



December 2000

Customer Newsletter

## Canal Improves Efficiency And Safety Indicators

During the first year under Panamanian administration, the Panama Canal workforce performed exceptionally well, managing record transits by Panamax vessels and, at the same time, achieving an excellent safety record (16 accidents during transits under the command of a Canal pilot). This record represents 0.16 percent of total transits and it is below the figures recorded for the past two years. According to reports provided by the Panama Canal Authority Board of Local Inspectors, from a total of 9,762 ships that transited the Canal between January and September, only 16 suffered accidents. During that period in 1999, the accident rate was 0.2 percent, while in 1998, it was 0.18 percent.

It is noteworthy that the safety record was achieved while the Gaillard Cut widening efforts are underway. Transits by Panamax vessels require great coordination between the pilots assigned to the ships and the personnel and equipment working in the Cut-widening project, 24 hours a day.

At present, the Panama Canal has 289 pilots, of which 264 are Panamanians. The progressive transition to this large number of Panamanian pilots was seamless due to the fact that 97 percent of the workforce was already Panamanian by the time the Canal was turned over to Panama. The experience and training of the Canal pilots are key factors that

have contributed to reduce the number of accidents, in spite of the increase of Panama Canal Universal Measurement System (PC/UMS) tonnage.

In addition, the professionalism displayed by the Canal workforce, coupled with the technological advances already in place, permitted reducing Canal Waters Time (CWT) from 33 to 29.7 hours, thus demonstrating the commitment of all with the safe and efficient operations of the Panama Canal. There is no doubt that Panama can do it and can do it well. Our performance during these first months of Panamanian administration is a testimonial of our deeds, and we are proud to say this to the maritime community.

## Personalities Express Their Views About The Panama Canal Administration

The Latin American Presidents and Chiefs of State, gathered in Panama for the X Latin American Summit held November 17 to 18, 2000, certified the efficient operation of the Panama Canal under Panamanian stewardship, the full consolidation of the Republic of Panama as a sovereign State, and the strengthening of its national identity and democratic vocation, as essential elements to foster and strengthen the relations and historic ties that bound the Latin American community of nations. The written statement signed by the Latin American Presidents and Chiefs of State, evidenced the satisfaction of these dignitaries for the efficient operation of the waterway under Panamanian stewardship and the measures taken by the Panamanian Government to insure the safe, uninterrupted and efficient operation of the Panama Canal and its modernization plans to continue serving world trade and navigation.

Former United States President James Carter, during a recent visit to this country, assured that Panama is managing the Canal as well as the U.S. government or even better, referring to the first year of Panamanian stewardship of the waterway. Carter, who made the historical decision of turning over the Canal to Panamanians through the signing of the Torrijos-Carter Treaty of 1977, recognized the admirable work of the people of Panama who received this great feat of engineering and managed it, during this first year, beyond expectations.

Engineer Gilberto Guardia, the first Panamanian Administrator of the Panama Canal and the first foreign national to serve as chief executive officer of a U.S. agency, expressed satisfaction and pride of the achievements and abilities demonstrated by the Canal administration and its workforce in the stewardship of the waterway. Mr. Guardia urged Panamanians to continue with the studies to expand the Canal watershed and to complete those leading to the next Canal expansion.



## Sustained Growth of Panamax-Size Vessel Transits

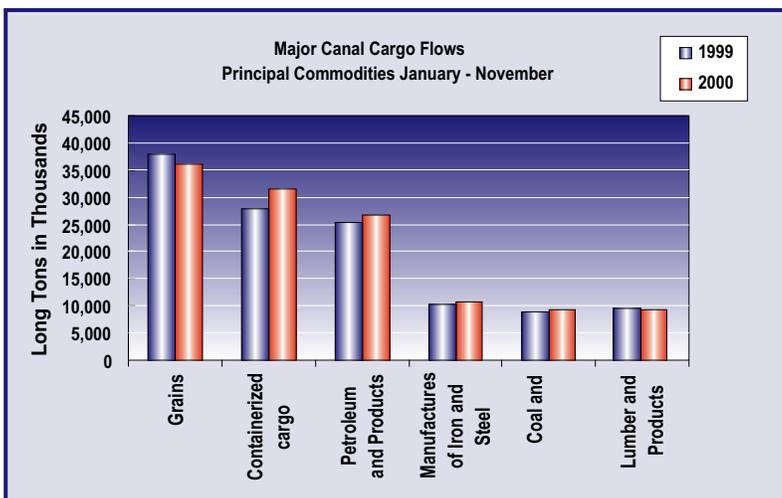
Transits by Panamax-size vessels, those of 100-foot beam or more and the largest vessels that can transit the Panama Canal, maintained their increasing trend and rose 6.5 percent during the first eleven months of calendar year 2000. During the January to November period, the Panama Canal reported 4,048 transits by Panamax-size vessels, 247 more transits than those reported during the same period in 1999. During the period in review, Panamax-size vessel transits represented 32% of total transits and 35.7% of total oceangoing commercial transits. This increasing trend started in the early 1970's, but at that time Panamax vessels accounted for only 2.0 percent of total transits. Transits by containership vessels increased by an impressive 10.3% maintaining their upward trend, and surpassing the average growth rate of 8.9 percent depicted during the last 4 years. Accordingly, total transits depicted a decline of 2.5 percent during the period January through November

2000 when 323 less transits were reported, representing a loss of almost a vessel per day, as compared to the same period during the previous year. The increasing proportion of transits by Panamax-size vessels impacts negatively on Canal capacity as a consequence of the one-way traffic restriction for large vessels in the Gaillard Cut. The accelerated Gaillard Cut Widening Program, scheduled for completion in December 2001, will allow for flexible two-way traffic of wide-beam vessels in the Cut

without compromising safety, thus increasing Canal capacity.

Total Transits				
Month	100' Beam and Over		Total	
	1999	2000	1999	2000
Jan	340	350	1,262	1,155
Feb	334	352	1,245	1,188
Mar	329	376	1,359	1,346
Apr	330	383	1,386	1,332
May	339	349	1,284	1,168
Jun	340	379	1,062	1,124
Jul	379	334	1,120	1,040
Aug	364	372	1,121	1,045
Sep	320	355	965	1,013
Oct	382	419	1,092	1,125
Nov	344	379	1,026	1,063
<b>Total</b>	<b>3,801</b>	<b>4,048</b>	<b>12,922</b>	<b>12,599</b>

## Canal Transits and Cargo Information



Commodity	January to November		% change
	1999	2000	
Refrigerated Foods	6,624,251	6,976,101	5.31
Grains	37,840,333	36,121,813	(4.54)
Containerized Cargo	27,823,282	31,526,077	13.31
Petroleum and Products	25,419,653	26,632,524	4.77
Manufactures of Iron and Steel	10,220,607	10,628,749	3.99
Coal and Coke (excludes petroleum coke)	8,302,752	8,794,940	5.93
Lumber and Products	8,673,744	8,561,008	(1.30)

During the period January to November of calendar year 2000, shipments of grain, the leading Canal commodity group, decreased by 4.5 percent to 36.1 million long tons from the 37.8 millions registered during the same period in calendar year 1999. This drop in grain shipments reflects six consecutive monthly declines from May to October, only reverted by a 1 percent increase posted in November. A steady supply of corn from China to the Asian market, as well as the increasing use of corn substitutes for animal feeding in South Korea and Japan, have negatively affected U.S. corn exports to Asian countries through the Panama Canal. Transits by full-containerships remained strong. Containerized cargo flow grew by 13.3% registering 31.5 million long tons from the 27.8 millions reported in 1999. The second leading commodity group drove an increase of 13.5% in tolls collection and accounted for 22.6% of the total tolls generated by transit operations. Petroleum and its products, the third leading commodity group, registered 26.6 million of long tons representing an increase of almost 4.8 percent as compared to the 25.4 millions registered during the same period in 1999. The above chart shows the major Canal commodity flows for the first eleven months period of FY 1999-2000.

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## Administrator to Attend the World Economic Forum

The Panama Canal Administrator, Mr. Alberto Alemán Zubieta, has been invited to participate in the Annual Meeting 2001 of the World Economic Forum in Davos, Switzerland from January 25 to 30.

The annual meeting of the World Economic Forum has emerged as the top international event bringing together business and political leaders from around the world, along with top academic experts, media leaders and representatives from civil society as key partners sharing analysis, insights and experiences to assess the implications of rapid changes in the global economic, political and social environment. This year's meeting will integrate views and leaders from different regions around key themes, such as: Addressing the

Globalization Backlash, Shaping the Global Corporation, The Second Phase of the Digital Revolution, and Global Business: Values-Free or Values-Driven?

Mr. Alemán Zubieta will participate in the Governors Meeting for the Transport Services Industry where chief executives of the industry, including couriers, logistics providers, posts, ocean shipping and ports, rail, air freight and trucking, will discuss the important developments and trends in the industry and explore strategic, non-competitive issues that affect the industry and society at large.

For more information regarding the World Economic Forum visit its website at: <http://www.weforum.org>

## Outreach Efforts

As part of its intensified outreach program, the Panama Canal Authority (ACP) participated in the Latin Ports and Shipping 2000 Conference and Exhibition held in Miami Beach, Florida, from November 14 through 16. Mr. Anthony Garcia, Canal's Customer Relations Manager, along with representatives of the Manzanillo International Terminal Panama, the Panama Canal Railway Company, and the Interoceanic Region Authority participated as guest speaker and panelist in the module Modal Integration in Freight Transport: A Demonstration Of How A Good Intermodal Network Can Help Leverage Business Opportunities For Ports And Terminal Operators.

From January 7-11, Mr. Rodolfo R. Sabonge, the Canal Corporate Planning and Marketing Director, will be participating in the 80th Annual Meeting of the Transportation Research Board to be held in Washington, D.C.. TRB's annual meeting attracts more than 8,000 transportation professionals from all over the world as it offers an unparalleled opportunity to share knowledge and perspectives with colleagues in the transportation industry and gain a better understanding of the latest developments in the transportation research, policy and practice. Mr. Sabonge has been appointed as a member of the Task Force on Agricultural Transportation representing the Panama Canal Authority.

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## Canal's Advisory Board will Meet in Panama

The Panama Canal Authority Advisory Board will meet in Panama from February 14 to 16, 2001. The meeting will be presided by the Chairman of the Board, Mr. William O'Neil, Secretary General of the International Maritime Organization (IMO). Ms. Lillian Borrone of the Port Authority of New York/New Jersey; Gerhard Kurz of Hvide Marine Inc.; Y.F. Chang of Evergreen Marine Corp.; Phillip Embiricos of Embiricos Shipbrokers; Joe Reeder of Greenberg

Traurig; Tommy Thomsen of Maersk Sealand; Andronico Luksic of Luksic Companies and Michael Barnes of the Panama-US Business Council have confirmed their participation. This will be the third meeting of the Advisory Board since its inauguration in December 1999, and will give the Board members the opportunity to observe firsthand the advancements in the Panama Canal modernization and capacity enhancement program.

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## Transportation Symposium

The Panama Canal Authority (ACP) attended the International Transportation Symposium held in October in Washington, D. C. Mr. Henry Stec, manager of the Canal's electronics and telecommunications division, made a presentation regarding the CTAN system, which is utilized by the ACP to monitor transiting vessels and Canal floating equipment.

The CTAN is part of the Enhanced Vessel Traffic Management System, a state-of-the-art system designed to achieve maximum safety and efficiency during Canal transits, which provides a method for the integrated management of traffic and transit resources, incorporating the latest technological advancements in the areas of global positioning systems and telecommunications.

During the International Transportation Symposium, approximately 1,000 representatives from 95 countries met to discuss tendencies in transportation in the new millennium.

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## Telex is History

Technological changes in telecommunications, brought about by the widespread use of fax machines and electronic mail, have prompted the Panama Canal Authority (ACP) to eliminate the use of the telex for purposes of communicating with shipping lines and others in the transportation sector. The announcement was made by the Canal's Director of Maritime Operations, Mr. Jorge Quijano, at a meeting in early December with representatives from the Panama Chamber of Shipping. Mr. Quijano noted that telex equipment was only maintained by the ACP at the request of a few in the shipping industry. He added that the Canal has not received any telex communications in several months.

## A New Cruise Destination

Government officials and business leaders hope cruise ships will soon begin making Panama a port of call. As a lure for the cruise industry, during the month of October two important cruise terminals were inaugurated at the Atlantic entrance of the Panama Canal, the Cristobal Cruise Terminal - Pier 6, and the Port of Colon.

For a long time Panama has wanted to develop tourism as a major source of revenue. Panama has comparative advantages over other ports in the Caribbean, mainly because it is located outside the hurricane belt; and because it provides the unique experience of two oceans on one port of call. Most cruise lines serving the Alaskan and Caribbean routes already provide transits through the Panama Canal.

In 1998 the Panama Canal Authority inaugurated the Gatun Yacht Club on the banks of Gatun Lake near the locks at the Atlantic entrance to the Canal. The Gatun Yacht Club offers tourist embarking/disembarking dock facilities

and a complex for limited recreational activities. Both Ports of Colon and Cristobal were developed for vessels larger than those berthing at the Gatun Yacht Club. The new ports on the Atlantic offer tourists the opportunity to visit the Canal plus full-day excursions, shopping, entertainment, cultural events and, access to Panama City on the Pacific and Colon on the

Atlantic, with their many historical sites and attractions.

The cruise industry is growing steadily. There are several investments underway in the country to take advantage of this fast growing industry and to position Panama as one of the most attractive tourist destinations in the Caribbean.



*“Norwegian Wind” a Norwegian Cruise Line at Cristobal Cruise Terminal - Pier 6. This 1,750 passengers and 650 crew members Panamax vessel called at Pier 6 for the first time on December 12, 2000. Panama Ports Company (PPC), a member of Hutchison Port Holdings, operates the Port of Cristobal.*

## We want your comments

We welcome your comments and suggestions regarding this newsletter. We want to convey important news for you and your business. Please let us know your views about this media (format, content, topics) and what you would like to see in our next edition. If you rather receive it electronically, please send us a note with the correct email address to: [cpxc@pancanal.com](mailto:cpxc@pancanal.com) If you need additional copies or copies mailed to other officials within your corporation, please contact us (see box at right for address, fax, and telephone numbers).

*for more information*

Corporate Planning and Marketing

Panama Canal Authority

ACP-CP P.O. BOX 025513

Miami FL 33102-5513

Tel.: (507) 272-7961 Fax: (507) 272-5916

e-mail: [cpxc-lbl@pancanal.com](mailto:cpxc-lbl@pancanal.com)

web site: [www.pancanal.com](http://www.pancanal.com)

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