

AUTORIDAD DEL CANAL DE PANAMÁ
EXECUTIVE VICE PRESIDENCY FOR OPERATIONS

ADVISORY TO SHIPPING No. A-02-2015

January 6, 2015

TO : All Shipping Agents, Owners, and Operators

SUBJECT: Proposal to Modify the Panama Canal Tolls Structure

On December 24th, the Board of Directors of the Panama Canal Authority (ACP) approved a proposal to modify the Panama Canal tolls structure and the regulations for the admeasurement of vessels in order to establish the rates that will apply for the use of the new neopanamax locks currently under construction, as well as the rates that will apply to vessels transiting through the panamax locks. This proposal has been the subject of extensive informal consultation with associations and groups representing the users of the waterway and incorporates the utilization of the new measurement units adapted to the various market segments that use the Panama Canal. As a result, the proposal includes the adoption of measurement units such as deadweight ton, metric ton and cubic meter for calculating tolls, depending on the type and size of the vessel, and the introduction of incentive initiatives for the full container, dry bulk, gas carriers and vehicle carriers/Ro-Ro segments.

More than two years ago, the ACP made public its commitment to announce the proposed toll changes at least one year prior to the date of commencement of operations of the new neopanamax locks, which will allow the transit of vessels with 366 meters (1200 feet) in length, 49 meters (160 feet) in width and 15.24 meters (50 feet) in draft. To date, the progress for the expanded Canal registers at 83 percent, with a projection to commence the transiting of neopanamax vessels up to 170,000 DWT by 2016. The beginning of the consultation process including the public hearing will ensure our users have the relevant toll information with sufficient time to plan any adjustments to their business models and the deployment of neopanamax vessels to coincide with the opening of the neopanamax lock. This permits maximizing their opportunities with the expanded Canal.

The new proposed structure will become effective April 1, 2016, regardless of whether commercial transits have begun through the new neopanamax locks. However, in the event that commercial transits through the neopanamax locks begin prior to April 1, 2016, the new pricing structure will apply from the date determined by the Board of Directors, and published in the Panama Canal Record, but not before February 1, 2016. The proposal includes two additional market segments that open the waterway to markets and routes that have traditionally not been able to use the panamax locks due to the dimensions of their vessels, such as liquefied natural gas (LNG) carriers.

Also proposed is a new “Intra Maritime Cluster” segment for vessels that provide local services in Panama, such as local tourism, marine bunkering and container OP, transshipment, but do not compete with international trade for which the Canal provides

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3654-A (OPXI)
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services. However, the price and structure of the new "Intra Maritime Segment" will become effective April 1, 2015.

The designated rates for the neopanamax locks will be applied to all vessels that due to their dimensions cannot transit through the panamax locks. Nevertheless, if a vessel can transit through the panamax locks, but the ACP schedules the vessel to transit through the neopanamax locks due to operational needs, the established panamax locks rate will be applied.

After the long and arduous process of informal consultation, the ACP is confident that the proposal meets the needs of our customers and reflects its interest in promoting the use of the Panama Canal among the different players within the shipping community. Furthermore, and depending on the market segment, the proposal includes incentives for the use of the waterway, such as a loyalty program for full container vessels, differentiated rates by commodity types in the dry bulk segment, preferential tariffs on the return leg for LNG vessels, and rates based on the utilization percentage for vehicle carriers/Ro-Ro vessels.

In accordance with established rules and procedures, the formal consultation process on the proposal will commence immediately after publication and will extend until February 9, 2015. During this period the ACP will consider additional input and feedback from interested parties and welcomes any written data, opinions, or statements in English or Spanish. The public hearing will be conducted on February 27, 2015 at the "Ascanio Arosemena" complex, Balboa, Republic of Panama, beginning at 0900 hours EST. For more information, or to obtain an electronic copy of the proposal in both languages, you may visit www.pancanal.com.

We sincerely look forward to your participation in this process.

ORIGINAL SIGNED

Esteban G. Sáenz
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