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\*\*\*\*\***PANAMA CANAL UPDATE**\*\*\*\*\*

**April 14, 2009**

**RE: PANAMA CANAL TOLLS INCREASE (MAY 2009)**

On February 2, 2007, the ACP announced its proposal to restructure the Panama Canal's pricing system and certain regulations in an effort to move toward a charge that accurately reflects the commercial value of the route and the service it provides. This proposal was made available to all interested parties during a consultation period from February 2 to March 12, 2007, during which the ACP received a total of 21 written submissions from individuals and groups. Subsequent to this 30-day consultation period, the ACP conducted a public hearing on March 14 where 14 representatives from shipping and government agencies expressed their views.

On April 5, 2007, in response to industry requests, the proposal was slightly modified and the implementation of the new charges, for certain segments, was postponed until July 1, 2007. These segments include: general cargo, dry bulk, tankers and vehicle carriers. As a result, the ACP reopened the consultation period to provide the interested parties with an additional 15 days to present, in writing, additional data, opinions, information, or arguments. A total of 10 written submissions were received by the ACP from various individuals and groups.

On April 25, 2007, following a recommendation from the Board of Directors of the Panama Canal Authority, the Cabinet Council of the Republic of Panama approved the proposal to restructure the Panama Canal's pricing system and certain regulations.

Other significant elements of the approved proposal include:

- Fully Loaded Displacement vs. Displacement at Arrival Draft: The displacement charge will now be based on the maximum displacement of the vessel instead of the arrival displacement. The use of a parameter that is more readily available makes the assessment of tolls more equitable and transparent.
- Administrative Changes: Some administrative changes have been made, but these changes will have no economic impact whatsoever. These revisions provide necessary linguistic and grammatical clarifications to the document or reinsert missing words to processes and procedures.
- Passenger Vessels: Vessels whose gross tonnage (GRT) is above 30,000 and whose PC/UMS tonnage divided by the maximum passenger capacity (PAX-ITC) ratio is less

than or equal to 33, shall pay tolls on a per berth basis. If such ratio is greater than 33, then tolls shall be paid on the basis of the vessel's PC/UMS tonnage. Vessels with a gross tonnage (GRT) below or equal to 30,000 gross tons (GRT) will continue under the Canal tonnage tolls systems paying on the basis of their PC/UMS tonnage.

"With the new pricing system, the Canal is charging its customers a price closer to the value of services provided. We reached this decision through an open and transparent process, providing the industry with multiple opportunities to comment. The new system, approved by the Cabinet Council, reflects this open dialogue, incorporating several of the requests we received from the industry over the past few months," said ACP Administrator/CEO Alberto Alemán Zubieta following the Cabinet Council's decision.

## PANAMA CANAL TOLLS (in U.S. dollars)

Market Segment		Present Tolls			2007			2008			2009					
					Effective 1st			Effective 1st of		Effective 1st of						
<b>TEU Toll</b>																
Full Containers	Laden	49.00			May 1/	54.00		May	63.00		May	72.00				
	Ballast	39.20				43.20			50.40			57.60				
On-Deck Container Toll in other vessels	Laden	49.00			May 1/	54.00		May	63.00		May	72.00				
<b>Toll per berth</b>																
Passenger Vessels 2/	Laden	N/A			October	100.00		October	115.00		October	120.00				
	Ballast					80.00			92.00			96.00				
<b>Tolls per PC/UMS Ton</b>																
		1st 10K	2nd 10K	Rest	Effective 1st of	1st 10K	2nd 10K	Rest	Effective 1st of	1st 10K	2nd 10K	Rest	Effective 1st of	1st 10K	2nd 10K	Rest
General Cargo	Laden	2.96	2.90	2.85	Jul	3.26	3.19	3.14	May	3.63	3.56	3.50	May	3.90	3.82	3.76
	Ballast	2.35	2.30	2.26		2.59	2.53	2.49		2.88	2.82	2.77		3.10	3.03	2.98
Refrigerated Cargo	Laden	2.96	2.90	2.85	Oct	3.39	3.32	3.26	Oct	3.80	3.72	3.65	Oct	3.80	3.72	3.65
	Ballast	2.35	2.30	2.26		2.69	2.63	2.59		3.01	2.95	2.90		3.01	2.95	2.90
Dry Bulk	Laden	2.96	2.90	2.85	Jul	3.20	3.13	3.08	May	3.50	3.43	3.37	May	3.73	3.65	3.59
	Ballast	2.35	2.30	2.26		2.54	2.48	2.44		2.78	2.72	2.67		2.96	2.90	2.85
Tankers	Laden	2.96	2.90	2.85	Jul	3.29	3.22	3.16	May	3.70	3.63	3.57	May	3.98	3.92	3.85
	Ballast	2.35	2.30	2.26		2.61	2.55	2.51		2.94	2.88	2.83		3.18	3.11	3.05
Vehicle Carriers	Laden	2.96	2.90	2.85	Jul	3.24	3.18	3.12	May	3.60	3.52	3.46	May	3.87	3.79	3.72
	Ballast	2.35	2.30	2.26		2.57	2.52	2.47		2.86	2.80	2.75		3.07	3.01	2.95
Passenger Vessels 2/	Laden	2.96	2.90	2.85	Oct	3.39	3.32	3.26	Oct	3.80	3.72	3.65	Oct	3.95	3.87	3.80
	Ballast	2.35	2.30	2.26		2.69	2.63	2.59		3.01	2.95	2.90		3.14	3.07	3.02
Others	Laden	2.96	2.90	2.85	Jul	3.32	3.25	3.19	May	3.78	3.70	3.64	May	4.12	4.04	3.97
	Ballast	2.35	2.30	2.26		2.63	2.58	2.53		3.00	2.94	2.89		3.27	3.20	3.15
<b>Tolls per Displacement Ton</b>																
Displacement		1.64			Jul	1.84			May	2.09			May	2.28		

**Notes:**

1 / The TEU tolls which will take effect on May 1, 2007 were approved on February 16, 2005.

2/ Vessels above 30,000 gross tons (GRT) and whose PC/UMS tonnage divided by maximum passenger capacity (PAX-ITC) ratio is less than or equal to 33, shall pay tolls on a per berth basis. If such ratio is greater than 33, tolls shall be paid on the basis of PC/UMS tonnage. Vessels below or equal to 30,000 GRT shall also pay on the basis of PC/UMS tonnage.

**RE: Lock Maintenance**

Please find below Tentative Locks Maintenance Schedule

<i>LOCKS MAINTENANCE WORK</i>						
Dates	Days	Miraflores	Pedro Miguel	Gatun	Estimated Transit Capacity	Status
July 14-19, 2009	6		Lane Outage		26-28	Tentative

**RE: Panama Canal News**

**CANAL WATERS TIME DOWN  
GENERAL CARGO, DRY BULK AND TANKER TRANSITS UP**

The Panama Canal Authority (ACP) released their second quarter (Q2) operational metrics today for fiscal year 2009. In Q2, Canal Waters Time (CWT), the average time it takes a vessel to transit the Canal, including waiting time for passage, decreased significantly, while total transits and net tonnage remained nearly flat. These metrics are based on operations from January through March 2009, the second quarter of the ACP's 2009 fiscal year, and are compared with Q2 of fiscal year 2008.

Average CWT decreased 27.9 percent – to 26.22 hours from 36.39 hours. CWT for booked vessels, those ships holding reservations, decreased 19.5 percent – to 15.83 hours from 19.66 hours. The drop in CWT can be attributed to the ACP's efficient operations and a minimal decline in transits.

Total Canal transits slightly decreased 1.4 percent – to 3,914 transits from 3,971. Transits of supers, larger ships that require greater time and navigation skills to transit the Canal, declined 2.9 percent – to 1,815 transits from 1,869.

With regard to key segments, general cargo, dry bulk and tanker transits increased, while refrigerated (reefers), container, vehicle carrier and passenger transits decreased.

“Our results for this quarter paint a favorable picture of how the Canal continues to weather the global economic crisis. Q2 numbers remained steady and we do not expect to see major fluctuations,” said ACP Executive Vice President of Operations Manuel Benítez. “The ACP will continue to follow these developments closely and remains fully committed to meeting the needs of its customers and the industry.”

Panama Canal/Universal Measurement System (PC/UMS) tonnage remained nearly constant with a slight decline of 3.3 percent – to 75.7 million PC/UMS tons from 78.4 million PC/UMS tons.

The official accident rate declined 32.4 percent to 1.02 accidents per 1,000 transits from 1.51 per 1,000 transits. An official accident is one in which a formal investigation is requested and conducted.

Utilization of the booking system decreased 15.6 percent – to 79.56 percent utilization from 94.31 percent.

## **RE: Panama Canal Transit Reservation (Booking) System**

There has been several changes in Panama Canal Transit Reservations System some of the most important as follows

### **\*\* Cancellation Fees change**

Over 365 Days	10% of booking fee
365 - 180 Days	20%
180 - 90 Days	40%
90 - 30 Days	50%
30 - 3 Days	60%
72 - 36 Hours	80%
Less than 36 Hours	100%

### **\*\* Booking Fee's for Booking Slots**

LOA<=300'	USD\$ 2,500.00
BEAM<80' , LOA>300'	USD\$ 5,500.00
80'<=BEAM<91' , LOA >300	USD\$10,500.00
91'<=BEAM<100' , LOA>300	USD\$18,500.00
<b>BEAM&gt;=100' , LOA&lt;900'</b>	<b>USD\$25,00.00</b>
BEAM>=100' , LOA>=900'	USD\$35,000.00

ANY INFORMATION NEED IT DON'T HESITATE TO CONTACT US.

Thanks

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