



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

May 29th, 2006

Re: Locks Maintenance Schedule 2006

The following is a revised schedule of tentative maintenance from the Canal Authority:

June 6-15 (10 days) Miraflores - lane w-restrictions
June 14 -16 (3 days) Gatun - lane outage
July 11-20 (10 days) Gatun - lane w-restrictions
July 17-22 (6 days) Miraflores - culvert outage
Aug 12-14 (3 days) Gatun - lane w-restrictions
Aug 15-19 (5 days) Gatun - lane outage
Aug 20-24 (5 days) Gatun - lane w-restrictions
Sept 12-19 (8 days) Gatun - lane outage

During these periods delays to nonbooked vessels anticipate min 72 – 96 hrs.

Transit Capacity: The normal capacity of the Panama Canal is 38 transits per day. This capacity is reduced during locks outages, as indicated in the above table. Consequently, vessels may experience delays in transiting. Normally, during these periods, the Panama Canal Transit Reservation System slots are fully utilized. Whenever a set of locks requires a major outage of one of its two lanes for dry chamber inspection, miter gate repairs, tow track work or other major maintenance/improvement projects, advantage may be taken of this requirement to perform simultaneous single lane outages for additional maintenance at other locks. Two-day lane outages have no significant impact on Canal vessel backlog, therefore are not normally included in this chart.

RE: Panama Canal auctions additional booking slot to transit the waterway

As demand for the Panama Canal continues to increase, booking slots to transit the waterway are becoming more difficult to acquire. As a result and in response to a need expressed by Canal customers, an additional booking slot is now available to Canal customers through a standard auction process. Bids for the additional slot became available for auction on April 1 for transits beginning on April 4. This new system will be available for a 60-day trial period, at the end of which a decision will be made based on the value of the service and customer feedback. The additional booking slot is auctioned on days when basic slots for either supers (91' or more in beam) or regulars (under 91' in beam) have been sold out. The ACP publishes the initial or base price to be used during the auction, which is based on the maximum booking for each category for the month prior to the previous month. The winner of the auction is required to pay applicable tolls, in addition to the auction bid, and is also subject to the same restrictions and afforded the same privileges as normal booking slots.

"The booking slot provides another option to those with low customer rankings (customer ranking is based on the previous 12 months of transit and tolls history) looking to transit their cargo more expeditiously through our waterway," said Jorge L. Quijano, ACP Maritime Operations Director.

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The auctioned slot system was thoroughly tested and analyzed by the ACP before being introduced in April. It will help meet concerns expressed by customers with difficulty acquiring booking slots and who, under normal circumstances, would have to wait their turn to transit on a first-come, first-served basis, with the resulting delay.

The additional booking slot made available through an auction process was implemented nearly two months ago, and during the 60 day test period has been utilized primarily by the customers it was intended to serve, namely tankers and bulk carriers. These customers, who have a low ranking in the booking system, would otherwise not have been able to secure a booking slot through the normal booking system. Taking this into consideration, as well as comments received from our customers, the ACP has decided to continue offering this additional auctioned booking slot on a permanent basis, available during the 3rd period only, and for any booking condition that may be present at the time. This auctioned slot will only be available once all the normal booking slots available for either supers or for regulars, independent of each other, have been allocated.

Following clarifications and changes:

- The initial or base bid for the auctioned booking slot during Conditions 1 and 2 will be fixed to twenty five thousand dollars (\$25,000.00) for supers and ten thousand dollars (\$10,000.00) for regulars. When booking Condition 3 is in effect, the initial or base bid will be fixed to fifty thousand dollars (\$50,000.00) for supers and twenty thousand dollars (\$20,000.00) for regulars. In all three conditions where there are few bids competing for the auctioned booking slot, should the winning bid amount be less than the winning vessel's normal booking fee, the ACP will honor the winning auctioned bid amount.
- Vessels awarded an auctioned booking slot which have already secured a normal booking slot during the 3rd period competition for the date following the auctioned booking slot date, will be given the option to retain either one of these booking slots. Should the vessel elect to retain its normal booking slot, then the auctioned booking slot will be awarded to the next highest bidder. If, on the other hand, the vessel elects to retain the auctioned booking slot, then its normal booking slot will be voided at no additional charge. Nevertheless, the vessel will be required to pay whichever amount is higher, the normal booking fee or the auctioned bid amount.
- A fully integrated tug and barge unit (ITB) participating in the auction process will have its bid assigned to the piece of the unit with the highest PC/UMS tonnage. If an ITB is awarded the auctioned booking slot, then the larger of the two pieces will pay the winning bid, while the smaller piece will be required to pay its normal applicable booking fee.

Information provided by users during the auction process will remain strictly confidential. Once the bid is closed, the ACP will publish any information deemed necessary to ensure transparency of this process. These modifications to the booking rules will be implemented effective June 1, 2006, during the auction of the booking slot to transit June 4, 2006.

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

Thanks

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