed and manufactured in the parent company (Greece) and Italy (Lofrans, Nuova Rade, Max Power), with the

strictest control and quality standards before being distributed to all its branches.

The factories of the Lofrans and Max Power products, located in Monza, Italy, are dedicated to the design and manufacture of winches (windlasses) for anchors and related technical solutions, as well as propulsion/manoeuvre systems for yachts (thrusters) combining an execution of height, absolute security and style. The brand Nuova Rade, factories located in Busalla, Italy, has 52 years of experience in the manufacture of more than 850 different products, such as: buoys, lifebuoys, skylights, boat hooks and fuel tanks. Its wide range of products, together with the quality of its production, will definitely fulfill the expectations of the most demanding customer. OCEAN is the name of our defenses for yachts and small boats and they are recognised for superior quality, durability and their exclusive and modern design.

Of this combination, the company maintains the competitive prices but above all, controls the production procedures according to the requirements of ISO 9001: 2015, and the quality of the products are verified by international organisations such as: DNV GL, Bureau Veritas and Lloyd's Register.

In Panama, the offices are located in the Amador Causeway, Perico Island (Brisas de Amador). Their wineries are located in the Colon Free Zone. In this way they are fully available to cover the needs for the local market, ships in transit and export.

The Lalizas brand is present in a large part of the commercial and recreational merchant fleet around the world. In addition, the company also bets on its sister brands: Lofrans (Windlasses); Max Power (Thrusters); Ocean (defenses for yachts and small boats) and Nuova Rade (manufacture of plastic articles for yachts). Lalizas is a company that manufactures maritime equipment and has a presence in 127 countries. The company maintains a leading position within the European Maritime market with more than 36 years of experience and being experts in equipment for the rescue of life at sea.

**Macosnar Corporation ([www.macosnar.com](http://www.macosnar.com))** is a Panamanian RO, RSO, and classification society founded in 1995 to offer services of professional quality to the maritime community in an efficient and appropriate way. Such services are carried out with a highly experienced staff of engineers and naval architects which guarantee the performance of surveys and certifications according to the norms and regulations of the IMO.

Macosnar last year celebrated its 20 years of anniversary, which enhances its day to day commitment in maintaining and developing a global coverage including the achievement of Flag Administrations recognitions to satisfy its customer needs always having present the safety of life at sea, and the prevention of the pollution of marine environment. The organisation is under a quality system ISO 9001:2008 that also consolidates its constant improvement in the services delivered.

With head offices in Panama, Macosnar has established offices in Asia, Middle East and South America and has a surveyor network of more than 35 representatives worldwide to attend their customer needs. Furthermore, STCW Trainings and Vessel and Yacht Registration comprise the group of service companies among others.

**Marine Metal Coatings Inc.** is an innovative company with two main trades: corrosion control and concrete demolition with diamond tools. The company specialises in the surface preparation

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

**Maritime Advisors & Developers Inc. (MAD Inc.)** specialises in maritime and consulting services. Eng. Nicolas Vukelja Duque, with a 17 year-experience in the sector, is the managing director along with his brothers. MAD Inc. is a member of Panama's Chamber of Shipping.

**The Meyer's Group** was founded in 2006. It emerged due to the market needs to have a company that generates trust, service and quality led by its founders' visionary ideas, whose goal is that of satisfying the customers' needs in Latin America and the Caribbean.

With over 10 years of experience in the maritime sector, Meyer's Group is projected as one of the fastest growing



companies and expansion in the Panamanian market, bringing together renowned companies with business lines in the area of land and sea transport, construction and agro-industrial sector. It includes various companies of tugboats, marine transport and supply boats as well as a construction company and other ventures.

**National Shipping Adjusters (NASHA)** ([www.nashapanama.com](http://www.nashapanama.com)) was founded in 1985, as one of the first Recognised Organisation (RO) and Classification Society. It is duly authorised by the Panamanian Government to conduct statutory surveys, class and certification and offers a reliable, flexible and cost effective service. The company operates under ISO9001-2008, in compliance

with IMO standards, national and international regulations, these are a guarantee to offer a quality service.

**Oceanco Safety & Supply** was founded in 1983 as a supplier of safety equipment, marine paint and deck spares to the Central & South American region. The company also established a fully equipped internationally approved Liferaft Service Station at the same time to meet the needs of its customers. Since 1983 Oceanco Safety & Supply has grown tremendously and now offers delivery services and has warehouses strategically positioned close to the main Pacific and Atlantic ports.

**Panama Maritime Group (PMG)** headquartered in Panama, has over more than 200 representative offices

around the world. PMG, a pioneer in the promotion of Panama's maritime sector, was created by Dr. Hugo Torrijos Richa who left an important mark on the maritime industry leading Panama to become the world's largest Ship Registry and presiding over Latin America's most successful port privatisation and transshipment programme in the 1990s. Dr Hugo Torrijos, one of the architects of Panama's maritime boom, passed away in December 2010 and his widow, 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)**

### Panama Lifeboat Services (PLS)

Panama Lifeboat Services, S.A. ([www.panamalifeboat.com](http://www.panamalifeboat.com)) was established in Panama in August 2010 and represents lifeboats and davits manufactures to respond to the needs of customers in that area who require a reliable and professional staff to perform the annual and five yearly inspections on their equipment's according IMO and SOLAS rules and regulations, including Gangways & ALP Inspections, fiber glass repairs and Load testing's.

We are available to perform services in all ports within Panama, North, Central, South America and the Caribbean. Our company represents four German, one Korean and one Chinese lifeboat and davits makers and are class certified by ABS, BV, DNV/GL and RINA.

As per customer needs, we have created a service alliance with other companies to cover almost all requirements: Canal transit, full crew attendance, broker and consolidate cargo care, warehouse space, boat services, fire fitting inspections, technical supply, bunkers and water supply, gas detectors inspection,

hull paint, on-off hire survey, logistic services, marine advices, container survey etc.

We are currently the authorised service station for the following lifeboat/davit systems: Hatecke, Fassmer, Global Davit, Davit International and Oriental.

Each lifeboat or davit will be inspected as per International Maritime Organisation's 'Measures to Prevent Accidents with Lifeboats' (MSC.A/Circ.1206). Each piece of equipment upon satisfactory inspection will be issued an Annual Inspection or Five-Year Inspection Certificate. All of our Service Engineers have attended training courses at many of the original equipment manufacturer's facilities.

Our Service Engineers are qualified to perform the five yearly inspection of life-saving equipment and load testing with our own water bags. We also provide inspection, certification and load tests for gangways and accommodations ladders, manufactured by Fassmer.



CELEBRATING  
**10**  
 YEARS  
 ANNIVERSARY

# DIVING WELDING SERVICES, S.A.

## Commercial Diving & Supplies

**Our diving station specializes in:**

- Underwater hull cleaning.
- Underwater propeller blades trimming and balancing.
- Underwater propeller polishing.
- Diving Inspection & Survey of Ship (CCTV / Photography) - Class Approved.
- Underwater Drilling / Welding / Cutting / Blanking / Sealing.
- Loss and Recovery. • Launch Repair
- Harbor Clearances / Salvage Works.
- Overhaul Marine Installation & Mooring Buoys.
- Underwater Inspection & Repair of Submarine Pipe. • Launch Service

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a Recognised Organisation authorised by the Registers of Panama and Belize to perform surveys and statutory certification to all type of vessels, **Torrijos & Asociados (T&A)**, a Law Firm specialised in ship registrations company incorporation, crew licenses and legal consultancy, among others and **Marine Training and Certification Centre (MTCC)** a centre of seafarers formation and training, following the requirements established by the STCW Convention. The Group incorporated **PMDS Class** in 2012, for which specialised staff was hired.

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### **Pole Star Space Applications Limited**

**(www.polestarglobal.com)** is proud to support the world's largest Ship Registry, AMP – in what is widely considered to be the world's largest vessel monitoring centre, managing over 8,000 SOLAS class vessels. In addition to the provision of fully out-sourced Long Range Identification and Tracking (LRIT) services, Pole Star provides non-SOLAS vessel monitoring, Vessel Vetting, Sanctions Compliance Screening, Port Risk Mitigation and Ship Security Alert Service (SSAS) Management of the fleet. The new vessel monitoring centre is based in Panama City and manned by trained staff on a 24/7/365 basis. Panama is the first flag state to implement such a broad range of Maritime Domain Awareness (MDA) capabilities under a single platform. This new standard of excellence clearly sets a precedent for other flag states who will wish to keep up-to-date with increasing safety and compliance requirements for their fleet.

The AMP is fully LRIT compliant yet it continues to enhance its capabilities. The next phase sees the AMP increase their maritime safety proposition by extending

the safety and security scope of their current system. This will incorporate similar MDA tools for the non-SOLAS vessels operating within the Panamanian territorial waters, including small fishing, leisure vessels, service vessels, commercial and industrial fishing vessels, fuel transfer vessels, and vessels operating within maritime concessions.

The Panama flag is the first flag state to implement a comprehensive Sanctions and Compliance system for all the vessels flying the Panama flag. The new Vessel Vetting system will also allow the flag's Port State officials to deploy a Port Risk Mitigation plan for all the country's ports. The system will alert the AMP of any vessel subject to existing sanctions and embargoes, and if the vessel carries any risks relating to terrorism, war zones, or infectious disease.

From a vessel security and piracy counter-measures perspective, the AMP will be deploying a real-time Ship Security and Alert (SSAS) platform where they can manage SSAS alerts, flag tests, and verify compliance with the ISPS

## **Panama Transshipment Group (PTG)**

Panama Transshipment Group (PTG) has years of experience in the maritime, logistics and port industry of Panama. PTG has provided clients with a multidisciplinary team who offers optimal services, through operation management in multiple cargo terminals.

'The socioeconomic model developed by PTG has transformed the connectivity between ports, yielding productivity and efficiencies for our clients, whilst positively impacting Panama's trucking community. The results have been evident to our customers, improving their supply chain and positioning PTG as the 'Number One' company in the sector,' says PTG President Mario Perez Balladares.

Customers are the driving force behind Panama Transshipment Group (PTG) to work towards constant innovation and better techniques and equipment. 'PTG's most challenging project is not only to remain the best in the business, but to grow and consolidate the credibility and trust deposited on us by our clients,' he adds. 'It has been our mission and value proposition to our customers which, for years, have guaranteed the success and prestige of PTG within the logistics, maritime and port sector.'

Panama Transshipment Group, through its subsidiaries, offers stevedoring services for containers in a specialised level, contributing to the strengthening of the major ports areas

of the country. The company has developed a work pattern focused on its employees' commitment with its strategic partners, making available a wide range of logistics specialties oriented to satisfy any intermodal requirement.

PTG also offers its customers a series of services including maintenance, repair, monitoring and handling of refrigerated cargo: Starting from the connection and disconnection on board vessels, to specialised protocol container handling, to and from the ship to the port terminal and vice versa.

PTG has a complete integrated intermodal platform with a range of services for transit connections per channel: Monitoring performance KPIs, tracking, paperwork, networking and connections. The technical staff has extensive operational knowledge, allowing them to control the timing, contingencies and efficiently directing the activities of the transshipment of containers and achieve excellence in cargo handling.

PTG has all the necessary special equipment (chassis, gen set, low boy) to complement its comprehensive range of services with off dock operations, by ensuring that dry, refrigerated, oversized containers and dangerous goods are provided with the necessary equipment to optimally reach its logistics destination. In addition to the technical team, PTG has a structured human talent capable of responding to the needs of its customers 24/7.



Code. In addition, the time consuming task of managing the SSAS test schedules will be automated, allowing the AMP to significantly improve efficiency.

‘This expanded scope award coupled with Pole Star’s, ‘soon to be announced’ contract awards, clearly indicates that our global LRIT platform remains the leading solution in the market. Leading flag states are starting to build upon its foundation to improve safety at sea for all its stakeholders. We fully expect many flag states to follow suit and commence similar implementations in terms of non-SOLAS vessels, and good governance in terms of compliance and vessel vetting,’ says Julian Longson, managing director of Pole Star. He added ‘All the company’s products are supported by a 24/7, ‘follow the sun’ support infrastructure fluent in over 20 languages and located throughout our global office footprint. Pole Star is a local company in every market they serve. All staff adheres to strict quality assurance practices, which have allowed the company to obtain ISO9001:2008 certification. We are honoured to work with our Flag community and are pleased to work with many that seek to deploy similar technologies to maintain their competitive stance in what is a very turbulent ecosystem.’

Pole Star is a privately owned company headquartered in London with offices in Panama, Singapore, Hong Kong and Sydney. They have been providing ship-centric monitoring, regulatory compliance & risk management services to the shipping industry since 1998. Their suite of services include remote fleet monitoring, risk management, sanctions and compliance screening, ship

security, Long Range Identification and Tracking (LRIT), fisheries monitoring services and much more. They are widely acknowledged as one of the leading providers in their field. Pole Star support over 100 governments (including LRIT data centres for 46 maritime administrations and ship registries) and more than 1,100 commercial shipping operations directly or through their global distribution network. In total, the company tracks more than 40,000 ships, almost half the world’s fleet.

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Raytheon Anschütz, the German navigation system manufacturer Raytheon Anschütz has established its new subsidiary **Raytheon Anschuetz**

**Panama, S. de R.L.**, in Panama City. The new company acts as the regional customer support and service coordination centre, including service training capabilities and a large spare parts depot for Panama, Middle and South America and the Caribbean.

The facility of Raytheon Anschuetz Panama is located close to the Panama Canal and in decent proximity to the airport, enabling fast access to perform maintenance or repair tasks for ships passing the Panama Canal as well as in the whole region. It has acquired the activities of High Sea Support (HSS) Panama. Since its establishment in 2000 as a subsidiary of the Danish company Hans Buch A/S, HSS has been providing sales and service in Panama not only for Raytheon Anschütz equipment, but also for other navigation and communication companies. The facility of Raytheon Anschuetz Panama contains a workshop and a warehouse with spare parts for the brands being served.

**RTI Latin America ([www.rtiforensics.com](http://www.rtiforensics.com))** is a subsidiary of RTI Group, a global company headquartered in Annapolis, Maryland and regional offices in London, California, Bahrain and Panama. RTI offers a wide range of forensic engineering services, particularly the design and implementation of risk-based safety management systems. RTI is a pioneering accident and failure investigation and safety management consultancy – serving high risk industries, including utilities, multimodal transportation, oil and gas, construction, hydroelectric and mining, maritime administrations and the legal and insurance markets. Capt. Orlando Allard is the President of RTI Latin

### TESA

TESA is a Panamanian company founded in 1963 and began as a transportation company but due to the necessity of the business, the company started with the distribution of parts and equipment related to the business.

Now, we have over 55 year of experience and we are involved in different segments of the economy such as the Marine Commercial and Pleasure, Automobile, Heavy Equipment, Agricultural Machinery and Energetic industry.

TESA is considered one of the top companies in the country providing great service, quality and trust. Our employees are committed and ready to achieve complete satisfaction with its customers.

At present we represent the Marine business brands such as Yanmar Marine (commercial, light duty commercial and pleasure engines), Hamilton Jet, ZF Marine Transmission and VETUS marine accessories. Also we are distributors of Yamaha outboards, motorcycles and ATV's from Japan.

In the case of Yanmar Marine, we are exclusive distributors from Mexico to Colombia. We have two branches in Mexico (Cancun and Mazatlan) and also a new office in Cartagena, Colombia.



We have been very successful in the last years repowering almost all fleets of pilot boats in Panama and also in Mexico with commercial shrimp fishing vessels, due to the high efficiency of the Yanmar engines and also the simplicity of a mechanical engine.

Our company is committed to give great service and we not only train our mechanics, but also we provide training to private mechanics and customers and government entities.

America, which has been established in Panama City since 2008.

Dating back to 1975, RTI expert witness and high-risk industries accident investigation services also include material testing laboratories, root cause analysis, risk assessment, development of risk matrix and mitigation controls and multimedia accident animation and reconstruction. Magic Motion Studios, another integral part of RTI Group, provides graphics animation and accident reconstruction services and Anamet Inc., and the laboratories in California, provide material analysis and testing. The RTI office in London deals primarily with risk, safety management and maritime issues and the Bahrain branch provides security and safety services in the Gulf and Middle East region.

**Setimsa Group** is a Panamanian company with 20 years of experience in the development of projects in the port sector at national and international level. It has professionals with over 30 years of experience in the sector. The company began operations in 1997, when the president and founder, Eng. Gabriel Araya Ahumada, with great vision, found a niche at a time when private operation of container terminals was just starting.

**TESA** is a Panamanian company founded

in 1963 and began as a transportation company but due to the necessity of the business, the company started with the distribution of parts and equipment related to the business. With over 55 years of experience it is involved in various segments of the economy such as marine commercial and pleasure, automobile, heavy equipment, agricultural machinery and energetic industry.

#### Pilotage

**Caribbean Pilots** was created at end-2007 to provide pilotage services to the ports established in the bay of Manzanillo, Colon and ship owners and liners calling Colon Container Terminal (CCT), Manzanillo International Terminal (MIT) and Colon Port Terminal (CPT). The company has 11 eleven pilots, 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. Founded 20 years ago, Panama Pilots Services includes Quality Action Club, Pilsemar S.A. and Practicos Unidos de Panama, each company having its own history. Quality Action Club was created by a group of pilots working for Panama Refinery and the port of Coco Solo, while Practicos Unidos de Panama was formed by a group of small vessels' pilots and

Pilsemar, was created in 1995 by a team of pilots working at the Panama Canal. When the Manzanillo International Terminal (MIT) began operations in 1995, the three companies decided to join efforts to offer the first ever, privately owned container port in Panama, pilotage service to MIT's new larger and bigger vessels. PPSC provides service on a 24/7 basis which requires to have pilots available all the time.

#### Pollution control

**Ocean Pollution Control S.A (OPC) ([www.oceanpollution.net](http://www.oceanpollution.net))** is a Panamanian response company operating in the country 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 opened new offices in Honduras and Guatemala and added Costa Rica to its offshore business with a basic response centre in Puerto Limon. 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 the capital of Managua. OPC keeps investing in newer equipment and developing other services which include oily water and slop removal from vessels calling Panama as required by the MARPOL agreement. OPC concession is coming to an end and an international tender will be called before the end of 2018.

**Talleres Industriales Pollution Control Division** was created to fill a need and provides a response to Panama maritime industry's spill market. Talleres Industriales obtained a spill-control licence from the Panama Maritime Authority early 2018 and it immediately invested in equipment, gears and training programmes.

### Port Services

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

**Tecniport New Mindi Port Development Corp.**, was formed in 2008 and represents Capacity Trucks of Texas (COT), Cummins Engines, Allison Transmission and Terex Port Equipment in Panama. It provides services to all Capacity Trucks located in Panama and provides servicing,

warrant support, full technical solutions and sales of OEM parts. It is the only authorised dealer for Capacity Trucks; Terex Port Equipment and Allison Transmission in Panama and also serves as non-exclusive dealer for Cummins Engines. It has 67 technicians.

### Shipping Agencies

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

**Associated Steamship Agents (www.shipagents.com)** is considered the 'dean' of shipping agencies, having operated in the country for nearly 120 years. The original owner Capt. William Andrews opened an office in the Atlantic city of Colon in 1889, the same year the French Compagnie Universelle du Canal Interocéanique ceased operations in Panama. Since then, and through purchases, mergers and name changing, the company has developed into the present organisation which maintains offices at Balboa and Cristobal, where operations departments work 24/7, responding to the needs of the agency principals from around the world who use the Panama Canal and Panamanian ports.

Associated Steamship Agents are also agents for Lloyd's of London and undertake hull and machinery surveys on behalf of underwriters from Europe, the US and the Far East. Associated Steamship Services, together with

Wilford & McKay, Fernie and Gateway Transit, has formed a strategic alliance. The business remains largely dominated by domestic agencies that offer experience and know how. It represents shipping lines and cruise lines.

### C.B. Fenton & Co (www.cbffenton.com)

is one of the oldest shipping agencies established in Panama. It represents more than 100 ship owning companies throughout the world, with agents in Europe, the US and the major shipping capitals of the Far East and four offices located in the country, two at each terminal of the canal with the capability to provide full agency services at all ports within the Republic of Panama. CB Fenton has a large clientele of cruise lines. Since October 2010, C.B.Fenton & Co has moved its headquarters in Panama-Pacífico, at the International Business Park, Las Brujas Ave. Building A, Suite 210, the former Howard Air Force base transformed into an economic development area. It was purchased by the Chilean Company Ultramar which has retained its brand name.

**GAC-Panama (GAC Group)** has announced in October 2018 the opening of an owned-office in Panama as part of its growth strategy across the Americas region; the office will provide a wide range of shipping services to vessels calling at Panamanian ports or transiting the Panama Canal. Panama's strategic location and having the US as its most important trading partner make it a

## Talleres Industriales Pollution Control

The Talleres Industriales Pollution Control Division was created to fill a need and provides a response to Panama maritime industry's spill market.

'Bringing a new offer to the stakeholders in our area by using all the existing resources of a 50-year institution, made sense to our management and directors,' says Lino Arosemena, ceo of Talleres Industriales.

Talleres Industriales obtained a spill-control licence from the Panama Maritime Authority early 2018 and it immediately invested in equipment, gears and training programmes. 'Now we are able to confirm that we are full equipped at both sides of the canal,' said Arosemena.

Talleres will provide comprehensive emergency response services to all the ports in Panama as well as bunker operations and vessels transiting the Panama Canal.



Talleres owns and operates a vast amount of specialised oil spill response equipment and vessels pre-positioned throughout the Panama Canal to attend any incidents on a 24/7 basis.



natural extension of GAC in the Americas region and the Panama office will offer a suite of services including traditional ship agency, specialised husbandry, ship spares delivery, crew matters and repairs.

Heading up the GAC Panama operations is Alexei Oduber, a 27-year industry veteran well versed in all aspects of the shipping industry as well as freight forwarding in the Panama Canal. Previously, GAC used a GAC network agent for vessels in Panama.

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

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

**Panama Shipping Agency & Services (PSAS)** was created in 2010 but its principals have been involved in the shipping industry for more than a decade. The company is authorised to operate as 'port agent' in any port of Panama and is recognised as a shipping agency by the Panama Canal Authority (ACP) for vessel transit purposes. PSAS also provides services of chandlery. The agency acts as a ship manager providing cash to master to enable the responsible person to settle directly with local suppliers and advances of wages to the crew. In addition, it can co-

ordinate classification surveys, statutory surveys, ISM and ISPS audits with the main class societies (IACS members) and other recognised organisations authorised by most flag states.

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

The **Rozo Group** offers quality service to meet the goals and objectives of its clients since it will always go the extra mile to ensure that the specific needs of its clients are fulfilled to the best of their interest. Expertise, availability of resources, and supervision of personnel, allows Rozo & Cia (Panama) S.A. to perform an excellent service and easier handling of port operations from vessel's arrival to departure. Since being established in 1961 with its first company Jaime Rozo Gomez & Cia in Cartagena de Indias, Colombia, it has developed into one of the leading shipping companies of the North Coast of Colombia and since 2001 has expanded its services to the ports of Panama. By aiming to provide the best possible services, the Rozo Group has gained a well-known reputation as reliable Agents and Ship Chandlers for ships of all kinds, offering service on a 24/7 basis.

Other shipping agencies established in Panama include: **Agencias Continental, Barwill Agencies, C. Fernie & Co, Cross Road Agencies, Norton Lilly International Panama, Pacific Agent Ship Panama, Panama Agency Co, PanCanal Shipping Agency, Sopisco, Wilford & Mc Kay, Unigreen Marine** and **Setimsa** and many more.

### Ship Repair

The ship repair sector is seen as one of the most promising amongst auxiliary businesses of the maritime sector. However, the problem is a lack of space to expand activities. Many international ship

repair companies are looking at Panama to install shop and companies already in place are hunting for land to build new facilities. President Juan Carlos Varela and AMP administrator Jorge Barakat are keen to develop the sector trying to list areas where new facilities could be established. Most ship repairs (besides the shipyards already operating) are done afloat and in ship repair installations, on land.

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 is installed in Panama-Pacifico, the former Howard US air force base, is servicing its main customers, which include the Panama Canal tugboats and other private companies.

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

### 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 the vehicle's fleet at its shipyard and other industrial and marine repair facilities throughout the Canal's operating areas. It's also responsible of the Fleet Management and the Capital Programme of the Panama Canal, for the systematic process of developing, acquiring, maintaining, upgrading, and disposing cost-effectively of all the assets in the Panama Canal fleets.

The historical shipyard dry dock, located at Mount Hope on the Atlantic side, was built by the French Compagnie Interoceanique du Canal de Panama in 1886, as testifies an engraving on the walls. It was expanded in the 1930s by the US Panama Canal Company which used it extensively. The shipyard has two docks: dock 14, 142mtr-long; and dock 15, 270mtr-long. Both docks can handle vessels with a draught up to 10.5mtr. In addition, the division has a synchrolift with a capacity of 1,720 metric tonnes that lifts and transfers vessels and locks



# Taking advantage of evolving industry trends

a **GREENER, DIGITAL** and **AUTONOMOUS**  
maritime industry




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gates from the water into its eight repair areas for servicing. Additionally, dock and synchrolift space are rented to maximise the facilities utilisation and support the local commercial emerging ship repairs' industry.

**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.

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

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

**Professional Manpower Supply S.A. (PMS)** has a team of technicians, engineers and staff with more than 20 years of experience in the ship repair business. The company's main works involve repairs and maintenance of ships including afloat repairs, on dock, dry-docking, marine structures and industrial repairs as well as underwater repairs. PMS's fully equipped and well-maintained facilities located in the Panama Canal area, allow marine repairs on all kinds of vessels. The company provides services for a wide range of clients from Panama and overseas and is certified by ABS, Bureau Veritas, and GL. The new division of Underwater Repairs attends hull cleanings, CCTV inspections, propeller polishing, anodes renewals and special diving works. The operations are done with correct procedures, experienced personnel and safety and knowledge with guarantee their success.

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

**MEC Shipyards** marked the 100th anniversary in 2016 of the Panamanian

facility that began operations a year after the inauguration of the Panama Canal. The shipyard is located on the waterway Pacific side entrance, next to the port of Balboa and was built last century by the US Panama Canal Company.

Balboa's facilities include Dry Dock 3 (length 70mtr); Dry Dock 2 (length 130mtr); and Dry Dock 1 (length of 318mtr) and capacity to hold a Panamax-vessel; also the two docks for quayside repairs. Equipment includes three brand new Potain tower cranes, as well as two refurbished 45 tonne cranes that are original hardware from the shipyard and one mobile crane with a capacity to pick up 66 tonnes. Also included in the original hardware from the shipyard are the main pumps that are used to fill up the dry docks. As it would be almost impossible to build a new pump to perform this job as well as those, special attention has been paid to refurbish them and bring them to a new condition. Other hardware has been purchased for the operation such as; cherry-pickers, forklifts, bobcats, ultra-high pressure washers, vents, etc. Today, the shipyard enjoys a particular good location for the vessels transiting the Panama Canal which need repairs.

**Talleres Industriales (TI)** was founded 47 years ago and is now led by the second generation of the Arosemena family. In 1969, Eng. Rafael Arosemena founded the company along with Ricardo Husband, Ricardo Williamson (R.I.P.), Mr. Gustavo Castro (R.I.P.), and Eloy Williamson. Lino Arosemena, the youngest son of Rafael Arosemena, is now the managing director. With a BA in management and economy and graduate studies at Harvard Business School, Lino Arosemena began working

Talleres future



## Talleres Industriales (TI)

In 2019, Talleres Industriales (TI) will celebrate its 50th anniversary of serving the ship repair industry worldwide. 'Half a century adapting to changes in the market and continuously forcing us to reinvent our business model with creativity to optimise our resources,' says Lino Arosemena, ceo of Talleres Industriales.

The ship repair industry demands a special and unique type of people. 'Our people must have the correct DNA and passion to deal with long working hours and extremely exciting challenges. Half a century can easily translate into 84,000 vessels serviced since its foundation. That means a lot of experience and case study which is critical in this market,' explains Arosemena.

Talleres is a family-owned company, under the leadership of the second generation. Lino Arosemena, its ceo, with an experienced and devoted management team responsible for complying and satisfying with all their stakeholders (employees, clients, community, and authorities).

'With the recent expansion of the Panama Canal, we have seen a reduction of jobs since we are having more cargo but fewer vessels. Furthermore, the new Panama Canal lane for Neopanamax has reduced the amount of incidents and accidents which were part of our business model and market. We are an emergency room in a hospital for ships. We need to be always ready for the unknown.'

Talleres Industriales has a highly skilled and dedicated workforce, led by a mix of both experienced and dedicated young engineers and managers. Talleres Industriales is located on both sides of the Panama Canal, with two workshops, and has a branch office in Cartagena, Colombia. All the equipment, including those for underwater use, for welding and lifeboats, are certified ISO, ABS, DNV-GL, LR, BV, NK, RR, RINA, KR and CR.

'As owner of floating equipment, we understand the needs of our clients. Our group has 11 deck barges from 500 to 2500 tonnes in capacity station at both sides of the canal. Also we have in our fleet 4 supply boats fully equipped with diving and pollution control equipment at both sides of the canal. Floating equipment is used as working-platforms to perform afloat repairs, STS and



salvage operations. Furthermore, we have crew boats to attend vessels at Balboa and Cristobal anchorage to take personnel and equipment to and from vessels being serviced.

Talleres Industriales carries out all kinds of afloat repair and maintenance projects, from major to routine structural, electrical, mechanical, machinery, painting and underwater jobs. Our short-term goal remains to have a floating dry dock for tugs, barges and supply boats on the Atlantic side.

Recently, Talleres Industriales has diversified with two new business units and state of the art equipment. The non-destructive testing (NDT) division, providing visual testing (VT), ultrasonic testing (UT), magnetic particle testing (MT), liquid penetrant testing (PT), wall thickness, UT (UTWT), and vacuum box test of welds. Another division was created early 2018 is the Pollution Control Division. Talleres will provide comprehensive emergency response services to all the ports in Panama as well as bunkering operations to vessels transiting the Panama Canal. Finally, Talleres Industriales signed an agreement with Hullwiper and will be operating a ROV for underwater hull cleaning at both sides of the Canal early 2019.

'One of these companies, Canal Barges & Cranes, has invested heavily in deck barge; another company under the CMG umbrella is Cargo Safety Services SAS; it is our first overseas formal investment. The company performs lifeboat and crane inspections, and load testing of all on-board vessel and offshore equipment,' adds Arosemena.

at TI in 1993 and since then, has promoted its growth and expansion by implementing new strategies.

Talleres Industriales is amongst the largest and most prestigious ship repair companies in Latin America. It has a highly skilled and dedicated work force of over 400 employees, led by experienced and dedicated engineers and managers. The company performs repair works in over 18 countries in the Americas and Caribbean and is owner and operators of 13 floating equipment – supply boats, deck barges, crane barges, diving boats, crew boat in Panama and Colombia. TI is

located on both sides of the Panama Canal with two workshops and a Branch office at Cartagena, Colombia. All the equipment, including underwater, welding and lifeboats are certified ISO, ABS, DNL-GL, LLOYDS, BV, NK, RR, RINA, KR and CR.

### Towage

Boskalis subsidiary **SMIT Harbour Towage** – now **SAAM SMIT Towage (SST)** in a joint venture with SAAM – has a proud tradition of nearly 170 years of service in the maritime sector ([www.saamsmit.com](http://www.saamsmit.com)). The company has earned an excellent reputation by combining expertise and experience with high-

quality materials and equipment.

In July 2014 Boskalis teamed up with SAAM to create a strong regional harbour towage company in Canada, Mexico, Panama and Brazil named SAAM SMIT Towage. SAAM, based in Chile, is the largest tug operator in the Americas, and the fourth worldwide, with 126 tug units. With the closing of the alliance, SMIT and SAAM operate the largest tug fleet in the Americas, a modern fleet of over 100 tugs in the countries involved. Both partners view this co-operation as their growth platform in the Americas for their towage and marine transport related services.

SMIT Harbour Towage Panama Inc. has operated in Panama since 1986, and operates now as SAAM SMIT Towage in all terminals on both sides of the canal, including Manzanillo International Terminal (MIT), Colon Container Terminal (CCT), Cristobal and Balboa and PSA-Panama in Rodman. In addition SAAM SMIT Towage recently entered into a long term exclusive contract with Petroterminal de Panama in Puerto Armuelles providing two tugs for tankers calling their terminal.

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

In 2016 and 2017, SAAM SMIT Towage (SST) received new tugboats to strengthen its fleet in Panama. One of these the SST Rambala belongs to the ASD 2913 series and is characterised by being a compact, manoeuvrable and powerful tugboat, ideal for crowded ports and waterways with limited space, as well as including firefighting capacity. Built in Rumania by Damen Shipyard, the new vessel has a length of 29mtr, CAT 3516C 6772 BHP at 1800 rpm (total) engines, and 83 tonnes bollard pull. It provides services in Manzanillo International Terminal (MIT) on the Atlantic side of Panama. Recently in May 2017 another new Damen tug has been added to the SST fleet, the compact SST Portobelo which has 70 tonnes bollard pull capacity.

'The purchase of SST Rambala and SST Portobelo are proactive decisions to always be ahead of shipping lines

requirements. The arrival of the new vessels ensures a high level of service for our customers, as many of them use Panama as their regional hub, says Walter van der Dussen.

'As part of a global network of professional harbour towage and port services providers, we constantly monitor our quality levels and our customers' special wishes. Our working relations with both large and small parties, such as ship owners, agents, freight forwarders, brokers, pilots and port authorities, acknowledge our consistency and continuity of quality and service. These parties know that they can rely on our staff and crew for a round-the-clock service in every port in which we operate, in all weather conditions,' Van der Dussen said. 'They are assured that we can adapt our fleet to the need of the shipping community.'

**Compañía Marítima de Panama (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.

**CPT Empresas Marítimas** – The expansion of the Canal has put Panama in the spotlight of the world maritime sector and the Chilean in particular. Proof of the interest of Chilean companies to generate synergy with local companies and take advantage of the opportunities is the decision of the Chilean company CPT Empresas Marítimas, SA to establish a regional Hub in Panama to provide tugboat service in Central America and the Caribbean.

Haral Rosenqvist, president of CPT Empresas Marítimas, SA, said that the company, with more than 100 years of existence, is in process of regional



expansion. CPT Empresas marítimas has a presence in Argentina, Peru, Ecuador, Costa Rica, Nicaragua and Panama.

In Panama, the company has a joint investment with Meyer's Group through which it provides tug services in Colon Container Terminal (CCT), Bahía Las Minas and the Melones area. However, at the moment a regional tugboat operations centre is being developed to provide services in Central America and the Caribbean. They will gradually raise the number of tugboats to 25, each one with a workforce of 12 workers, which will be operated by Panamanian personnel trained to perform these tasks.

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

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

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

In Panama, Svitzer Panama with a contract with Petroterminal de Panama, operates one tug on their Atlantic terminal. ■



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Law firms are internationally well renowned for their longevity

# Worldwide recognition

**T**he Panamanian Ship Registry has been an important element in the development of Panama's legal services. Today, the Ship Registry is 100 years old and many Panamanian law firms have witnessed the growth of the world's largest merchant marine as some of them date to the early years of the Republic. The participation of law firms and lawyers has been essential to the building of the Ship Registry and a strong domestic maritime sector.

Panamanian law firms have grown internationally, with offices in the main capitals of Europe, Asia and the US during the last decades. **Panama Maritime Law Association (PMLA or APADEMAR by its Spanish acronym, Asociación Panameña de Derecho Marítimo) [www.apademar.com](http://www.apademar.com)** offers services from maritime to corporate business and giving Panama an internationally renowned reputation for the quality of its legal and offshore services.

Two important legislations gave birth to the sector which is a significant segment of the economy. At the time, the then-recently formed government, seeing the potential of creating new activities around the inauguration in 1914 of the Panama Canal, enacted Law 63 of December 15, 1917 and Law 8 of January 12, 1925, creating the Ship Registry and Law 32

of 1927, establishing the organisation and management of corporations. The combination of these legal acts propelled the Isthmus to a position where, today, Panama's Registry leads the world's largest fleet.

Since then, a series of legislations have promoted the sector of services by creating the Colon Free Zone, the banking centre and posterior to the transfer of the Panama Canal in 1999 and the reverted areas, others especially oriented to giving tax incentives which have attracted large

foreign corporations. In particular, Law 41 of August 24, 2007 gives a series of legal and tax incentives to multinational firms and corporation relocating their headquarters in Panama and thus creating growing demand for legal services.

At August 2018, a total of 146 multinational enterprises (SEM) offices have benefited from the tax and labour benefits of Act 41 of 2007 and have installed their regional offices in Panama, which represents an investment of more than \$1bn and supporting 6,000 jobs.





The construction of the Panama Canal expansion also attracted a substantial number of transport companies including shipping, ports and cargo companies and maritime ancillary activities and corporate business. Panamanian law firms have, therefore, become specialists in corporate and maritime businesses.

The legal sector is represented by several trade guilds but there is a particular association that caters to the maritime sector, the Panamanian Maritime Law Association (PMLA or APADEMAR by its Spanish acronym, Asociación Panameña de Derecho Marítimo, [www.apademar.com](http://www.apademar.com)). The PMLA was created at the end of the 1970s by a group of lawyers specialising in maritime law.

The PMLA's board of directors is elected every year and for the period 2017-2018, the association has elected a new board of directors which is presided by Francisco J. Linares F, director-president, from the firm Morgan & Morgan who was director-vice president in the board 2016-2017; Ms Maria Lourdes Galan, director-vice president, from De Castro & Robles Law Office; Ramon Franco, director-secretary, from Franco & Franco; Ms Pilar Castillo, director-deputy secretary from the law firm Arias, Fabrega & Fabrega; Ms Govanna Avendano from the firm Avendano Law, director-treasurer; Alexis Herrera, director-deputy treasurer from the firm Icaza, Gonzalez-Ruiz & Aleman and Belisario Porras, from the firm Patton, Moreno & Asvat, director, who had been successively the president of PMLA for two periods: 2015/2016 and

2016/2017. In May 2018, the PMLA re-elected the same board of directors, with Lawyer Francisco Linares presiding.

Two members of the PMLA, Gian Castellero and Jazmina Rovi, have been appointed to the Panama Maritime Authority (AMP) Board of Directors as director and deputy director respectively.

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

The bi-annual Conference-exhibition Panama Maritime, in its 13th version (March 12-14, 2017) took place at the Megapolis Convention Centre and was inaugurated by IMO Secretary-General Kitack Lim, in presence of Alvaro

Aleman, minister of the Presidency in representation of President Juan Carlos Varela, Jorge Barakat, minister of maritime affairs and administrator of the AMP and international and local personalities of the maritime industry. The assistance to Panama Maritime XIII was a success registering the largest international audience ever.

In 2017 it was the turn of the Panama Maritime Law Association to preside the Organising Committee; chaired by Lawyer Flor Torrijos, from the Inter-maritime Group, who thanked the attendees for their presence at the event that gathered around 300 delegates with some 30 exhibitors and important leaders of the maritime industry of Panama and experts from more than 50 countries.

The Conference-Exhibition, the largest of its kind in Latin America, aims at bringing together players in the maritime industry to find new and proactive solutions to the most important challenges facing the sector today and those projected in the future.

Panama Maritime XIV World Conference & Exhibition will be held from 17 to 20 March 2019 at the Megapolis Convention Centre in Panama City. The main theme of the conference is 'Taking advantage of evolving industry trends: A greener, digital & autonomous maritime industry,' and the Organising Committee is presided by Capt. Orlando Allard from the Chamber of Shipping.

The Panama Ship Registry is facing competition in the sector where not only the top tier registries operate but also







a plethora of small registries not very particular on the implementation of regulations or the quality and security of the ships they flag and the safety of the seafarers they employ. But the Panama Maritime Authority and the Ship Registry in association with the Panama Canal Authority are now participating together in international conferences-exhibitions, like Sea Asia in Singapore, or Posidonia and Nor Shipping, where many of the PMLA members have brought their expertise and representation to form a united front enhancing the quality of the Ship Registry.

After many years in the pipeline, Panama has passed legislation for ship financing, the first of its kind for the country. The Law 50 of 28 June 2017 entered into force on 29 December 2017 and is known as the Naval Financing Law. This new law was thought out to take advantage of Panama's geographical, logistic and economic strengths, while creating and new pole of business development in the country. The legislation also creates an attractive investment environment for ship financing from banks established in Panama while extending its reach to all foreign financial institutions providing

they establish a branch office in Panama to enjoy the law's benefits.

Panama's banking centre is one of the most important of the region with a total of 86 banks. None of those banks, though, has looked yet at this novel market and one of the purposes of the law is to encourage those institutions along with entities as leasing and financial credit companies, to provide ship financing and attract all foreign financial institutions providing they set foot in Panama to do ship financing in Panama and enjoy the benefits of Law 5/2017.

## Arbitration

'Panama already demonstrated its vocation for international commercial arbitration by hosting the OAS Conference in October 1975, which transposed the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitration Judgments to the collective of the American States, giving rise to the important Inter-American Convention of Panama on International Commercial Arbitration, whose equivalent in Europe had been the European Convention on International Commercial Arbitration, Geneva 1961,' says Prof. José M. Alcántara Gonzalez from the Malaga-based law firm JMAArbitration S.A.

Panama incorporated the Inter-American Convention (Law 11, 25-12-75) on March 30, 1976 and also the New York Convention of 1958, through Law 5 of October 23, 1983, published in the Gazette. Official of the Republic on June 15, 1984. Thus, Panama endowed itself with a conventional legal framework of the highest international calibre in order to give validity to the "Arbitral Agreement" adopted by the parties under the conditions established in New York 1958 and the recognition and execution in Panamanian territory of the arbitration awards issued in other States Parties under conditions also established at the multilateral level.

Upon entering the great family of international commercial arbitration, 54 years ago, Panama adopted a binding framework, of a supranational nature and superior legal status, to guide and define its country's arbitration legislation. This legislation, after a long transit through Decree 5 of 1999, was finally consolidated in Law 151, of December 31,

2015, 'which regulates national and international commercial arbitration in Panama and another Provision'. Approved at the end of President Ricardo Martinelli's term, Law 151 completely covered all the arbitration needs of Panama through 77 articles, following the guidelines established by the Model Law of the UNCITRAL, above all, the power of the arbitral tribunal to decide on its own competition... The Panamanian model is modern and flexible, offering an efficient and accessible arbitration system for nationals and foreigners within the Panamanian territory that has nothing to envy to those available in other forums. Law 15 is progressive in matters of Precautionary Measures, which arbitrators may dictate before the Award is issued, in such a way that at the request of the party, 'precautionary measures' and 'preliminary orders' may be issued to protect the right to reparation. Creditor in the arbitral judgment. The Law has collected British procedural institutions known as 'injunctions' in order to maintain the status of the assets subject to the arbitration dispute unchanged. In such securing of the debtor's patrimony judicial cooperation is fundamental, although in article 42 the questionable possibility of the execution of the measure or order by the arbitral tribunal itself is contemplated.

'The Panamanian arbitration regime has been running for almost 5 years and has an institution specialised in Maritime Arbitration, such as the Panama Conciliation and Maritime Arbitration Centre (CECOMAP), which operates in collaboration with another well-known centre for commercial arbitration, the CECAP,' concluded Alcántara.



The law creates a special legal regime for financing operations in the local and international maritime sector and grants fiscal, migratory and labour incentives for companies carrying out maritime financing operations and maritime project fundable, from the Republic of Panama.

'Law 50-2017 is, indeed, attractive for shipowners and banking entities alike as on the one hand it promotes shipbuilding, ship repair and container repair and, on the other hand, it grants fiscal, immigration and labour incentives to the maritime business companies engaged in said projects and the banks providing them financing,' said at the time lawyer Jazmina Rovi, head of the Ship Finance & Registration Department at Morgan & Morgan law firm.

'Labour and immigration incentives are amongst the main attractions of the law. The Panama Maritime Authority (AMP) must promptly release regulations required for Law 50 to become operational (there is a certification process to be followed to be able to enjoy the incentives),' she added.

'This administration is currently working on a strategic plan to promote this law at international forums and in different markets, such as Asia and Europe, which are currently trending in ship financing, allowing the international financial community to close local and regional deals in Panama, which should be more attractive and less complicated for the Latin American and Caribbean markets,' said Panama Minister of Maritime Affairs Jorge Barakat.

Article 2 of Law 50, 2017 defines as Maritime Project Financing those that are oriented towards the construction of ships, of shipyards and other premises, workshops or yards for construction of ships and repairs of containers used for foreign trade and the construction of offshore wind farms. 'However, Law 50 was enacted as a general law. Therefore, in order to achieve its purposes, the rules of implementation to complete and regulate the activity will need to be created. As of this date, the Panama Maritime Authority along with members of the Panama Maritime Lawyer's Association, have finished the final draft which will require first the approval of the board of directors of the Panama Maritime Authority and afterwards formalised through an Executive Decree issued by the President,' says Belisario Porras from the law firm Patton, Moreno & Asvat.

'This law complements the present framework of the Panamanian mortgage which is one of the best advantages of Panama's Registry, very appreciated from the financial institutions, as well as previous legislations for the establishment of foreign multinational companies, in order to attract among others, shipowners, operators, ship building and ship repairs, container building and repairs, insurance companies and now banks and other financial institutions to open up branches in the country, thus continue its development to become a main international maritime centre,' he adds.

There had been some actions that have complicated the scenery for Panama's

law firms and to respond to the many critics about the lack of international tax transparency standards, the country was finally declared 'largely compliant' by the OCED Global Forum, in 2017, which may lead the country to be removed from the notorious black list of non-co-operative countries next year.

Panama has ratified the Convention of Mutual Administrative Assistance that allows for the automatic exchange of tax information with over 100 jurisdictions and passed a number of regulations concerning offshore companies.

Shareholding information about Panamanian corporations (whether they operate in shore or offshore) is confidential. There is now the obligation that bearers' be 'immobilised', which means the bearers' shares must be given in custody to an authorised agent, who would hold them on behalf of the owners of the shares. The authorised custodian must keep the shares (and information about its owners) in strict confidence but must have the information available to the competent authorities if they request it.

According to the new legislation, Panamanian corporations doing business outside Panama must keep accounting records for up to five years. In other words, back documentation of transactions must be kept, either with the company's local resident agent or somewhere else (even outside Panama) provided this information/documentation is given to the local resident agent.

In 2017, Law 21 of May 10, 2017 was enacted establishing the rules for regulation and supervision of the fiduciaries and the trust business. It allows the Superintendency of Banks to regulate and supervise the fiduciaries and the businesses they perform. The exercise of the fiduciary business is only allowed to individuals or legal entities that have a fiduciary licence granted by the Superintendency of Banks. The law establishes the activities that fiduciaries can carry out.

And in 2018, the Executive Decree 455 of June 26 by which 'Panama Hub Digital Strategy' is adopted, which will create the norms to facilitate private innovations with the incorporation of FINTECH techniques. ■

AES new LNG plant



Panama has been the fastest growing economy of Latin America for 20 years

# Dynamic, stable economy

The International Monetary Fund (IMF), 'the economy of Panama remains among the most dynamic and stable in Latin America,' at the end of its visit to Panama in June 2018. The IMF forecast a growth projection of 5.8% in 2019. 'Over the medium-term, the economy will gradually converge to its potential growth of 5.5%,' it added. Panama has been the fastest growing economy of Latin America for the past 20 years.

Despite challenging economic conditions in the first half of 2018, S&P Global Ratings upgraded, on July 2018, Panama's outlook from stable to positive and left the country's credit rating unchanged at BBB. The credit rating agency applauded 'the government's prudent fiscal management and its actions to improve transparency and supervision in the financial system.' It is worth noting that Panama has been given an investment grade rating by the top rating agencies for the past 10 years, its default premium is the lowest of Latin America; reflecting the positive perception investors have of Panama.

Next year, the completion of the \$6.4bn import-intensive mining project, the start of copper exports, and external service receipts related to higher traffic in the Panama Canal as well as the initiation

of large infrastructure projects, such as the construction of a \$1.4bn-fourth bridge over the Canal that will include the \$1.2bn-Metro-third line-monorail, are expected to boost the economy. With the 4.1m population, Panama already has one of the highest GDP/per capita at \$15,090 in the region. Panama has more than \$20bn of infrastructure projects and its timely execution will contribute to the economy's sustainable growth over the next few years.

'Inflation will remain low and is expected to pick up to about 2% in 2018, mainly due to higher fuel prices. Fiscal policy is projected to remain guided by the deficit limit under the fiscal responsibility law (which we estimate to be about 1.5% of GDP given the expected contributions from the Panama Canal Authority of some 2.5% of GDP). Efforts will be required to curb the growth of current expenditures to provide additional room for needed strategic public investment. The authorities' initiative to establish a fiscal council will further strengthen the fiscal framework,' said the IMF.

In May 2019, Panamanians will return to the polls for a general election of the President, 71 deputies and some 500 representatives. The expectations of a short but intense electoral campaign has somewhat slowed the city's economy.

However, the opening of diplomatic relations with China last year has created 'huge expectations' in various business sectors including tourism where the Chinese government has approved more than 60 Panamanian tours operators who will work with their Chinese counterpart to design tours adapted to Chinese tourists. Panama and China opened free trade talks in August with the aim of crafting an agreement that could turn the Central American country into a hub for Chinese goods across Latin America, showing a common desire to develop stable economic ties over the long term, which would benefit both sides.

In the case of Panama, a free trade deal would give it access to the huge and stable Chinese market, substantially increasing the chances of exporting Panamanian products to China and thus helping to boost Panama's trade. The main export items of the Central American country consist of seafood and cash crops such as bananas and cane sugar. There is great potential for exports of these products to the Chinese market as China's food consumption is rising. Panama's trade with China has posted huge deficits for years. Last year, the nation recorded total trade of \$34.38bn, with \$12.47bn in exports and \$21.91bn in imports, meaning a deficit of nearly \$10bn. A trade pact with China, Panama's second-largest trading partner globally and the

No.2 user of the Panama Canal, would help in reducing the trade deficit.

The Colon Free Zone, one of the mainstays of Panama's economy, could gain tremendous new opportunities. The zone, which is located close to the Atlantic entrance to the Panama Canal, is a major exporting hub and China has always been its top supplier of goods. If successfully concluded, the China-Panama trade pact would certainly diversify China's supply portfolios, giving the Colon Free Zone a boost to further explore the European, Asian and Latin American markets. Panama is expected to flesh out the terms concerning the approval of re-exports, thereby facilitating storage of Chinese products in the region and solidifying Panama's status as a global logistics hub. If the trade deal is finalised, Panama will be expected to serve as a vital point of convergence between China and Latin America in terms of logistics, movement of people and capital flows.

'China is a global player,' said Alberto Aleman Zubieta, director of the Panamanian consortium ABCO Global. 'The interests of China, Europe, North America and our region will continue to play an important role in the development of infrastructure and trade. It is beneficial,' he told a business summit in Lima, Peru. Aleman Zubieta, who ran the Panama Canal for more than 16 years, said his country has played an important role in trade ties between the Americas and Asia. Through the connectivity of the Panama

Canal, 'we have a huge opportunity if we learn to connect, to integrate.'

A group formed of China Communications Construction Co Ltd (CCCC) and China Harbour Engineering Company Ltd (CHEC) won a \$1.42bn contract to build the fourth bridge over the Panama Canal. The 6.5km bridge will have six car lanes and a two-way metro line (Metro Line 3). The Chinese companies initially won the contract in June but the award was postponed after rival bidders appealed the decision. The construction is estimated to begin this year and will take three years. CHEC in joint venture with Belgium-based Jan de Nul dredging company is also constructing a cruise terminal in Amador, on the Pacific side.

Panama Metro (MPSA) has signed a memorandum of understanding (MoU) with Hitachi, Ansaldo STS, and Mitsubishi to supply a 26.7km, 14-station monorail system for Line 3 of the Panama Metro, which will connect the Capital City with the large suburbs/cities of Arraijan and La Chorrera, on the western side of the Panama Canal. Hitachi will provide 28 six-car trains and Ansaldo STS will supply signalling, telecommunications and power systems while Mitsubishi will be in charge of commercial affairs. MPSA will select the prime contractor for the project that will include the civil works portions, while the subcontractor contract will be signed by the prime contractor and the three MoU signees.

The Japan International Cooperation Agency (JICA) had signed a loan agreement with Panama on April 20 2016 to provide a Japanese official development assistance (ODA) loan of up to \$266.2m (29.5bn Yen) for the Panama Metropolitan Area Urban Transportation Line-3 Development Project.

Those two important constructions will boost the sector which has seen some decline during year 2018 as many construction projects had been finalised.

Another first for Panama's economy has been the construction of a new LNG terminal and 381MW gas-fired power plant in Colon, Panama, run by US power company AES Corp. The new plant, finished in 27 months, is expected to generate about 23% of Panama's total electricity production, enough to power the industrial complex near the Panama Canal and 150,000 households in the area. The plant was built by Korea's Posco E&C, for AES. The \$1.15bn-AES facility on Panama's Caribbean coast, which is expected to begin commercial generating operations on Sept 1, and LNG tank distribution operations in 2019, took in its first US LNG cargo in June, 2018.

AES signed a deal last year with France's Engie under which the latter would supply 400,000 tonnes of LNG per year over a 10-year period to the Costa Norte LNG terminal. Consequently, the two companies also entered into a joint venture to sell the chilled fuel to third parties in Central America. The AES Colon power plant will use only 25% of the LNG terminal's capacity, while the remaining 75% would be marketed for other varied uses.

Panama signed in August an agreement with the US Treasury and Energy departments aimed at paving the way for more private investment to expand the importation and distribution of US LNG in Latin America. David Malpass, Treasury undersecretary for international affairs, said he hopes the 'framework agreement' is the first of several with countries in the region to encourage investment to increase access to cheaper, cleaner energy. Malpass said that new investments encouraged by the agreement will help turn the AES



Panama's subway



Colon project into an LNG distribution hub, with cargoes imported from the US sent to other countries in the region, including Guatemala, Honduras and Nicaragua. These countries and many Caribbean islands now rely largely on oil to generate electricity, with Venezuela a major supplier.

The banking centre is an important component of Panama's GDP (\$61,838m at end of December 2017) representing 7.3% and \$3,964.8m. The banking centre and finance companies account for 93% of the financial sector. At May 2018, the banking centre employed 26,324 persons, a figure that has grown annually by 7% in the past five years, thanks to the opening of subsidiaries by Panamanian-owned banks that employ 15,603 persons. Salaries totalled \$926m in 2017, well above the average income of other sectors of the economy. Taxes paid by the banking centre to the government reached \$198m at the end of 2017.

The banking centre total assets at May 2018 were at \$117,375.79m slightly lower by 0.66% compared to May 2017 but the loan portfolio grew by 2.41% to 75,592.15m of which \$51,700.90m were domestic loans, up 4.31% and foreign loans fell by 1.46% to 23,891.25m. Local deposits increased by 0.53% to \$51,768.02m while foreign deposits fell by 4.51% to

\$31,314.48m, compared to May 2017. The reduction of foreign loans and deposits is mainly due to a more conservative credit risk management of banks towards Latin American borrowers. Prudentially they have reduced their exposure in certain major Latin American markets due to a decline of their economies and in some cases due to potentially adverse political conditions. Notwithstanding the above, the good performance of Panama's economy for several years has contributed substantially to achieving sustainable growth in local loans and deposits.

Legal liquidity of the national banking centre is strong at 60.97% (the minimum index is 30%) and the quality of the banking centre (delinquent loans) was at

1.6% when the Latin American average rounds 5%. While the solvency index is 8%, banks in Panama register a solvency index of average 15.8%, which proves quite healthy. The centre's ROA was at 1.64% at May 2018, slightly up from 1.54% a year before while ROE also registered a small increase to 13.61%, up from 13.45% in May 2017.

On June 11, Panama passed Executive Decree 122, which requires the country to automatically share tax-related financial information with 33, primarily European, nations. The measure follows international reporting standards laid out by the Organisation for Economic Co-operation and Development, OECD's Common Reporting Standards (CRS) and approved in Panama in 2016. ■

## Cobre Panama copper mine

The Cobre Panama mine, located about 120km away from Panama City and 20 km from the Caribbean Sea coast, is one of the largest copper mines in the world.

Cobre Panama, with proven reserves of 5.18bn tonnes and a 40-year mine life, is 80% owned by First Quantum Minerals and 20% owned by Korea Panama Mining Corp, a partnership of Korea Resources Corp and LS-Nikko Copper. Mine commissioning is starting at the end of 2018 year with operations ramping up over 2019. In 2020, the open-pit mine is expected to process 85m tonnes of ore.

The mine will produce around 300,000 tonnes per year of copper, 100,000oz per year of gold and 2,500 tonnes per year of molybdenum. In comparison, Chilean Copper La Escondida, the largest in the world, has an annual production of 1m tonnes.

Canada's First Quantum Minerals is just a few months away from commissioning its massive \$6.4bn copper project in Panama, one of the largest of very few new red metal mines to begin production by the end of the decade.

The company gained control over the Cobre Panama project

in 2015 with the acquisition of rival Canadian copper miner Inmet Mining.

When the mine reaches full annual capacity, First Quantum's total production will surpass 900,000 tones a year, making the company one of the world's top six copper producers.

Panama will reap the benefits from this mine, as it is expected to generate around \$2bn/\$2.5bn worth of annual exports during its 54-years of life, that would be the equivalent to around 4% of the Central American nation's current GDP.

Cobre Panama had already generating benefits for the country's economy, as it had created over 12,000 jobs during construction and will employ around 3,000/3,500 people once in operations, the company said. It has built hundreds of housing for its workers; and a 115km-transmission line for the 300MW-power plant of which around 220MW will be used by the mine as well as an adjacent port with two terminals: One to receive bulk carriers and another to export the minerals.

First Quantum Minerals has operating mines in Australia, Zambia, Mauritania, Turkey, Spain and Finland.

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**Panama Canal record breaker – Norwegian Bliss**



## Panama Canal remains at the top of preferred destinations

# Competing for tourists

**T**he Caribbean is by far the most popular destination for cruise lines worldwide, and with the tremendous growth the industry is experiencing, cruise tourism has become an important source of revenue for the region, with the Panama Canal adventure remaining at the top of the list.

However, there is competition in the cruise industry for attracting the most visitors. Other regions of the world want also their share of the business. 'Right now, the Caribbean represents 39% of the overall cruise market, but the Mediterranean, at 17%, is growing rapidly, as well as Asia. Also, during 2018 some 27m people were expected to take a cruise, up from 17m in 2009. And what will it be in 2028, when 112 new vessels are expected to come on stream between now and then?' says international business development manager with the Aquila Centre, Claudine Pohl.

Pohl, whose company is the official training arm of the Florida Caribbean Cruise Association, noted that while the number of mega-ships (those carrying between 2,500 and 6,000) was increasing, niche markets catering to smaller numbers were growing as well.

'Millennials, in particular, do not generally opt for the big ships, they prefer a more intimate experience where they can truly

explore a specific destination. More upscale travellers want to go as far as staying at people's homes and partaking of freshly cooked meals with them. The smaller vessels they travel on carry between 100 and 700 passengers, and they pay an average of US\$5,000 as opposed to the US\$1,500 they would pay on a bigger ship,' said Pohl.

In Panama, mega cruise vessels share the market with much smaller cruise ships that cater to the Caribbean market. At the

end of the season October 2017-May 2018, a total of 248 cruise ships transported 312,304 passengers through the Panama Canal.

Of the total transits, 20 vessels are Neopanamax. Among these ships, the largest ships to navigate the expanded Canal, include Caribbean Princess, Carnival Freedom, Carnival Splendor, Disney Wonder and Norwegian Bliss.

Norwegian Bliss is more than 168,000gt with capacity for 5,000 people on board.

*20 of the world's largest cruise ships navigated the expanded Canal in the 2017-18 season*



The Norwegian Cruise Line ship made history during her inaugural journey from Germany to Los Angeles earlier this year.

The vessel became the largest passenger ship to transit Panama Canal on Friday May 18, 2018.

'We are very proud to showcase our newest ship and celebrate one more exciting milestone with Norwegian Bliss as the largest passenger ship to transit the new Panama Canal,' said Andy Stuart, president and ceo of Norwegian. 'We are excited for this 16th ship in our young and modern fleet to begin welcoming guests in her homeport of Seattle and provide them with the outstanding service, dining, entertainment and amenities for which we are recognised.'

The deputy administrator of the Panama Canal, Manuel Benitez, said that the transit of large cruise ships is now possible thanks to the expansion of the interoceanic highway, which was inaugurated on June 26, 2016.

He indicated that Norwegian Bliss represented a 'new milestone' for the ACP after the expansion. The cruise ship sailed from the German shipyard Meyer Werft in March and began a 15-day itinerary from Miami, Florida through the Panama Canal and along the west coast of North and Central America.

According to surveys, US citizens represented 11.5% of all cruise passengers, with China and Germany in second and third places respectively. Although the region has not seen yet Chinese travellers, Panama is preparing itself since the opening of diplomatic relations between Panama and China in 2017, awaiting that Chinese tour operators put Panama on their working maps which may also include cruise ships through the Panama Canal.

Panama's minister of Maritime Affairs Jorge Barakat announced in September that a total of 17 cruise ships have made their notification for their arrival in Panama during the cruise season this year. 'Good news for Panama.' Barakat added that with the Panama Cruise Terminal on the Pacific side at Amador, which is conceptualised under the philosophy of a 'Home Port' and whose



construction is expected to conclude mid-2019, many of these cruises will be able to start their journey from Panama.

'This project will revolutionise tourism in Panama,' he said. During a visit from the Chinese minister of Transport to Panama, Barakat made reference to the quality standards in terms of safety, environmental conservation and efficiency of the Chinese CHEC construction company, which together with the Belgian Jan de Nul, are carrying out the construction of this project. 'This terminal will be a decisive point to achieve our diversification in the port market, and attract new business forms,' he said.

About 200,000 tourists aboard about 80 cruises are estimated to arrive in Panama, at the port of Colón 2000 in the season 2018 which began in September. Amongst top passenger activities are a visit to the Panama Canal's Gatun locks and the new Agua Clara locks on the Atlantic side of the Canal, in addition to shopping and ecotourism tours. The most frequent visiting cruise ship at this cruise port is

Pullmantur Cruceros' Monarch, that will undertake at least 16 departures from Colón 2000.

Monarch has become a popular choice in Latin America because it provides access for holiday makers from Central and South America to easily discover the Caribbean. Tourism experts point out that the geographic position of Panama, its numerous air connections including its flagship Copa Airlines, facilitate the arrival of tourists wanting a cruise vacation.

Looking up to the end of 2018 visiting ships include Infinity, Island Princess and Norwegian Pearl. Some 31 cruises are expected in November 2018 and another 30 cruises in December 2018.

The growing stream of cruise ship passengers arriving in Panama from Europe continued throughout the 2017-2018 season when AIDA Cruises' AIDAMar arrived at Colón 2000 last November with 3,000 passengers. TUI Cruises' Mein Schiff 6 docked with 3,500 passengers, making its debut in the Panamanian market on November 21, 2016.



**Jorge Barakat and President Varela unveil plans for Amador**



After its debut on the Panamanian coast, TUI made 10 sailings, from November 2016 to April 2017, with 3,500 passengers at each departure, and from November 2017 to April 2018 it scheduled another 10 stops as part of its service in the Caribbean. AIDA Cruises has more than 10 years of arrivals in Colón, with between five and ten visits each year.

Augusto Terracina, the manager of Colón 2000, said that Marella Cruises and Carnival UK brands are also showing interest in Panama. The cruise vessels docking in Colón 2000 represent, throughout the cruise season, an economic impact above \$50m. Pullmantur is disembarking all year round and passengers top requests are a city tour, a tour of the Canal and shopping. 'The European always asks for more activities: to know the Canal, region, ecology and historical sites like San Lorenzo, Portobelo and Casco Antiguo, in the city of Panama,' he said. A cruise ship passenger spends about \$150 on food, transportation and shopping, per call.

The leading cruise line in the Panama Canal, Princess Cruises, is expanding its presence. Princess Cruises has announced plans to offer its largest deployment ever to the Panama Canal for the 2019-2020 season highlighted by the maiden season of Emerald Princess sailing through the canal's new locks. Princess, which was the first cruise line to sail through the Panama Canal locks in 1967, carries more passengers through the canal than any other company.

Emerald Princess will be Princess Cruises' second Neopanamax ship (after Caribbean Princess), which will cross the canal's new locks on both the Caribbean



and Pacific sides, the company said in a statement. Both sets of locks opened in June 2016 as part of the canal's \$5.4bn expansion project. There are three ways to sail Princess through the Canal; roundtrip from Fort Lauderdale, Los Angeles or by sailing a full transit that includes the ocean between Fort Lauderdale and LA or San Francisco and Vancouver.

'Transiting the Panama Canal should be on every destination lovers' bucket list,' said Jan Swartz, president of Princess Cruises. Overall, Princess Cruises will be featuring five ships offering six itineraries and a total of 36 departures through the Canal.

Carnival Cruise Line has announced plans for its three longer-length Carnival Journeys itineraries in 2019, with a transpacific crossing, a Panama Canal transit and a cruise to Hawaii on tap. The 24-day transpacific crossing will take place aboard Carnival Splendor and sail from Long Beach to Singapore. Two of the itineraries will be operated by Carnival Miracle: a 13-day Panama Canal transit from Tampa to Long Beach and a 14-day Hawaii cruise roundtrip from Long Beach. Guests sailing on Carnival Journeys cruises can enjoy onboard activities during which they can sample

local cuisine and enjoy entertainment and cultural opportunities within the various ports of call. Activities focusing on topics such as photography, cooking, arts and crafts and celestial navigation, along with a 1980s-themed 'Throwback Sea Day,' are also offered.

Carnival Miracle will operate a 13-day Carnival Journeys Panama Canal transit that will depart Tampa September 29 and arrive in Long Beach October 12, 2019, positioning the vessel for a series of seven- and 14-day cruises from that port. The 13-day cruise will include an overnight stay in Cartagena, Colombia, prior to the Panama Canal transit, followed by calls at Puerto Quetzal, Guatemala, and Cabo San Lucas, Mexico.

From January through December 2019, Amsterdam, Nieuw Amsterdam, Eurodam, Oosterdam, Rotterdam and Volendam will make 17 transits between the Atlantic and Pacific oceans from four departure cities. Guests can conveniently sail to or from Fort Lauderdale, Florida; Los Angeles, San Diego and San Francisco, California; and Vancouver, British Columbia, Canada.

Each itinerary includes a diverse collection of ports along with the exploration of the Panama Canal. On full transits, guests will visit cities in Colombia, Costa Rica, Guatemala, Mexico, Nicaragua and islands in the Caribbean. In addition to the full transits, Zuiderdam and Eurodam will make 13 partial transits between January and December 2019. Conveniently cruising roundtrip from Fort Lauderdale, the 10- and 11-day Panama Canal Sunfarer itineraries include an exploration of the Canal's Gatun Lake with a combination of southern Caribbean calls in Aruba, Curaçao, Colombia, Costa Rica, Panama and Half Moon Cay. ■





Preparing to welcome Chinese visitors amongst other nationalities globally

# New opportunities for sector

**P**anama is preparing to welcome Chinese tourists following the establishment of diplomatic relations between China and Panama in 2017 and the decision by the Chinese ministry of tourism to recognise and validate 60 tourism agencies in Panama. The arrival of Air China's regular flights to Tocumen airport represents a new opportunity for tourism entrepreneurs in Panama to reactivate the sector and increase hotel occupancy, which has not exceeded 50% in recent years.

Companies and institutions linked to tourism attended the first seminar – specialised workshop 'Preparing Panama for Chinese tourism', in August, with the objective of providing a high quality service before the arrival of that market to the country, said the Tourism Authority. The workshops were particularly directed to employees of the private sector, and to institutional staff working in airports, the National Customs Authority, the National Migration Service and the Tourism Police.

'The phenomenon of Chinese tourism is relatively new in our country, due to the attention of this kind of tourists, many with purchasing power, it is important that the staff that will be responsible for providing services know their culture, what we see as normal, is different for

them,' said Panama's promoter in the Chinese market, Sandra Chang.

However, Panama has to rethink its tourism model and offer more than sun and beach if it wants to attract more Chinese tourists because Chinese people want culture and shopping. Panamanian Tourism Minister, Gustavo Him, recognised on the same day as the establishment of relations between both countries, that the industry has 'many expectations' and expects a 'very important' arrival of tourists from China.

Tourism represents approximately 10% of Panama's gross domestic product (GDP) one of the most dynamic countries in the region.

The government has acknowledged that the tourism sector is experiencing certain "difficulties", a situation that the hotel industry blames on an oversupply of rooms and the delay in launching an international tourism promotion campaign, which finally began last January in digital media in the US, Spain and Canada.

The Tourism Authority of Panama (ATP) reported that 1,091,008 tourists visited in the first five months of 2018, registering a fall of 3.8% in relation to the 1,134,573 visitors registered in the same period in 2017.

Ernesto Orillac, president of the Panamanian Association of Tourism Operators (Apotur) said that 'we still



*Old Panama meets new*



need to sign more agreements with tour operators, airlines, promotional caravans, and not just launching advertisements internationally.’ According to the ATP the expenditure made by visitors during their stay in Panama in the first five months of 2018, estimated at \$2,162.7m, an increase of 2.6% over the same period last year and an absolute variation of \$54.6m.

But passenger traffic at the Tocumen International Airport grew by 5.13% in January-June 2018 compared to the same period in 2017. Tocumen International Airport, Panama’s main air terminal, closed the first half of the year marked by a continuous growth in the number of passengers transported, receiving 7,933,597 passengers of which 5,797,848

were passengers in transit, up 9.3% during this period.

Tocumen International Airport served an average of 43,000 passengers per day, through 23 commercial airlines that establish connections with 86 cities in 37 countries in America, Europe and Asia. The Panamanian terminal highlights a percentage share from and to South America of 41%; North America, 31%, and the Caribbean, 12%.

The international marketing campaign brought some satisfactory results in 2017 as the flow of European visitors to Panama in 2017 increased 8.1% to 227,963, (17,070 more than the previous year). European airlines that increased

passenger revenue in 2017 were: Iberia, with a total of 69,381 passengers, a growth of 15.9% and 9,501 more than in 2016; and KLM, with a total of 55,519 passengers, about 2,044 more than in 2016, increasing by 3.8%. Air France follows with a total of 51,326 passengers, some 7,940 more than in 2016, with an increase of 18.3%.

The visitors come mainly in search of experiences with nature and culture, and go to destinations such as Bocas del Toro, Boquete, Tierras Altas, Boca Chica, Pedasi, the Azuero region, the Pacific beaches and the Anton Valley in Coclé.

The connectivity of the country, through direct flights to key destinations in

**Facts & figures**

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Bijao resort

Europe such as Spain, Germany, France, the Netherlands and charter flights from Poland continues to strengthen Panama as the Hub of the Americas. In the target markets, according to recent Google measurements, during the launching period in 2017, Panama took the YouTube network as one of the countries with the most views and significantly increased searches related to trips to Panama. The mentions of Panama between January and November 2017 increased by more than 66% in cities of the United States, Canada and Spain, while the traffic on the page visitpanama.com was up more than 500% and the campaign achieved 36m views.

**Exclusive Resorts**

In recent years, with the enlargement of the Inter-American highway from Panama to Santiago, the Pacific coast has seen a surge of constructions and beach developments, resorts and hotels.

Near the capital city, Empresas Bern have converted Kobbe beach – formerly used by US military personnel until it reverted to Panama at the end of 1990s – into a touristic complex with hotel, pools, condominium and residential projects known as Playa Bonita. Located only 20 minutes from downtown, Playa Bonita hotel is often the see of international congresses because of its proximity of the Capital city.



The whole area from Punta Chame to Farallon (Rio Hato) has been developed favoured by the opening of the Rio Hato's Scarlet Martinez International Airport that receives charter flights from Europe and Canada year round. Decameron hotel, golf and resort, was the first to set foot in Rio Hato attracting Canadians and Europeans who enjoy the all-inclusive vacation style. Since its opening decades ago, Decameron has expanded to add villas and a golf course.

Just a few kilometres past Rio Hato is the Buenaventura Golf and Resort, located on a pristine stretch of white-sand beaches, framed by graceful Spanish Colonial architecture, beautifully landscaped pools and an 18-hole golf course designed by renowned golf star Jack Nicklaus. The resort offers spectacular amenities at the Club House. The villas are well distributed in the landscape where the hotel welcomes its guests with a centenary Cocotu tree absolutely magnificent.

My favourite is, by far, the Bijao Golf and Resort, a twenty minute-drive after Coronado beach and ten minute-drive before Rio Hato. Although there is an all-inclusive Sheraton hotel quite isolated within the resort, there is no interference of the hotel guests in the resort.

Bijao has a unique charm and that is



Mauricio Ulloa

what makes it a very special resort. The developer, Provienda, a Panamanian company which is a branch of the Colombian company CUZESAR, bought

the 110-hectare former Rancho Mar estate (Rancho Mar Estates, is the name of Bijao promoting/investor group. The farm was called Rancho mar, hence the name of the promoting company) in 2006. Instead of levelling the hills of the 'finca' and cutting the long-lived trees that bordered the 500 metres of sea front; Provienda has respected the scenery around which it has built a nine-hole-golf course, two-storied and three-storied apartment buildings and villas that are complemented by all kind of sport and social amenities.

Bijao's attractiveness comes from its peculiar and uniform architecture that imitates the Caribbean-American construction style of the former US Canal Zone housing. Architect Gustavo Arango, then in his thirties at the time, designed the concept very homogeneously which stands out by its originality and by being the only remnants of an architectural period long gone since most of the former Canal Zone constructions have been demolished to give way to modern and not always elegant lodgings.

The habitational areas or districts, were given names of famous locations in the Panama Canal area, many of them celebrating the builders of the waterway: Gaillard and Rodman (two-and three-story small edifices and first to be built at the entrance of the compound); Balboa Tower; Gatun apartments and villas; Cocoli; Quarry Heights; Miraflores and Sherman, giving the resort an atmosphere of community rather than that of a modern urbanisation.

Mauricio Ulloa who is the general manager since 2010, explains that the developer wanted to first build beautiful social areas and a spectacular Beach Club around which the structures would slowly emerge and integrate in the landscape. And that exactly what has been done. "To that date we have 684 residential units,

houses and apartments. We are presently finishing the construction of Sherman and Gatun locales – the last ones – for a final total of 850 units; all of them having vistas of the sea or golf course,' he says.

Amenities are spread throughout the project with swimming pools with different environments, walking trails and tracks, and even a chapel for religious services. The Beach Club oversees the 520mtr of sea front with ranches, bars, individual huts, two restaurants (Coco Solo restaurant and Bistro Bijao) and eight swimming pools and Jacuzzis while the Sport Club is for the pleasure of young children, adolescents and adults with beach volleyball courts, tennis, soccer, basketball, squash and even pools and much more. In total, there are 14 pools disseminated in the resort.

The Golf Club has been designed by the renowned Ron Garl, a design winner of the award Excellence in Golf Course Design in 2010. This field has an investment of more than \$6m which marks a milestone in what golf is concerned as it offers a varied topography, a versatile design and the highest construction standards. In its design elements that allow challenging players of different levels while enjoying spectacular views of the sea were mixed. 'Golf experts



*Bijao golf course designed by Ron Garl*

are ready to applaud Bijao Golf course as the nicest and best maintained (golf course) of Panama,' says Ulloa.

Among the characteristics to highlight, is the sand layer of around 20cm that allows a quick drainage during the rains, more than 700 heads of irrigation that guarantee the care of the field and designs of greens of the latest technology. Most of its success is due to the integration of the golf course within the resort administration (unique to Bijao) which has retained its maintenance and care, since it had not been given to a concessionary to manage, a usual rule amongst golf resorts.

It should be said that Bijao Golf and Resort certainly stands out. With its year-round 'greenness', meticulously manicured golf links and lawns and

special care given to the protection of the environment.

The resort has a Board of Directors, which includes the developer and representatives of the unit owners. It has its own water treatment plant and one million gallons of potable water reservoirs.

'The personnel are local and we train to provide a service of excellence. Each group of housing units has 'concierge' with a supervisor to ensure rubbish is collected twice a day, the lawns are perfect year-round and service is offered to owners. During long weekends or local holidays, we organise special activities and golf tournaments and provide security for our owners/guests. We are a pet-friendly resort although vigilant of potential disturbance and the environment,' comments Ulloa. ■

## UNESCO recognises the 'pintao hat'

The United Nations' Educational, Scientific and Cultural Organisation, UNESCO, has added the 'pintao' or painted hat, to UNESCO's list of the Intangible Cultural Heritage of Humanity.

The 'pintao' hat is not the traditional straw headgear known as the 'Panama hat', which is made in Ecuador, with a wide brim from the straw of the 'toquilla palm' plant. Its reputation as the 'Panama hat' is said to be attributed to Ferdinand de Lesseps and President Teddy Roosevelt who both wore it whilst travelling in Panama. De Lesseps when he visited Panama in 1888 before beginning works on the Panama Canal project and Roosevelt when he came to inspect first-hand in 1906 the digging of the waterway bisecting the country and built by the US Army Corps of Engineers.

'The pintao hat has become an integral part of regional outfits throughout the country worn during traditional dances and community festivities,' UNESCO's statement said.

Panamanian artisans make the 'pintao' by hand, it's used mostly by farmers and countrymen as part of the traditional day-to-day headgear and folklore attires. They use up to five different



plants and even a small amount of dirt to create it. There are no artificial materials used respecting ancestral techniques, which include curing and weaving the fibre into braids and wrapping the braids around a wooden form; then they sew it together from the crown of the hat down. The 'pintao' hat industry's centre is in La Pintada, a district about 170km west of Panama City. Local authorities estimate that 4,000 of La Pintada's 25,000 residents work creating or selling the hats.

Like the 'Panama hat' which may cost thousands of dollars, some 'pintao hats' can cost several hundred dollars, depending on the quality of the work.

**THE PANAMA CANAL MAP**



**THE PANAMA CANAL MAP**



**COLON CONTAINER TERMINAL (CCT)**



Pier No.1 and 2 with 612mtr length and 14mtr draft.  
 Pier No. 3 with 370mtr length and 16mtr draft.  
 Pier No.4 and 5 with 320mtr length and 16.5mtr draft.

**Terminal Equipment**

- 3 ZPMC Super Post Panamax Gantry Cranes
- 5 ZPMC Post Panamax Gantry Cranes
- 5 Mitsubishi Panamax Gantry Cranes
- 12 units of RTG (6+1) Mitsui
- 18 units of RTG (6+1) ZPMC
- 9 units of Side Loader
- 3 units of Reach Stacker
- 12 units of Forklifts (1 x 10 ton and 11 x 3 ton)
- Current yard capacity: Laden: 16,000teu, Empty 22,000teu
- Reefer plugs: 984
- Access Channel 15mtr drafts with turning basin of 600mtr
- Nonstop operations
- Open to public
- Preventive Maintenance, minor repairs to damaged containers, dry boxes and reefer containers, steam cleaning and reefer pre-trip (PTI) jobs

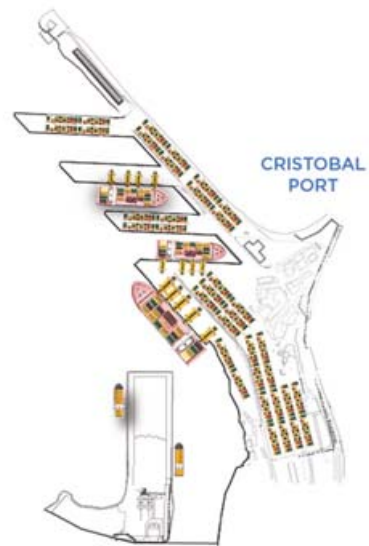
**Security System comprehends**

- CCTV System
- K-9 Dogs
- CCT owned Security Guards
- Boat Patrol guarding shipside operations
- Full compliance with ISPS Code and Basc

**Others**

- Power House: 5 Generators (1,600 KVA e/o)
- Rail Link Operated by Panama Canal Railway Co. uniting the Atlantic with the Pacific Coast

**PPC – PORT OF CRISTOBAL (Atlantic)**



**FACILITIES**

- 28 hectares of storage areas
- 970 mtr Dock for Container, 628mtr pier length for cruiseship
- 3 berths
- 13 quay cranes, of which 9 are post-Panamax with a reach of 19 rows of containers and 4 Panamax with a reach of 13 rows of containers.
- 47 RTGs
- 13.5mtr (Dock 7 & 10) maximum draft
- Annual capacity of 2 million teu
- Train terminal inside terminal

**PSA PANAMA INTERNATIONAL TERMINAL**

Facilities	Before expansion	Current
Berths	1	3
Berth length (m)	340	1140
Quay Cranes	3 (16R)	11: 3 (16R) / 8 (24R)
RTGs	9	9
RMGs	0	12
Capacity (TEU)	0.47	2m
Draft (m)	-14.5	-16.3
Area (ha)	14	42
Design Capacity	500K	2.500K





**PPC – PORT OF BALBOA (Pacific)**



**FACILITIES**

- 47 hectares of storage areas
- 1,710 mtr of Dock for Containers
- 5 berths
- 25 quay cranes, of which 7 are Super post-Panamax with a reach of 22 rows of containers, 10 post-Panamax with a reach of 19 rows of containers, and 8 Panamax with a reach of 13 rows of containers.
- 83 RTGs (electric and hybrid)
- 15.7mtr (Dock 16/17/18) maximum draft
- Annual capacity of 4-5 million teu
- Logistics connectivity to the Atlantic by train and truck, allows for connection to Atlantic from ship-to-ship in 4hrs

**COLON 2000**

**FACILITIES**

- Draft: 11mtr
- Pier length: 100mtr
- Security: Certified personnel in PBIP / ISPS dock operations, Physical security system, Canine unit K9, Central CCTV monitoring 24/7
- Government authorities (AMP, Customs, Migration)
- Location: Manzanillo Bay, next to entrance of the Panama Mooring protected area and wide manoeuvrability
- Cargo handling: Cargo handling, unloading and storage
- Wide and functional deposit for loading
- Other services: Supermarket, Tax Free Shops, Shopping Centre (Colon Free Zone) 5 star hotels, Varied gastronomy, Casinos, Pubs, Rent a car

**MANZANILLO INT'L TERMINAL (MIT)**

FACILITIES (MIT)	DETAILS
Navigation, berthing, pilotage/tugs	
<b>Container berths</b>	
Length	2,040mtr
Main Berth depth	-14mtr
Berth 5 and Berth 8 depth	-16.5mtr
2 Mediterranean-style ro-ro berths with total length of 500mtr and with a water depth: Berth 6, -12.5mtr and Berth 7, -10mtr	
All berths +2.5mtr above MSL. Tide variance is 30cm.	
<b>Ship to shore container gantries</b>	<b>19</b>
Yard infrastructure/equipment	
Total paved CY area	520,000sq mtr
Storage	73,100teu
2,106 plug capacity for refrigerated containers	
<b>Yard gantries (RTGs)</b>	<b>24 (STS-19)</b>
ASC	6
Toppicks	31
Sidepicks	35
Yard trucks	176
Bombcarts	148
Forklifts	46
Gates	3 inbound, 3 outbound lanes with weight scales
2 additional in/outbound lanes to access Colon Free Trade Zone	
<b>Container equipment and refrigeration repair facilities</b>	
Inspections, preventive maintenance, and damage repair to container equipment including dry boxes, refrigerated containers, clip-ons, generator sets and container chassis. Also live reefer monitoring and maintenance, steam cleaning and pre-tripping.	
<b>Port security</b> ISPS, CSI and C-TPAT Certified; a member of BASC. MIT also meets Super Carrier Initiative Standards.	
<b>Safety management/ Hazardous cargo</b>	15 person emergency response team on call
ISO 9001 Certified	24-hrs
<b>MIT Logistic Park</b>	
Total area	100,000sq mtr



















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