



PANAMA CANAL NEWS

December 2008

Message from the Panama Canal Authority Administrator/CEO

2008 has been a year of great accomplishments for the Panama Canal Authority (ACP). We are moving forward with the Canal expansion, the largest infrastructure project in Latin America, which will double the waterway's capacity within the next six years, allowing for the passage of vessels up to 49 meters (160 feet) wide, 366 meters (1,200 feet) long and 15 meters (50 feet) deep, with a maximum cargo volume of 170,000 DWT or 12,600 TEUs.

Five Major Multilateral Development Agencies to Finance the Project

At a time of global economic and financial uncertainty, five major multilateral agencies, from different regions of the world, showed their confidence in Panama and committed to finance \$2.3 billion of the \$5.25 billion project. The financing package was negotiated with the European Investment Bank (EIB), Japan Bank for International Cooperation (JBIC), Inter-American Development Bank (IDB), International Finance Corporation (IFC) and Corporación Andina de Fomento (CAF). It includes a 20-year amortizing period with a 10-year grace period.

Expansion Program Moving Forward On-Schedule and On-Budget

The Expansion Program's execution is moving forward as planned, on-time and on-budget. Currently underway, the dry excavation project consists of four phases that will remove 46 million cubic meters of material and will ultimately lead to the creation of the new 6.1 kilometers long Pacific Access Channel (PAC). Phases one and two are being performed by Constructora Urbana, S.A. and Cilsa Minera María, which are tasked with the removal of 7.4 million and 7.5 million cubic meters of material, respectively.

Third Dry Excavation Expansion Project

The bid opening ceremony for the third of four dry excavation contracts under the Canal Expansion Program took place on December 4. Six bidders participated in the process and presented the following price proposals:

<u>COMPANY</u>	<u>BID PRICE</u>
1. Conalvias-Retraneq	\$61,323,876.97
2. Constructora Santa Fe, Ltd.	\$46,049,339.26
3. Corporación M&S Int.	\$45,218,642.00
4. Constructora Urbana, S.A.	\$38,200,000.00
5. Constructora Meco, S.A.	\$36,659,852.28
6. Cilsa Minera María	\$74,654,321.90

Similar to the first and second dry excavation projects, this contract will be awarded to the firm with the lowest-priced bid that meets all of the requirements -in terms of experience, technical capacity, financial strength and bonding- stated in the request for proposals.

Excavation for the Navigation Channel Continues

The dry excavation work began in September 2007 with the blasting of 32,000 pounds of explosives in Paraiso Hill and continues to advance at a very fast pace. The Hill, located north of the Pedro Miguel Locks, is rapidly disappearing and the south end has already reached the final elevation of 46 meters required in the contract. The third phase of dry excavation will further reduce the Hill to 27.5 meters. The work includes the excavation, removal and disposal of 8 million cubic meters of material and the clearing of 190 hectares of munitions and explosives of concern (MEC), remnants from former U.S. training facilities in the Canal Zone.





Dredging of the Pacific Sea Entrance

Dredging International (DI), a Belgium-based company, was awarded the contract for the dredging of the Pacific sea entrance for \$177.5 million. DI already has its Vlaanderen XIX cutter suction dredge positioned in the area and the work began November 17. When the expansion concludes, the Canal's approximate 9 mile-long (14 km) navigation channels will be widened to a minimum of 225 meters (738 feet) and deepened to a minimum level of 15.5 meters (51 feet) below the Mean Low Water Springs (MLWS).

Internationally Renowned Consultants Provide Inputs

The program's implementation is being overseen by a number of internationally renowned firms including program manager CH2M Hill; financial advisor Mizuho Corporate Bank, Ltd.; financial legal advisor Shearman & Sterling LLP; contract legal advisor Mayer Brown; and insurance broker British Willis Limited.

Expansion Program Receives Awards

Due to its importance to world trade, the Canal expansion was honored in 2008 as the "Best Long Term Performance Project" and "Strategic Project of the Year" by the 6th Annual CG/LA Infrastructure Latin-American Forum, as well as the "Most Significant Project in the World" by Samoter International. These recognitions have been a source of pride, as they are a tribute to the ACP's contribution to innovative construction development on both national and international levels and its strategic vision.

Environment Takes Priority

As the expansion project unfolds, the ACP continues to take special care at its work sites to protect the wildlife of the area. Wildlife rescue plans are prepared by contractors and approved by the National Environmental Authority before forest areas are cleared. Traps are placed in the areas where vegetation will be affected to rescue animals that are unable to move by themselves. So far, nearly 396 animals have been rescued, examined and relocated to protected areas near the Canal. More than 145 hectares have been reforested at national parks with the coordination of the Panamanian Environmental Authority and another 270 hectares are scheduled for reforestation during 2009.



Dry excavation work continues on new navigational channel.

Onwards to 2009 – Expansion Continues Apace

In 2009, we will award the contract for the design and construction of the new locks. Four international consortia – composed of world-class engineering firms from Spain, Germany, Great Britain, the Netherlands, France, Brazil, the United States, Japan, China, Belgium and Panama – are competing for this contract, which represents the largest portion of the program. The deadline for the final submissions of proposals has been extended to March 2009 to provide the consortia with additional time to present more fully developed bids, from both the technical and pricing aspects.

In the interim, the ACP continues to invest in improving the existing Canal, offering a safe, reliable and efficient service to all our customers. This year, we revamped our transit reservation system to provide additional booking slots and more flexibility in the process. All these efforts will guarantee that we continue offering the best shortcut between the Atlantic and Pacific Oceans and the best service to shippers worldwide!

Alberto Alemán Zubieta
ACP Administrator/CEO

We want your comments

Your comments and suggestions are very important to us. If you need additional copies mailed to other officials within your corporation, please contact us at the address indicated in the next box.

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