

Public & Private Development Associated with the Panama Canal Expansion

- Port Development
- Panama Maritime Strategy

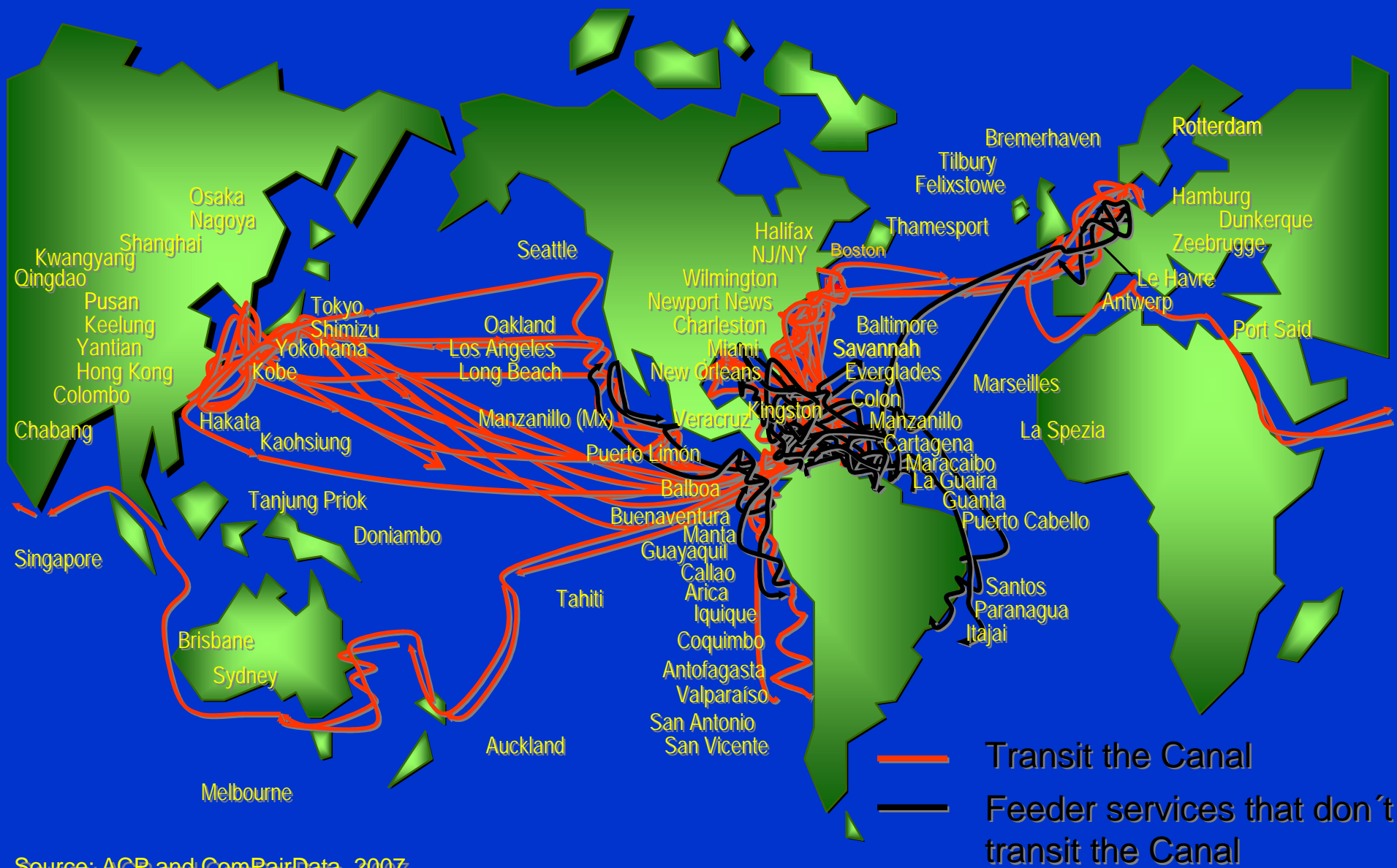
Panama Maritime Authority

Mr. Carlos Ernesto Gonzáles de la Lastra

Secretary General



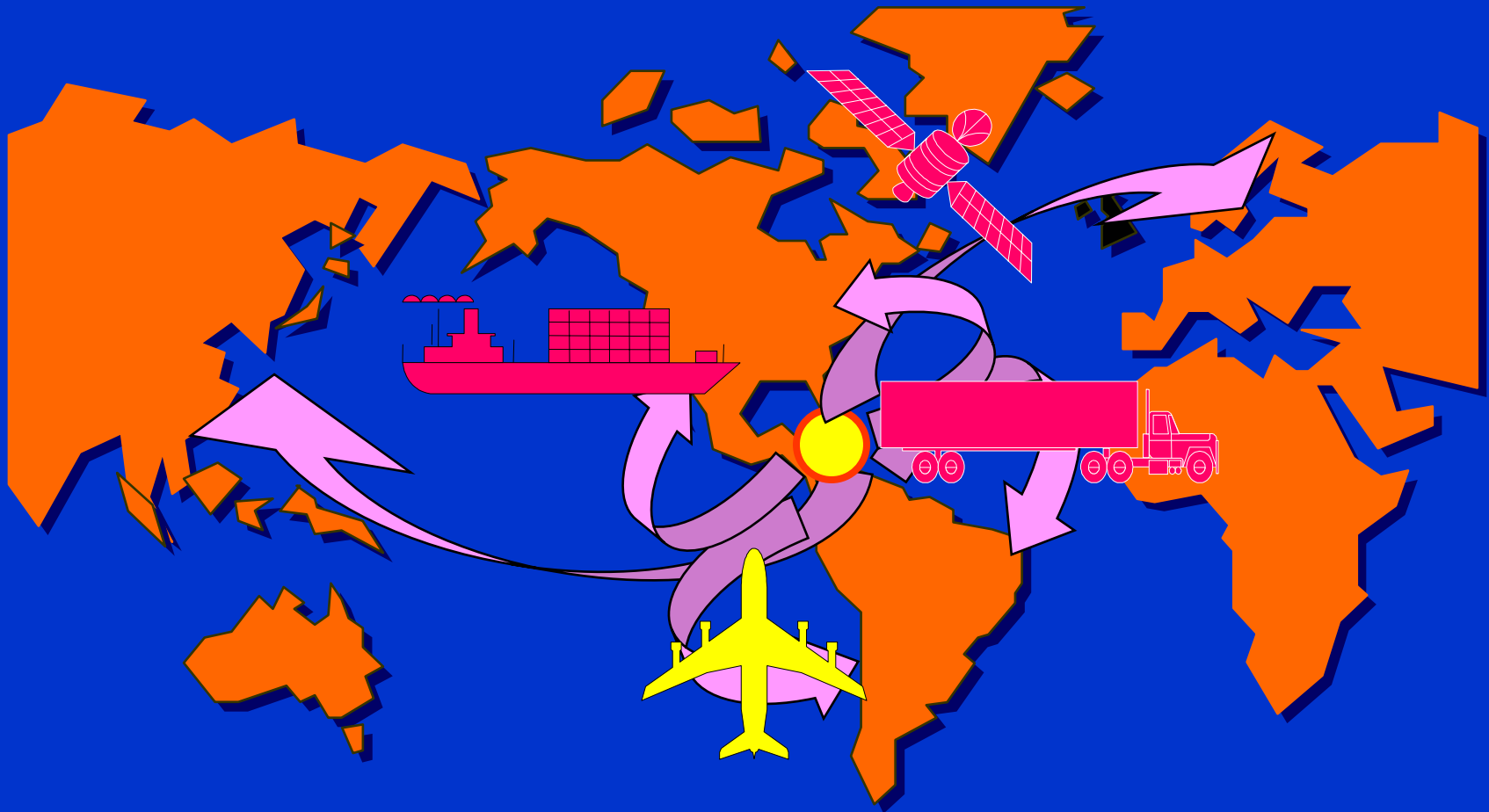
International Ports Connected Through the Panama Canal every Week



Source: ACP and ComPairData, 2007

144 Routes

Direct Access to a Market of 2.200 million people



According to the UNCTAD, Panama is the country with more connectivity in Latin America

Ports of the World Connected through the Services of Line of the Panama Canal and the Services that berth in Panamanian Ports

Algeciras	Felixstowe	Miami FL	Salerno
Altamira, MEX	Freeport, Bahamas	Mobile AL	San Antonio
Antofagasta	Genoa	Mumbai (Nhava Sheva)	Santo Tomas de
Antwerp	Guayaquil	Mundra	San Juan PR
Arica	Haifa	Nagoya	San Vicente
Auckland	Halifax, Nova Scotia	Napier	Savannah GA
Balboa	Hamburg	Naples	Shanghai
Baltimore MD	Havana	New York NY/NJ	Shekou
Barcelona	Hong Kong	Ningbo	Shimizu
Barranquilla	Houston TX	Norfolk VA	Southampton
Bilbao	Iquique	Noumea, New	Sydney
Boston MA	Jacksonville FL	Oakland CA	Tampa FL
Bremerhaven	Kaohsiung	Oakland CA	Tauranga
Brisbane	Keelung	Osaka	Thamesport
Buenaventura	Kingston	Paita	Tilbury
Busan	Kobe	Papeete, Tahiti	Timaru
Callao	Kwangyang	Philadelphia PA	Tokyo
Cartagena,	La Guaira	Port Chalmers	Tuticorin, India
Caucedo, Dom Rep	Lazaro Cardenas,	Port Everglades FL	Valencia
Charleston SC	Le Havre	Port Kelang	Valparaiso
Chiwan	Leghorn	Port of Spain,	Vancouver, B.C.
Colombo	Long Beach CA	Port Said, Egypt	Veracruz, MEX
Cristobal, Panama	Los Angeles CA	Port-au-Prince	Vigo
Curacao	Manzanillo, Dom Rep	Portland OR	Wilmington NC
Damietta, Egypt	Manzanillo, MEX	Puerto Cabello	Xiamen
Dubai, Jebel Ali	Manzanillo, Panama	Puerto Limon	Xingang/Tianjin
Dunkirk	Maracaibo	Puerto Quetzal	Yantian
Ensenada, MEX	Matarani	Qingdao	Yokohama
	Mejillones	Rio Haina	Zeebrugge
	Melbourne	Rotterdam	

Regional Connectivity



PANAMA FACTS

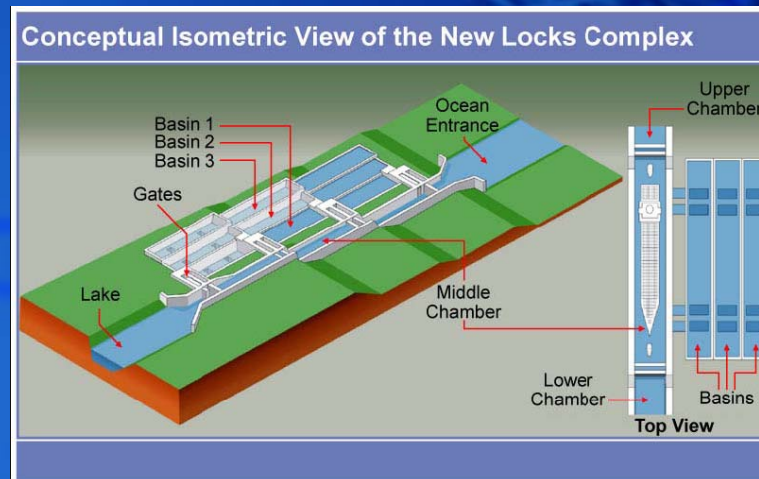
- ❑ Enjoys political, social and economical stability.
- ❑ Among the highest per capita income in Latin America
- ❑ Recently, Panama's private port system is improving with an investment of more than US\$ 2,100 millions, showing a strong vocation of the country as a worldwide centre of logistics and maritime transportation.
- ❑ Presently, Panamanian private ports offer the international commerce users a secure, comfortable and accurate services according to high level standards for cargo transshipments and storage.
- ❑ Panama's International Maritime University develops professionals and technicians of excellence for the maritime sector.
- ❑ Panama has a consolidated and reliable Open Registry since 1925, with territorial and legal substance.
- ❑ Lowest inflation rate of the region.
- ❑ Second largest free zone in the world.





Demand Opportunities

In the most probable demand scenario, during the next twenty years, cargo volume transiting the Canal will grow an average 3% per year, duplicating 2005's tonnage by 2025. Providing the Canal with the capacity to transit larger vessels, making it more efficient by allowing the transit of higher cargo volumes with relatively less transits and water utilization.





The Panama Canal has the opportunity to capture the growing flows of world trade.



Panama's maritime route represents an economically attractive, safe and reliable alternative.



With this new capacity, the Canal will strengthen its competitive position and Panama will enhance its leadership in the transshipping service in America and has the opportunity to become a Logistical Platform.



Average Services that arrive Panamanians Ports and transit the Panama Canal

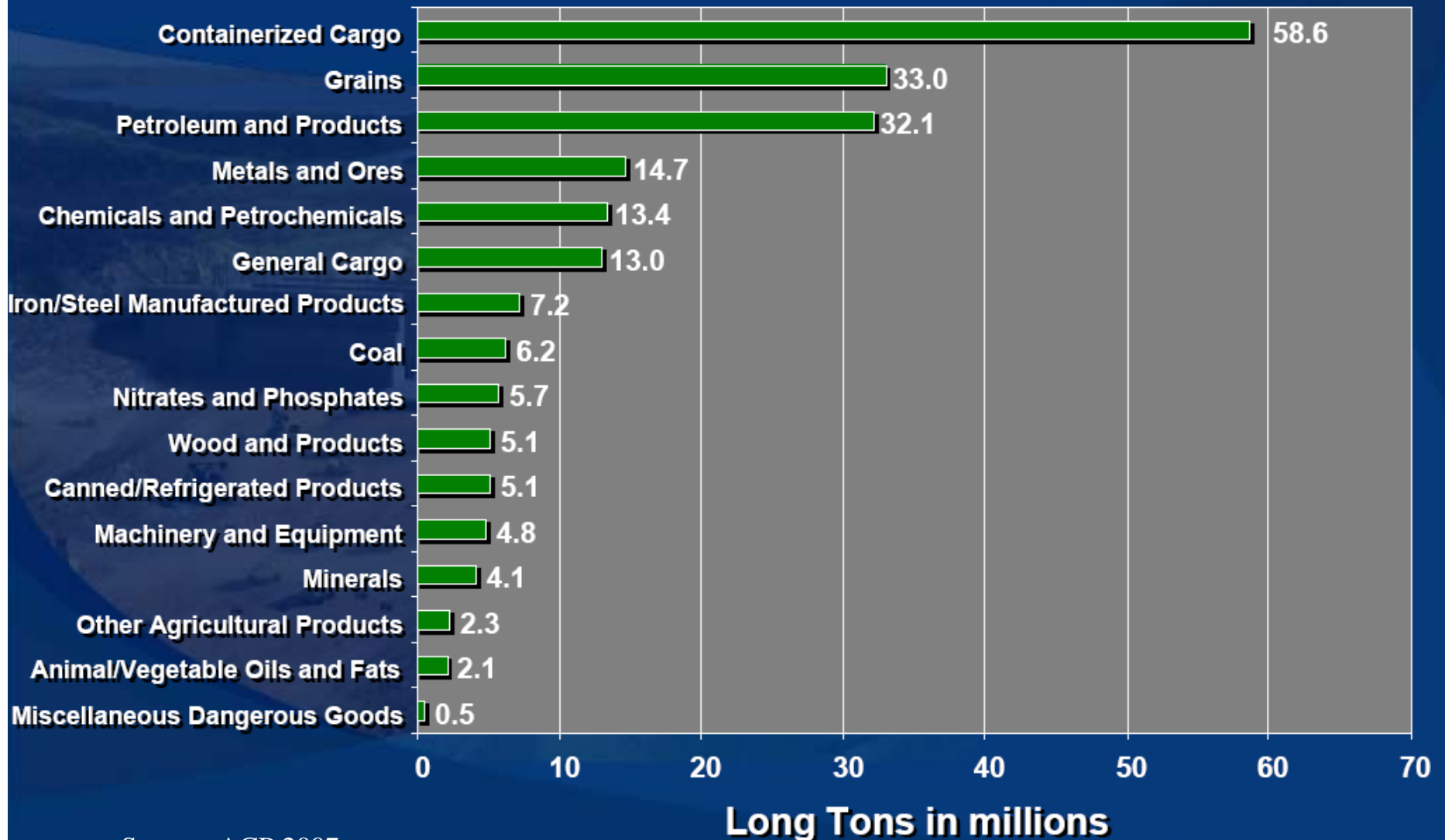


Manzanillo International Terminal	61%
Colon Container Terminal	63%
Balboa	74%
Cristóbal	38%
Average of the 4 terminals*	63%

* Considers all the arrivals to Panamanians Ports

Source: Prepared by ACP using ComPairData, April 2006.

Principal Commodities that Transit the Panama Canal Fiscal Year 2007



Source- ACP 2007



Port Development



Manzanillo International Terminal (MIT)



Colon Container Terminal



Panama Ports Company – Cristobal



Forecast

2007: 4.1 MTEUs

2010: 6.5 MTEUs

2015: 8.5 MTEUs

Singapore Port Authority

Development in Panama

New Farfan Port



Panama Ports Company

- ❑ In 1997 the Ports of Balboa in the Pacific and Cristobal in the Atlantic were granted in concession to Panama Ports Company, a subsidiary of Hutchison Whampoa of Hong Kong.
- ❑ The plan of expansion for Balboa accounts for more than 20 has. and for 40 has. at Cristobal with an investment of US\$1 billion.



Pacific Area – Panama Ports



Atlantic Area – Panama Ports

Port of Cristobal



Manzanillo International Terminal

- ❑ Operates a modern container terminal in the Port of Coco Solo, in Colon, since 1993 with an initial investment of more than US\$350 million.
- ❑ It is expanding more than 41 has., with an additional investment of US\$211 million.



Atlantic Area – Manzanillo Int. Terminal



Colon Container Terminal

❑ In 1996 Coco Solo Norte was granted in concession to the Evergreen Group of Taiwan to build a modern terminal known as Colon Container Terminal (CCT) at a cost of more than US\$100 million.

❑ The plan of expansion in stages 1 and 2 includes more than 87 has., with an investment of more than US\$400 million.



Cruise tourism evolution in Panama

Colón 2000 Port

- **Inaugurated in October 2000**
- **Main cruise lines: Holland America, Carnival and Celebrity**
- **Tour operation Aventuras 2000: tours offered via train and buses to Portobelo & San Lorenzo Fort**
- **Wil be homeport for Royal Caribbean beginning December 2008**



Carnival Liberty

NEW PORT PROJYECTS

NEW TERMINAL IN THE PACIFIC (FARFAN)

- More than \$ 600 million.
- Area of 112 hectares
- Wharf of 600 m x 750 m
- Post-Panamax gantry cranes
- Capacity for 2.4 millions TEU's



NEW CONTAINER TERMINAL CONCESSION IN RODMAN

- PSA Singapore
- Initial investment of \$100 millions.
- Capacity for 500,000 TEU's.





Panama Maritime Strategy

Title XIV, Article 317

Political Constitution of the Republic of Panama

Article 317. “The Panama Canal Authority, and all other institutions and authorities of the Republic related to the maritime sector shall be included in the national maritime strategy. The Executive Branch shall propose to the Legislative Branch the Law to coordinate all these institutions in order to promote the country's social and economic development.”



Background

- Instrument for the development of the Panamanian Maritime Sector
- Approved 4 years after the transfer of the Panama Canal and 10 years after the first container terminal concession
- Influenced by the high level of container transshipment service and potential cruise tourism
- First step to organize the maritime sector as a national development policy



Background

- Inter-Institutional Team presented a Strategy Proposal, which was approved by the Executive Decree No. 3, January 28, 2004
- Contains specific objectives oriented towards the development of the maritime sector
- Is the only legal instrument that includes the logistic development
- A Inter-Institutional Commission is established to follow up on the implementation stage



Inter-Institutional Commission



Panama Canal Authority



National Environmental Authority



Panama Maritime Authority



Panamanian Tourism Institute



Inter-Oceanic Region Authority

Strategy's Vision

- Panama's world maritime leadership
- Enhance maritime activities: commerce, logistic and transportation, industry and traffic
- Sustained economic growth and development
- Official State Policy



Strategy's mission

- Free enterprise
- Competitive market structure
- Maritime Security
- Legal Security
- Sustained growth and development
- Maritime synergy competitiveness
- Permanent human resources development
- Appropriate technology applied





Vision

“Panama as a world leader of commerce activities and service, transport and logistic, industry and maritime traffic, to maximize the growth and sustained economic development.”

Mission

“Manage and provide maritime services with excellence, under the umbrella of a government policy that guarantees competitiveness, free enterprise, judicial security, and sustain development. Such government policy will promote the synergies between our maritime competitiveness, continuous development de our human resource and the appropriate use of technology aimed to obtain the most socio-economical benefit for all Panamanians.”

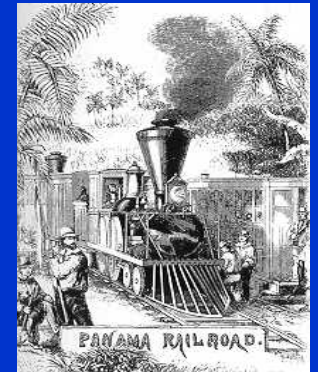
Strategy's Objectives

1. Promote and maintain the competitiveness of the institutions and enterprises that play roles in the commerce, transport and logistic, industry and maritime traffic activities.
2. Support the growth and socio-economic development of the country through the straightening and use of the maritime cluster in an environment that promotes the free enterprise and a competitive market.



Panama's Logistic history

- Pre-history
- The conquest-Spanish colony
- Tran-isthmian Railroad
- Panama Canal
- Flag Registry
- Colon Free Zone
- 1977 Canal Treaty
- Port Concessions
- On-going projects



Panama's Logistic Sector

- Represents 20% of the country's GDP
- Represents sustained growth rates
- Excellent development projections
- Built on low-level-organization
- Private investment has capitalized the country's potential
- Grown with great strength since the transfer of the Canal



Panama's Logistic Platform



Colon Free Zone



EVERGREEN CONTAINER TERMINAL

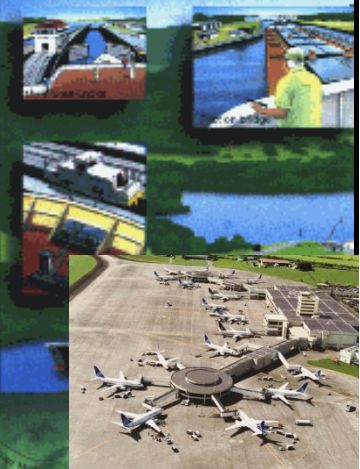


PORT OF CRISTOBAL

MANZANILLO CONTAINER TERMINAL



FRANCE FIELD AIRPORT

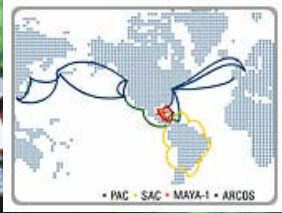


PANAMA RAILROAD



ALBROOK AIRPORT

FIBER OPTIC NETWORK



PORT OF BALBOA



Howard

HOWARD AIRPORT

PORT DEVELOPMENTS



Logistic Market Characteristics

- Competitive
- Offers connectivity
- Does not generate attractive volumes of local cargo
- Top world shipping lines have established regional offices in Panama
- 150+ companies dedicated to cargo transportation
- Efficient ports and frequent services
- Big development opportunities



Companies established in Panama

- 5 of the 10 main Global Terminal Operators

- 3 operate



- 1 regional office



- 1 in process to operate



- Main shipping lines



- Air Hub



- Direct flights to Europe



- Main logistic operators



Strategy's accomplishments

- CONVEMAR ratification
- Application of the Conventions regarding Port Regent State and Flag
- Update of Panama's maritime legislation – pending approval by National Assembly
 - General Merchant Marine Law
 - Amendment the Second Chapter of the Commerce Code
 - Maritime Judicial Procedures Rules
 - Ports General Law



Strategy's Accomplishment

- Modification of the Resolution that regulates the Seafarers
- Reorganization of the Panama Maritime Authority administrative Structure
- Panama requested a voluntary audit by the IMO
- Ratification of the Convention on Anti-incrustation Systems for vessels paints



Strategy's Accomplishment

- Ratification of the “Anti-Fouling System on Ships” Convention (AFS)
- Creation of a Second Maritime Court
- Draft bill to establish a Maritime Court of Appeals
- Increase of Official Licenses and sailors I. D. Papers as well as increase of the Fleet Registry
- Reelection of Panama as IMO's Class A members (2007-2009)



Strategy's Accomplishment

- Creation of Department and Units responsible for the fulfillment of treaties, agreements and international instruments pertinent to maritime matters ratified by Panama.
- Creation of the Ancillary Maritime Industries Department
- MOU's:
 - European and American Ports
 - COCATRAM
 - ROCRAM
 - REPICA



Strategy's Accomplishment

- Creation of Panama's Maritime Cluster
- Establishment of Shipping Lines regional offices in Panama
- Manning Companies Agreements
- Application of the Transparency Law
- Quality System Implementation
- Creation of Panama's International Maritime University (UMIP)
- Various Academic Research and Cooperation Agreements



Strategy's Accomplishment

- Contract agreement to establish a Satellite Monitoring System (merchant marine, ports and fishing)
- Panamanian ports are consolidated as America's main Transshipment Center
- “Home Port”, December 2008
- Railroad cargo volume increased
- Container Terminals Expansions
- PSA Concession
- Promotion of the development of national ports and regional coastal shipping



Evolution

- Maritime transportation generates more cargo volume in the world
- Main Worldwide Distribution Centers are established close to container port terminals.
- Logistic covers activities that go beyond transportation
- Panama should turn its development towards the creation of activities that generate added value, requires qualified labor skills and promote a better quality of life of its citizens.



Evolution

- Value of the sustained development and environmental awareness
- Commitment to the Chain of Supply Services and the role we play in it
- Long term Alliances and mutual benefit
- From dispersed activities to complex programming
- Requires clear and defined rules that promotes progress
- The State plays a facilitator role as well as a developmental promoter

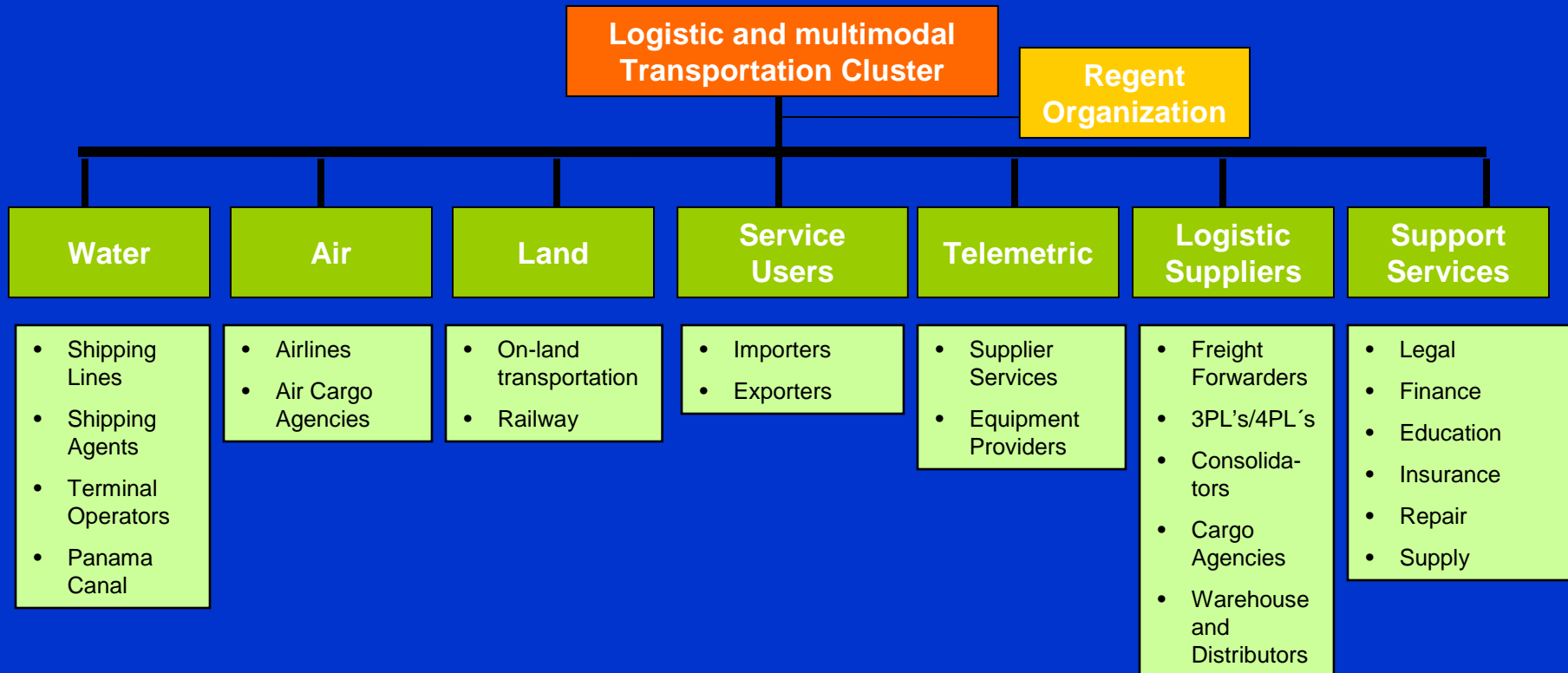


Challenges

- The development of the country's logistic sector should support and increase the growth of other productive activities in Panama (exports)
- Panama's logistic advantages should be oriented in a sustain economic growth
- Both private and public sectors should compromise in order to capitalize the country's competitive advantages
- Inter-Institutional Committee should include additional entities that can consolidate the logistic sector
- Plan and define a logistic strategy for the country



Logistic Cluster



NEW VISION

Transform Panama in a integrated, excellence and competitive maritime and logistic service within the international commerce, developing activities that generate added value.



New Strategic Objectives

1. Integrate and promote the development of the maritime and logistic cluster which includes multi-sectoral productive activities to obtain a suitable economic development of the country.
2. Consolidating Panama as a main maritime and logistical platform of the Americas, to the service of international commerce, adding value to the supply chain.
3. Guarantee productive, competitive, efficient, transparent and integrated processes, based on excellence and effective inter-institutional communication between private and public agents that participate in the maritime and logistic cluster.



New Strategic Objectives

4. Transform Panama in a world class maritime formation, research and investigation and innovation in the maritime and logistic service.
5. Guarantee the sustainable development of maritime and logistic activities, complying with the environmental protection.
6. Guarantee the compliance of protection policies, security and industrial hygiene and occupational health in all activities in the maritime and logistic sectors.



New Values

Responsibility

Transparency

Honesty

Team Work

Excellency

Commitment

Leadership

Solidarity



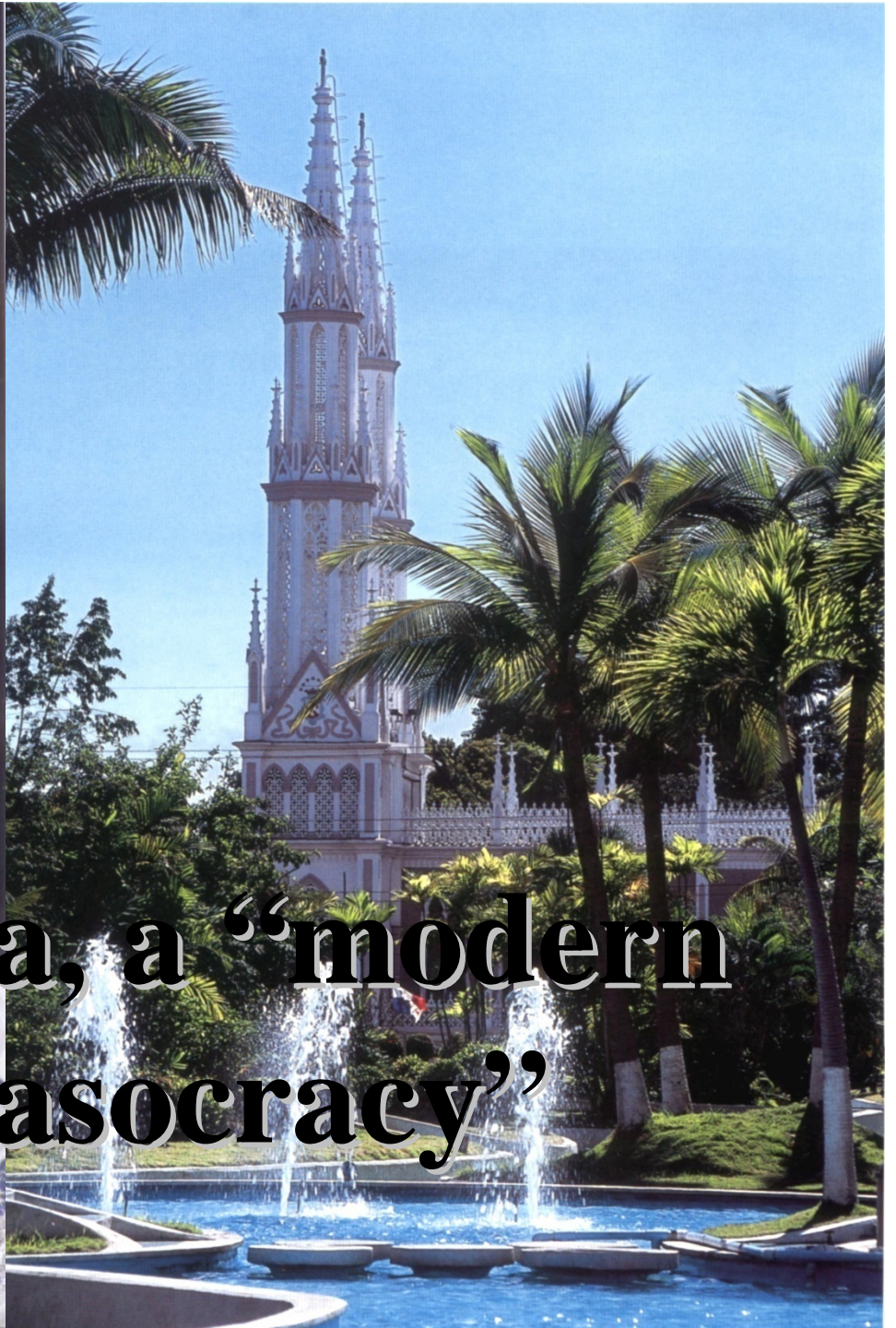
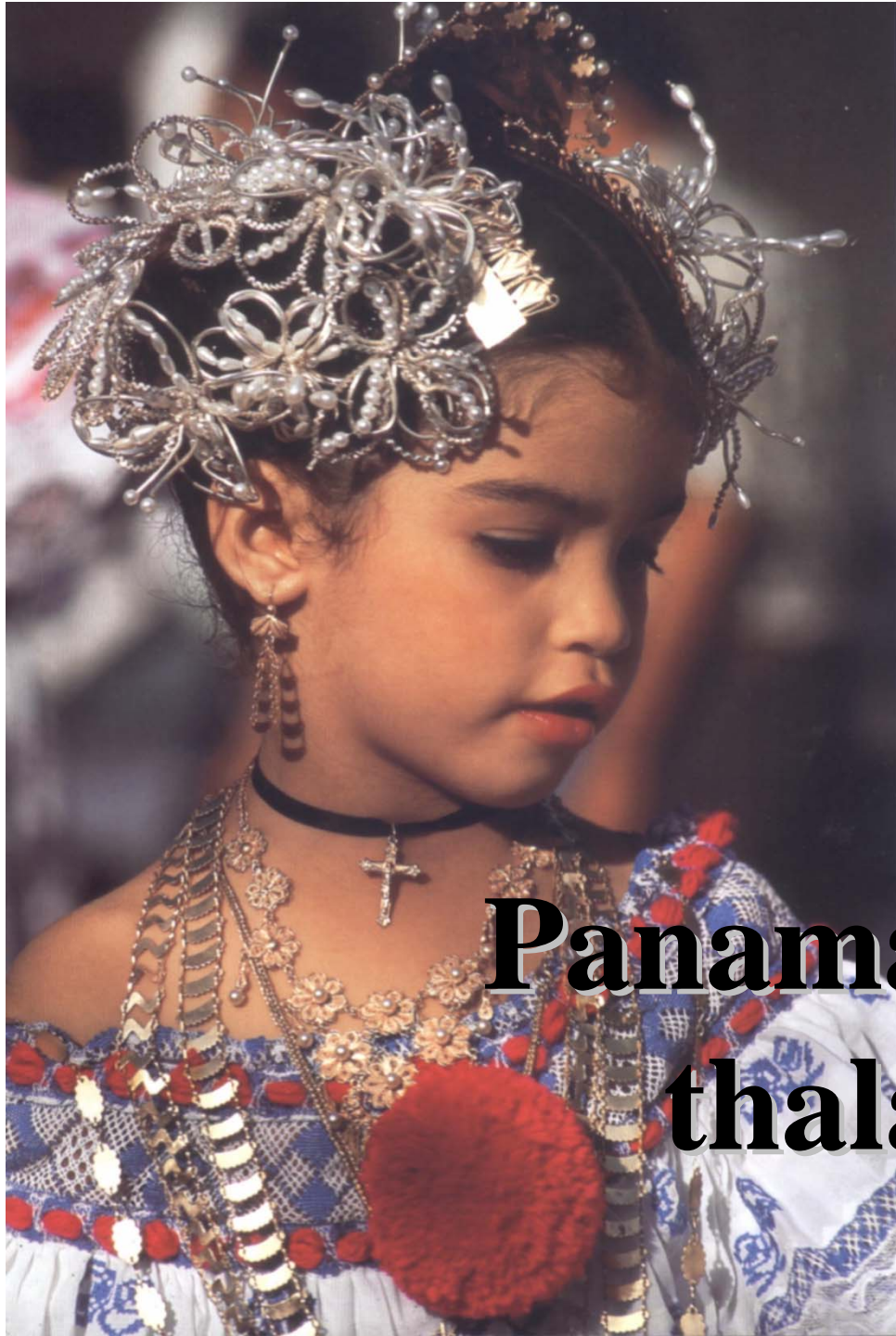
Panama Maritime Strategy

In our opinion, Panamá's new maritime strategy, starting 2009, should be refocused towards a National Integration Strategy for the country, starting with the services sector as a base, specially the maritime-port-logistic complex, but being part and contempating the integration of the Nation's Developmental Strategy.

Such strategy should be in execution before the completion of the Panama Canal Expansion.

Ricardo J. Sanchez, CEPAL-ECLAC
New National Maritime Strategy Workshop
May 8-9, 2008





Panama, a “modern thalascocracy”