



# Panama Canal ACP

AUTORIDAD DEL CANAL DE PANAMA

March 2001

Customer Newsletter

## Advisory Board concludes 3rd meeting

Upon concluding two days of intense sessions in Panama, the Panama Canal Authority (ACP) Advisory Board expressed great satisfaction with the Canal excellent performance during the first year of Panamanian administration. On a scale from one to ten, the Board gave the Canal performance an impressive twelve. "The achievements attained during this first year of Panamanian administration are immensely gratifying," affirmed William O'Neil, chairman of the Advisory Board and secretary general of the International Maritime Organization (IMO). The Advisory Board members also expressed their satisfaction with the ACP's decision to proceed with plans to deepen the channel and Pacific entrance to 46 feet, considering it a positive first steps leading towards further Canal capacity improvements. "We would consider it irresponsible for Panama not to develop the necessary plans to manage future traffic demands, considering international trade growth tendencies, which also translate into additional transport requirements for the international maritime community. There are a series of engineering, sociological, environmental and financial considerations which will need to be meticulously examined, such that a responsible and professional decision can be made in terms of how to act," O'Neil continued.

## Next Advisory Board meeting in Hong Kong

The ACP Advisory Board will meet again in Hong Kong, August 9 to 10, 2001. The ambitious program will include a mini customer forum and maritime caucus, as well as meetings of the Advisory Board members and joint meetings of the Advisory Board with the ACP Board of Directors.

Canal Administrator Alberto Aleman Zubieta said that Panama must make a decision regarding the future of the Canal. "This decision should be based on a clear vision of what is best for the country and the waterway, without failing to consider industry trends," he said.

In its discussion with the ACP Board of Directors, the Advisory Board stressed the importance of developing an integrated maritime strategy to leverage Panama's resources and develop the country's potential as a maritime hub. During the sessions, ACP officials presented Advisory Board members a summary of achievements of first year under Panamanian stewardship and progress reports on market and Canal expansion studies, including the water level situation forecast. The Advisory Board also heard about the status of



modernization projects and the ACP's decision to initiate plans to deepen the navigational channel, thus increasing the Canal's reliability by creating additional water storage capacity throughout the lake.

This is the third Canal Advisory Board meeting, following the Board's installment in December of 1999 and a second meeting in London, in June 2000. The Advisory Board, established through the ACP Organic Law, puts the Canal Board of Directors in direct contact with clients and the maritime industry.

## Upcoming Conference

Administrator Alberto Alemán Zubieta has been invited to address the 22nd International Association of Ports and Harbors (IAPH) World Ports Conference. This conference will be hosted by the Montreal Port Authority at The Queen Elizabeth Hotel in Montreal, Canada from 19 to 26 May, 2001.

The theme of this year conference is "2001, a Maritime Odyssey." The sessions include The development of the world economy at the outset of the third millennium, The realities and challenges facing port industry, and Productivity and competitiveness in the world marketplace. Administrator

Alemán will address IAPH members, representatives of leading ports in 89 countries all over the world, and delegates from more than 100 shipping, stevedoring and warehousing businesses on the afternoon of May 23. IAPH is often referred to as the "United Ports of the World", because active players in the global port community, namely Port CEOs, Port Directors and Port Managers, are represented to promote and advance their common cause and interests.

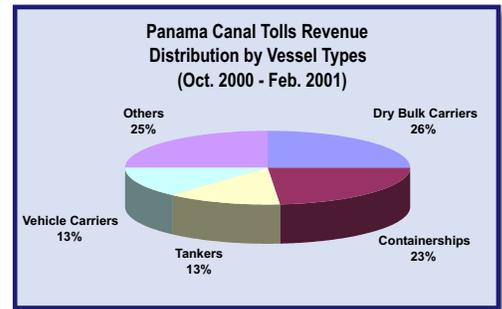
For more information regarding this conference, visit the IAPH web site at: [www.iaphworldports.org](http://www.iaphworldports.org)

## Panamax Vessel Transits Continue Growing

The first five months of fiscal year 2001 recorded 5,125 oceangoing transits, a 1.3 percent increase by comparison to the 5,059 total in fiscal year 2000. Panamax vessels, the largest that can fit through the Panama Canal, registered a 5.7 per cent increase to 1,915 transits, 104 more than those registered in the previous fiscal year.

The enclosed chart illustrates the monthly trend of transits by Panamax. These vessels represented 37.9 per cent of total oceangoing transits for the five-month period under review. Today, dry bulk carriers, with 28.3 per cent share and containerships with 26 per cent, constitute more than 50 per cent of all

Tolls revenue collection for the period October 2000-February 2001 totaled 247.8 million, a 3.1 per cent increase over the previous year. Overall, dry bulk carriers, containerships, tankers and vehicle carriers held approximately 75 per cent share of total Canal tolls revenue.



Panamax Transits 100' Beam & Over			
Month	FY 2000	FY 2001	% Change
Oct.	382	419	9.7
Nov.	344	379	10.2
Dec.	383	395	3.1
Jan.	350	376	7.4
Feb.	352	346	-1.7
<b>Total</b>	<b>1,811</b>	<b>1,915</b>	<b>5.7</b>

## Infinity Cruise sets New Toll Record

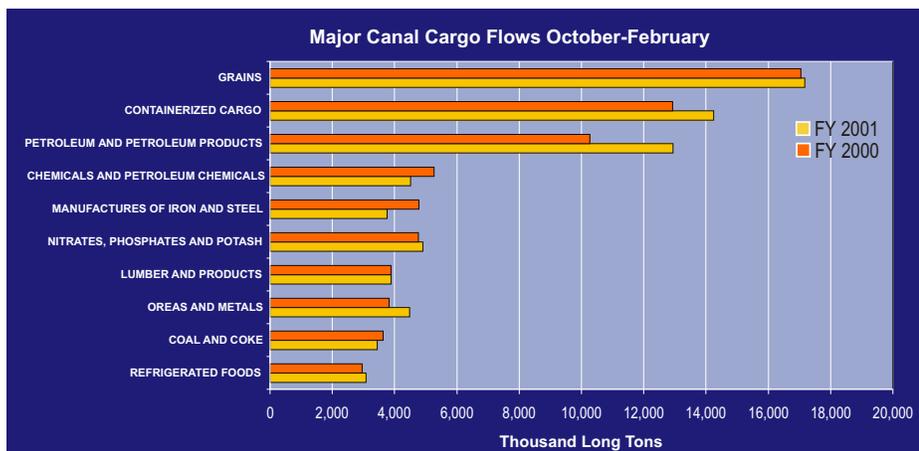
The magnificent Infinity Cruise of Celebrity Cruise Lines made its inaugural transit through the Panama Canal on March 8, breaking the record of the highest toll paid by a single vessel, US \$192,750, also contributing to establish the record of tolls collections on a given day. The previous record was set in October 2, 2000 by the USNA Charlton which paid US \$184,420.63 to transit the Canal.

The Liberian-Flag Infinity was built in St. Nazaire, Francia and inaugurated on March 3, 2001. Infinity Cruise's first trip through the Canal commenced in Ft. Lauderdale, Florida and its final destination, after 14 days of voyage, is San Diego,



California. According to the certificate given by Lloyds, the blue and white cruise ship gross tonnage is 92,280; its length is 294 meters (964.6 ft.) and beam of 32.38 (105.6 ft.), thus classified as a Panamax vessel.

## Canal Transits and Cargo Information



Available cargo statistics for the October-February period of fiscal year 2001 reflect a 3.7 per cent increase in commercial cargo tonnage to 81.8 million long tons relative to the 78.9 millions recorded during the same period of fiscal year 2000. Some commodities contributing to this growth included petroleum and petroleum

products, containerized cargo, ores and metals, and refrigerated foods. Grains, the principal commodity group shipped through the Panama Canal, remained constant with a meager 0.8 per cent increase from the 17.1 million long tons recorded last year. According to reports from the U.S. Department of Agriculture, corn

exports from China to other Asian countries may further impact negatively the U.S. shipments to Asia. Containerized cargo, the second most important Canal commodity group, continued an upward trend with shipments of 14.2 million long tons during the first five months of fiscal year 2001, a 10.1 per cent rise from 12.9 millions registered in 2000. Asia and East Coast United States trade, the predominant Canal route for containerized cargo, increased its presence by 23.3 percent to 6.4 million long tons, fueled by strong trade to and from China. Petroleum and petroleum products, third commodity group in importance, recorded 12.9 million long tons, a 26.5 per cent growth over the 10.2 millions during the same period of fiscal year 2000. The enclosed chart compares the major Canal commodity flows for the first five months in fiscal year 2001 versus 2000.

## Visits by Clients and Users

### Cosco Americas, Inc. and Norton Lilly International, Inc.

On March 8, Mr. Zhang Liyong the President of China Ocean Shipping Company (COSCO) Americas, Inc. and Mr. Brendan R. McCahill, President of Norton Lilly International, Inc. visited the Panama Canal. They were accompanied by Mr. Song Qiming, Executive Vice President of COSCO Americas, Mr. W. Grove Conrad, President of China Shipping Agency Co., Inc. (North America), and representatives from COSCO Panama Maritime, S.A. Norton Lilly is the oldest steamship agency in the western hemisphere and its presence in Panama goes back to 1925. With nearly 15% of all the traffic that passes through the Panama Canal, it is among the top

agencies attending vessels at the waterway. COSCO is one of the top ten customers of the Panama Canal, with over 180 transits per year and tolls paid in excess of US \$ 11 million per year.

Upon their arrival at Miraflores Locks, they were taken to the Locks Control House where they observed lockage operations and Mr. McCahill had the opportunity to operate the miter gates from the Control House. Following



the tour to the Miraflores Locks, the delegation of distinguished customers visited the Administration Building and met with Administrator Alberto Alemán Zubieta to discuss issues of mutual interest.

## Scheduled Locks Outages

The Director of Maritime Operations in Advisory to Shipping No. A-21-2001 released the tentative schedule of locks outages for calendar year 2001. In scheduling this major work, Canal engineers perform the delicate task of balancing the maintenance requirements of the locks, while trying to minimize the negative impact of such work on transit service. Accordingly, a long-term locks overhaul schedule is routinely reviewed and updated by Canal engineers after evaluating traffic conditions and resource requirements, and the priority of specific tasks. To better accommodate our customers' needs, maintenance lane outages normally performed during the month of May have now been scheduled in October.

In FY 2001 the locks overhaul program includes recondition of miter gates and other major locks maintenance and improvements, such as rehabilitation of 1,515 ft of locomotive tow track in Miraflores, 3,360 ft in Pedro Miguel and 1,400 ft in Gatun. This project has been accelerated to complete the Pacific Locks towing system in FY 2003. The overhaul program is critical to continue providing safe and reliable Canal operations. At the end of 2001, the completion of the Gaillard Cut widening project will increase Canal capacity, thus minimizing the negative impact caused by the lane outages required to complete the tow track rehabilitation.

Calendar Year 2001 Tentative Schedule

Dates	Lane Outage Days	Miraflores	Pedro Miguel	Gatun	Transit Capacity
June 4 to 14	11	Lane Outage*	Lane Outage		30-32
July 9 to 19	11	Lane Outage*	Lane Outage		30-32
August 13 to 24	12	Lane Outage		Lane Outage*	26-28
September 17 to 28	12	Lane Outage		Lane Outage*	26-28
October 22 to November 1	11			Lane Outage*	26-28

\* Identifies the locks requiring a major outage of one of its two lanes for major maintenance/improvement projects. The Panama Canal Authority may take advantage of these requirements to perform simultaneous single lane outages for additional maintenance at other locks.

## Kudos to Tommy Thomsen

A.P. Møller, the parent of Maersk Sealand, announced that Tommy Thomsen, the president and chief executive of Maersk Inc., USA, has been promoted to a partner at A.P. Møller. Thomsen, 43, has been president of Maersk's agency in the United States since 1995 and is serving as member of the Panama Canal Authority Advisory Board since its inauguration in December of 1999. Mr. Thomsen's extensive maritime experience and expertise has been called upon many times during his tenure as member of the Advisory Board. The Panama Canal Authority staff joins in congratulating Mr. Thomsen on this well deserved promotion, a recognition of his strong leadership and valuable expertise.

### VISION OF THE ACP

**WORLD LEADER** in services to the maritime industry and in the sustainable development for the conservation of the Canal watershed;

**CORNERSTONE** of the global transportation system and driving force of Panama's progress and growth;

**MODEL** of excellence, integrity, and transparency, committed to the full development of our work force.

## Severe Floods Managed Without Affecting Operations

At the end of the year 2000, the Panama Canal area was hit by a series of severe storms creating great instability and producing intense rainfall, condition aggravated by a cold front traveling through the Caribbean from the north. The watershed received 12 inches of cumulative rainfall in a four-day period, almost doubling the 31-year average for the entire month. The lakes were at maximum levels as it is expected at that time of the year. The available storage for flood control was insufficient to manage the large floods that took place during the events. The Office of Meteorology and Hydrology monitored the watershed 24 hours/day using state-of-the-art technology such as Real Time Telemetry,

Meteorological Radar, Satellite Imagery, Weather Balloons and Hydrometeorological Models. But the situation forced the Canal to activate an emergency light it had not used in more than 15 years. Large spilling operations were conducted in a scientific, controlled and timely manner to prevent the lakes from reaching critical levels, thus avoiding lost of lives and preserving the Canal from severe damages to its installations and machinery. The waterway welcomed the new year in a state of emergency and the unparalleled spilling operation was conducted without affecting normal operations of the Canal. A total of

seventeen billion cubic feet of fresh water was spilled to the ocean from Gatun Lake. This was the most extensive gate opening emergency operation in the last 15 years, but with the newly received responsibilities for the watershed, the ACP had also to maintain permanent communication with residents of six of the adjacent communities. Tranquility was restored and the abundance of stored water prepares the Canal for the dry season. The high degree of professionalism of our work force once more demonstrated true commitment to the Canal, to Panama, and to all the clients and users of the waterway the world over.

## Outreach Efforts

On February 7, Mr. Alberto Alemán Zubieta, the Canal Administrator, participated as guest speaker in the "Business Opportunities in Panama" Seminar organized by the Houston International Initiatives in coordination with the Panamanian Consulate in Houston, Texas. His presentation touched on Canal operations and ongoing improvement and modernization programs being undertaken by the Panama Canal Authority in its quest to provide the highest quality of service to the maritime industry. The event took place at St. Thomas University and featured Panama with the objective of cultivating and promoting bilateral trade between Panama and Houston, Texas.

As part of its intensified outreach program, the Panama Canal participated in the 17th annual Seatrade Cruise Shipping Convention that took place from March 5 to 9 in the Miami Beach Convention Center, Miami Beach, Florida. The Seatrade Cruise Shipping Convention, sponsored by the Florida

Caribbean Cruise Association and the International Council of Cruise Lines is the largest gathering of cruise line owners, operators and suppliers in the world. This year, more than 100 participating countries and close to 1000 exhibitors came together during the convention and conference.



From March 19 to 21st, the Panama Canal Authority will participate in the Connecticut Maritime Association (CMA) Conference and Exhibition Shipping

2001 with exhibit #69 at the Westin Hotel in Stamford, Connecticut. The CMA conference this year brings together leaders in the industry for a look into the future and an examination of today's critical challenges. North America's largest international maritime event attracts distinguished representatives from all sectors of the maritime industry. Panama's ambassador to the United States, His Excellency Guillermo Ford, and officials from the Panama Maritime Authority (AMP) will attend the exhibition. The AMP will co-sponsor the Gala Dinner on Wednesday, March 22 to present the Commodore Award.

## 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).

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