



**JANUARY 29-30 • TAMPA FL**

# SHIFTING TRADE

**The Panama Canal:  
*A Continued Leadership in the Region***

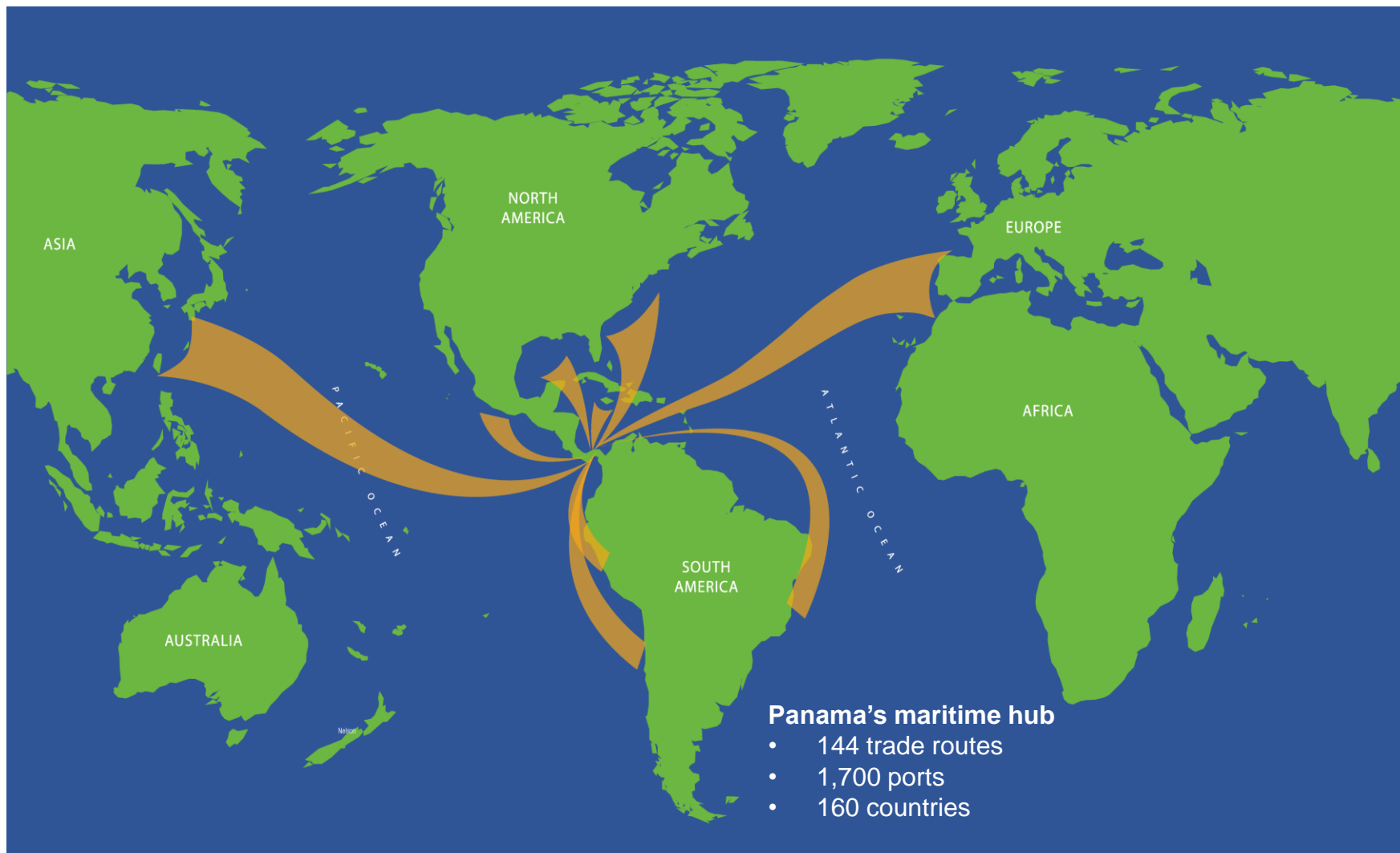
Presented by: Dr. Ricaurte Vásquez M.





# The Role of the Panama Canal in the World Trade

The interoceanic waterway has improved world trade, transportation and connectivity by reducing times, distances and costs between production and consumption centers.



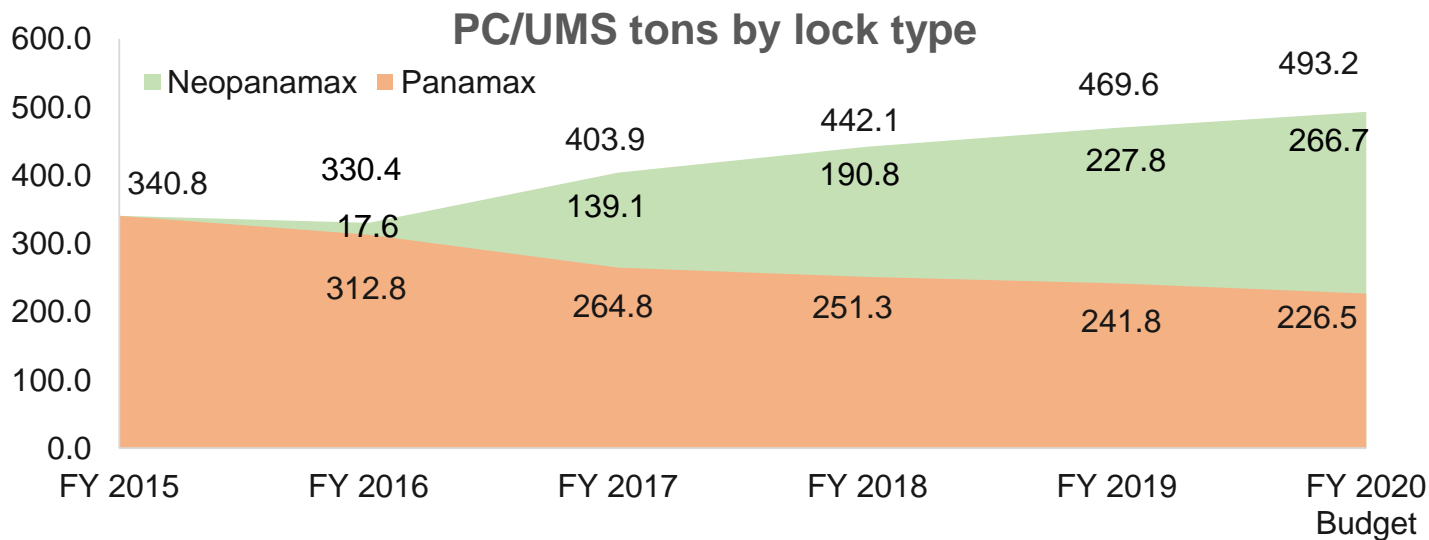


# The Panama Canal: Between Numbers and Performance

SHIFTING TRADE • JANUARY 29-30, 2020

Fiscal Year (FY) 2019 ended with a record tonnage:  
+6.2% increase compared to FY 2018

<b>13,785</b>	<b>469.6M</b>	<b>34,070</b>	<b>16.7M</b>	<b>10.6M</b>	<b>252.4M</b>
Transits -0.1%	PC/UMS tons +6.2%	Avg. vessel size (PC/UMS) +6.3%	TEU capacity +4.3%	TEU loaded +4.4%	Cargo tons -1.0%



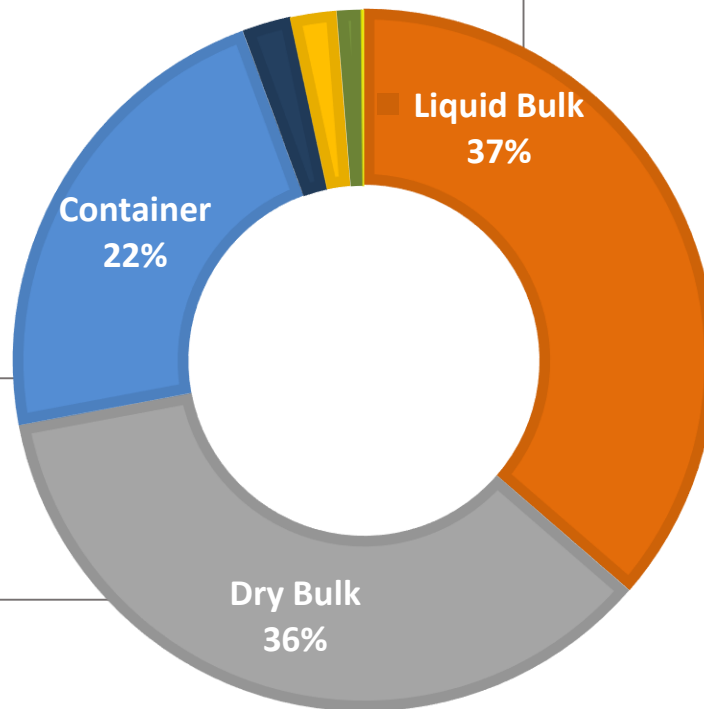


# A Canal at the Service of the World Maritime Trade

SHIFTING TRADE • JANUARY 29-30, 2020

- General Cargo
- Vehicle-RoRo
- Refrigerated Cargo
- Others

Market share for containerized cargo in TEU for the Panama Canal route Northeast Asia – USA was 55% in FY 2019, when 16.6 million TEU of capacity were deployed through the waterway.



- LPG total cargo through the Panama Canal accounted for 20.0 million metric tons in FY 2019; the Canal has a 48% market share.
- LNG cargo volumes accounted 13.3 million metric tons. The Canal has 38% market share.
- Both type of cargo transited mainly through the Neopanamax locks, to Asian ports – Japan and South Korea.

- Grains are a major component of dry bulk cargoes. In FY 2019, 22.0 million tons of grain transited the Panama Canal from the USA.
- Market share for the Panama Canal was 21% destined mainly to Northeast Asia.

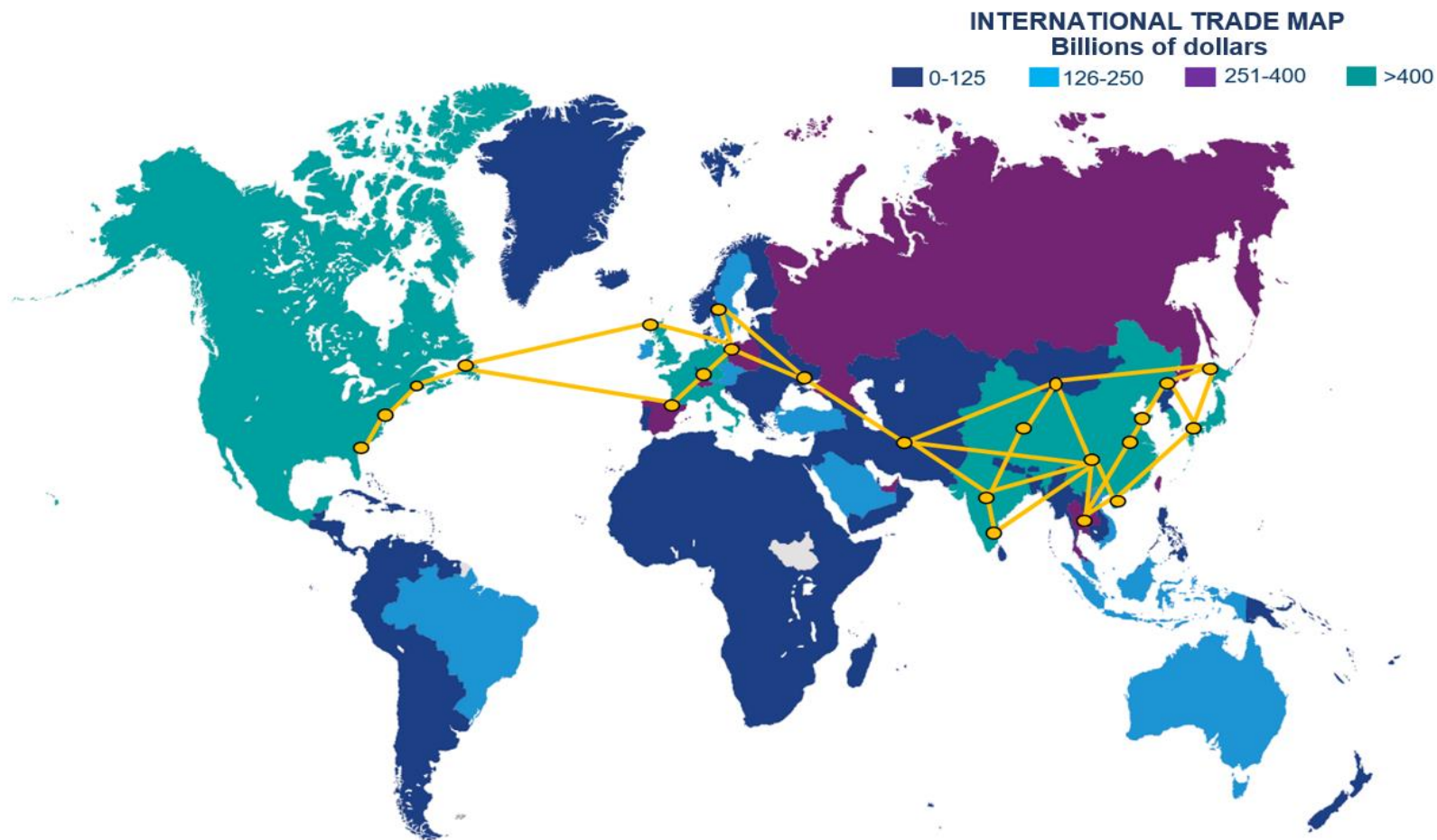
- Total cargo movement: 252.4 million long tons.
- 67.1% of the cargo originates in or is destined to the USA.

Source: Panama Canal database



# Displacement of the Commercial Core

SHIFTING TRADE • JANUARY 29-30, 2020



1. Economic growth has moved to Asia.
2. Eurasia has been commercially strengthened with intra-regional routes that have gained 60% of participation with respect to traditional transcontinental routes.
3. 70% of the financing for startups in Asia comes from regional funds.
4. By 2030, the region is expected to contribute roughly 60% of global growth.
5. Asia-Pacific will also be responsible for the overwhelming majority (90%) of the 2.4 billion new members of the middle class entering the global economy.

\*Sources:

- KPMG: *Davos 2020: The seven tendencies that guide the new capitalism.*
- Forbes: *The 21st century belongs to the Asian continent.*
- World Economic Forum: *In 2020 Asia will have the world's largest GDP.*



# Global Changes and the Waterway

The following global risks\* have relevance for the Panama Canal:

- **Geopolitical:** Interstate conflict with regional consequences.
  - Although USA and China recently signed a first phase to reduce the tariff war, the level of uncertainty is 78% for 2020, according to the Global Risks Perception Survey.
  - Commercial tension cost: US\$700 billion in lost outputs for 2020, as reported by the World Trade Organization (WTO).
  - Together, USA and China account for over 40% of the global GDP.
  - Both countries are the two main users of the Panama Canal.
- **Economics:** A slow world economy growth.
  - The WTO determined that growth in merchandise trade has slowed to 1.2% in 2019 from 3.0% in 2018.
  - The World Bank plans for 2020 a modest rebound in global economic activity: 2.5% due to the gradual recovery of trade and investment.
- **Technological:** Intended or unintended consequences of technological advances.
  - Artificial Intelligence (AI) is a pillar for the plan Made in China 2025.
  - The United States Department of Defense requested that its budget be tripled to US\$268 million, citing the rapid AI development of China and Russia.
  - These countries are designing their own tech systems and developing their own supply chains.
- **Environmental:** Actions from governments and businesses to enforce or enact effective measures to mitigate climate change: IMO 2020 regulations; 2015 Paris Climate Agreement; Panama Canal water conservation measures.
  - The next 10 years will shape the outlook for climate risk for the rest of the century.
  - Global emissions need to peak almost immediately and decline by 7.6% each year between 2020 and 2030.
  - Cost: US\$460 billion a year of clean energy investment
  - The Panama Canal is taking action to face rainfall variations and to ensure draft level for ships.

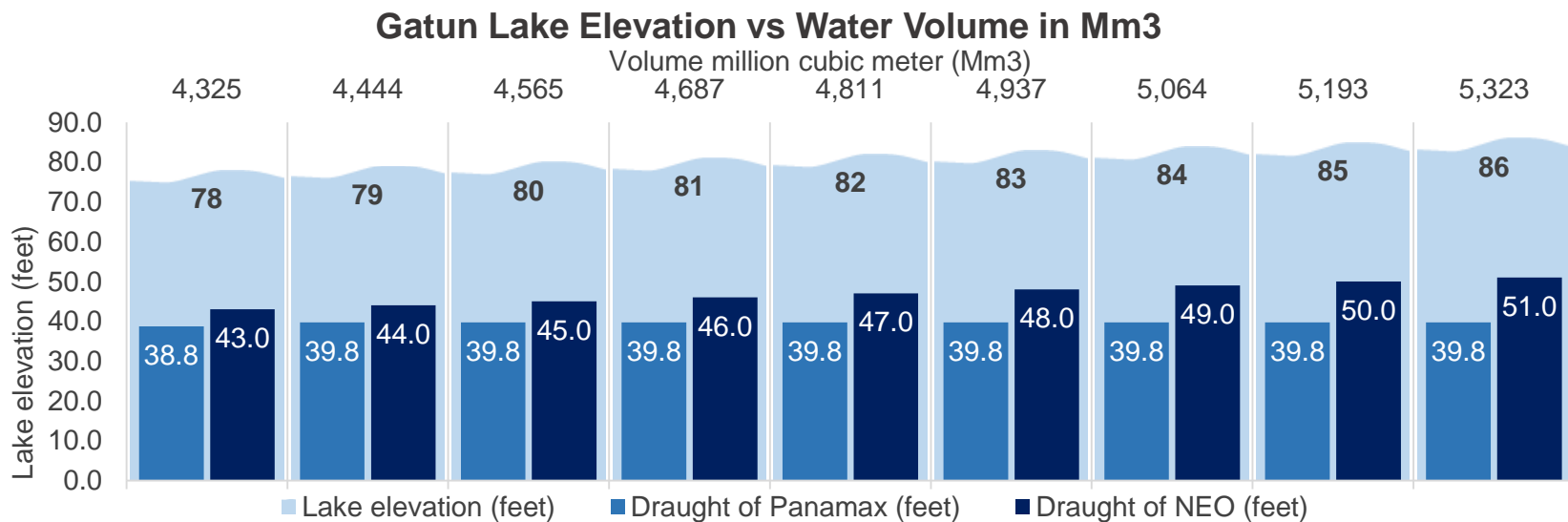
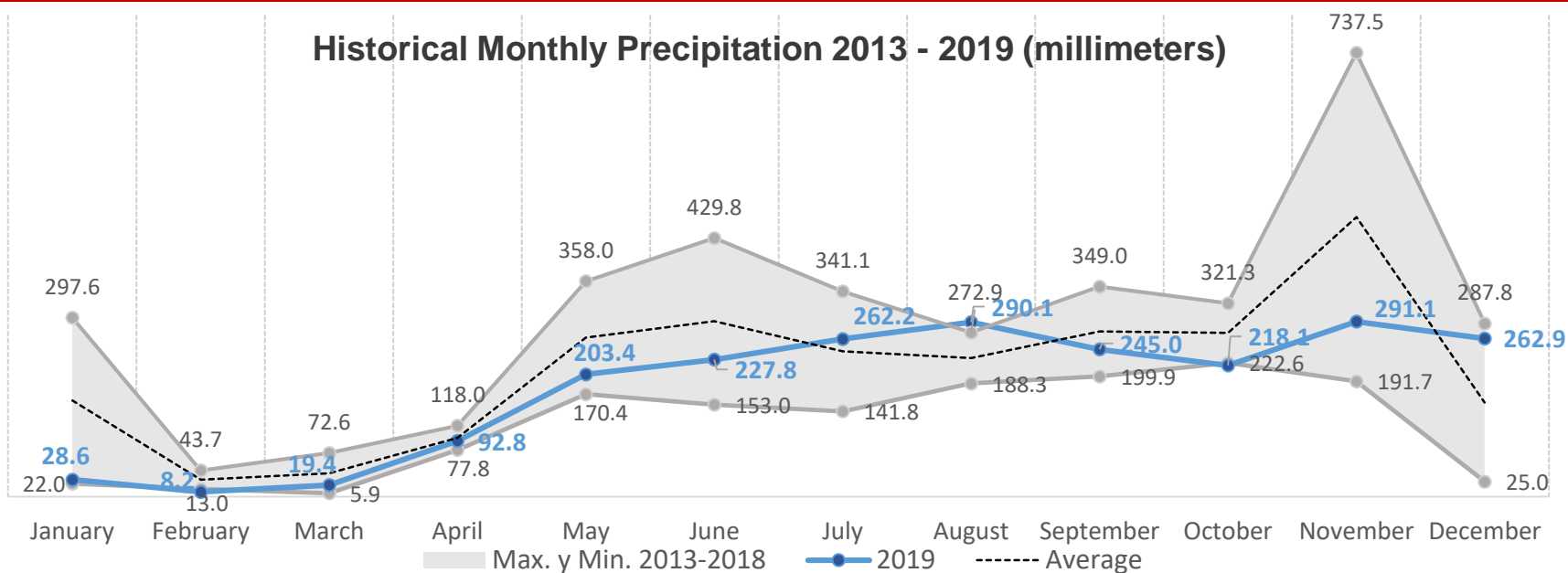
\*Sources:

- World Economic Forum: *The Global Risks Report 2020*
- KPMG: *2030 Keys for the new decade*
- KPMG: *Davos 2020: The seven tendencies that guide the new capitalism*



# The Panama Canal Faces a Challenge: Variation in Rainfall Patterns

SHIFTING TRADE • JANUARY 29-30, 2020

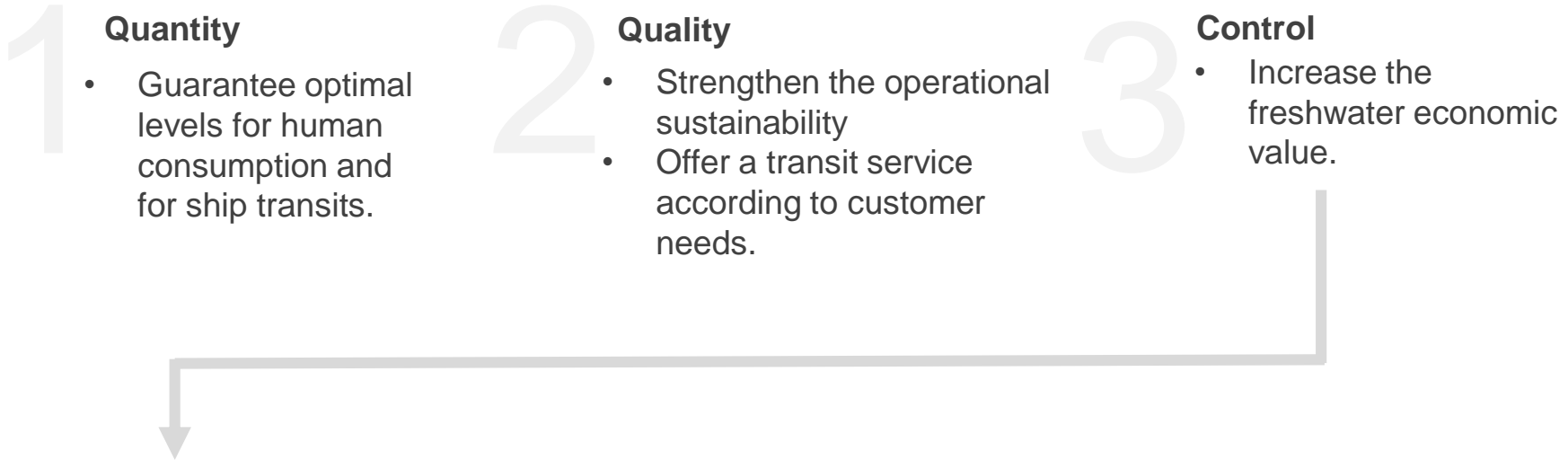


Source: Panama Canal database



# Water Resource Management Criteria: *A Crucial Opportunity*

SHIFTING TRADE • JANUARY 29-30, 2020



The Panama Canal needs to reconsider the economic value of the water resource, specifically through a fee for freshwater consumption in transits applicable to high draft vessels.

This charge will consist of a fixed component and a variable component:

- **Fixed component:** US\$10,000 for each transit, without distinction.
- **Variable component:** Percentage of the toll established on the basis of the daily level of Gatun Lake. This percentage will fluctuate between 1% and 10%.

A new electronic platform will be enabled for customers to have information regarding the draft level allowed in a certain period of time.

- **Transit itinerary registration fee:** Consists of an advance payment at the time of reservation, which will not be refundable if the transit is canceled.





**JANUARY 29-30 • TAMPA FL**

# SHIFTING TRADE

**The Panama Canal:  
*A Continued Leadership in the Region***



Presentation prepared by the Panama Canal Authority. All rights reserved.