

The logo for INCHCAPE SHIPPING SERVICES features the company name in a bold, sans-serif font. 'INCHCAPE' is in white, and 'SHIPPING SERVICES' is in red. A stylized white bird or ship icon with a red triangle is positioned to the right of the text. The background consists of concentric, curved lines in shades of teal and green, creating a sense of motion and depth.

INCHCAPE
SHIPPING SERVICES

Panama Canal

4th October 2023 Webinar



Panama Canal Current Situation

Precedents

- ▶ Phenomenon El Nino 1982 & 1997
 - ▶ Stronger Situation
 - ▶ Programmed Electricity Shut Down
 - ▶ Only 1 Set of Locks + less population

- ▶ Previous drought in 2019-2020 due to weather (Climate Change).
 - ▶ Obligated Panama Canal to implement procedures to improve water efficiency in its operations.
 - ▶ Reutilization of water between chambers.
 - ▶ Obligated studies to identify long-term solutions to climate variability.

- ▶ Current weather severity and its recurrence have no historical precedence.
 - ▶ Two Sets of locks.
 - ▶ Increase of the Population around the Canal Area.
 - ▶ Vaporization of the water at high levels.





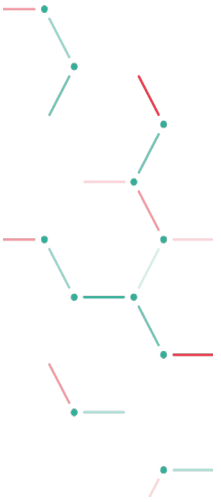
Panama Canal Current Situation

Current Operational Situation

- ▶ Condition 3 declared recently
 - ▶ Transit Capacity 28 – 32 overall (Estimated 10 Neopanamax and 22 Panamax locks vessels)
 - ▶ Average transit per day 32+
 - ▶ Reduction on the Booking slots
 - ▶ Normal Condition 31 Slots
 - ▶ Condition 3 - 27 slots / 3rd Period Competition suspended Panamax Locks
- ▶ Panama Canal will maintain a draft of 44 feet or 13.41 meters in the coming months.
 - ▶ 70% of the vessel require 44FT to transit the Canal
 - ▶ 45% Canal revenue is from Container vessels
- ▶ Around 110 vessels waiting to cross the Panama Canal, with an average wait time of 8-9 days.
- ▶ Restrictions due to ongoing drought conditions will remain in effect until further notice.

Causes & possible reasons to increase the uncertainty

- ▶ New Condition “Booking Condition 5” recently declared.
 - ▶ Booked vessels focussed
- ▶ The lack of rainfall has forced the Panama Canal to reduce the draft of ships and the lockage amount to save water.
- ▶ Unpredictable weather patterns.
- ▶ The last quarter of the year usually marks the peak season at the Panama Canal.
- ▶ There are no guarantees that restrictions remain in place longer.
- ▶ Panama dry season, normally is from December to May, the country faces challenges with water availability.





Pre-Booking / Auctions & Special Competition

ACTUAL Booking periods - Neo-Panamax

- ▶ Special Period Only for Passenger Vessels
from 730 to 366 days prior
- ▶ Period 1 From 365 to 31 days prior date
- ▶ Period 1.a From 30 to 15 days the prior date
- ▶ Period 2 From 14 to 4 days prior date
- ▶ Period 3 From 3 to 2 days prior date

NEW Booking periods - Neo-Panamax (Nov. 1st)

- ▶ Special Period Only for Passenger Vessels
from 730 to 366 days prior
- ▶ Period 1 From 90 to 31 days prior date
- ▶ Period 1.a From 30 to 15 days the prior date
- ▶ Period 2 From 14 to 8 days prior date
- ▶ Period 3 From 7 to 2 days prior date
(Only Action Bid)

ACTUAL Booking periods - Panamax Locks

- ▶ Special Period Only for Passenger Vessels
from 730 to 366 days prior
- ▶ Period 1 From 365 to 22 days prior date
- ▶ Period 2 From 21 to 4 days prior date
- ▶ Period 3 From 3 to 2 days prior date

NEW Booking periods - Panamax Locks (Nov. 1st)

- ▶ Special Period Only for Passenger Vessels
From 730 to 366 days prior
- ▶ Period 1 From 90 to 15 days prior date
- ▶ Period 2 From 14 to 8 days prior date
- ▶ Period 3 From 7 to 2 days prior date
(Only Auction Bid)

BOOKING FEE TABLE	
PANAMAX LOCKS	BOOKING FEE
Vessels with less than 27.74 m (91 feet) in beam (regulars)	\$10,500
Vessels with a LOA less than 274.32 m (900 feet) and a maximum beam of 32.61 m (107 feet)	\$40,000
Vessels with a LOA between 274.32 m (900 feet) and 294.44 m (966 feet), and a maximum beam of 32.61 m (107 feet)	\$50,000
NEOPANAMAX LOCKS	
Vessels with beam less than 42.67 m (140 feet) (including Panamax Plus vessels)	\$70,000
Vessels with beam equal to or greater than 42.67 m (140 feet)	\$85,000

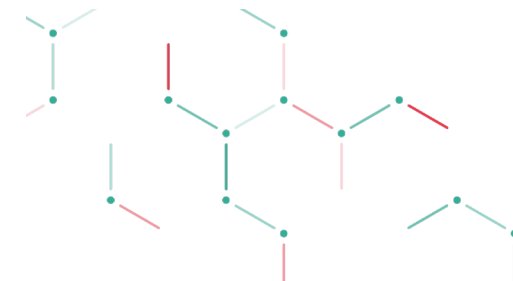




Pre-Booking / Auctions & Special Competition

Transit Slot Allocations Table

Segment	Slots Allocation	Slots Allocation	Slots Allocation
	Normal Condition	Condition 3	Condition 5 (Nov. 1st)
NEO	8	8	8
SUPER	15	13	17
REGULAR	8	6	5
TOTAL	31	27	30



Slot Allocations Table by Period after Nov. 1st

Segment	Special Period (730 to 366 Days)	Period 1 (90 to 31 Days Neo) (90 to 15 Days Pmax)	Period 1A (30 to 15 Days)	Period 2 (14 to 8 Days)	Period 3 *** (7 to 2 Days)	Total
NEO	1	2	2	2	1	8
SUPER	3	6	N/A	5	3	17
REGULAR	2	0	N/A	2	1	5
TOTAL	6	24	2	9	5	30
**** Only Auction						





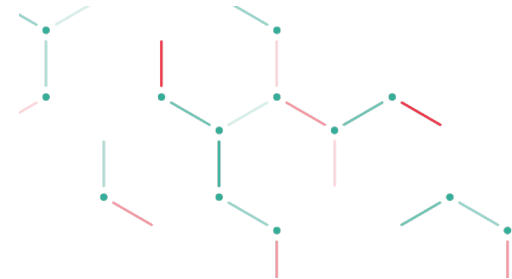
Pre-Booking / Auctions & Special Competition

New Booking Condition 5

- ▶ Panamax plus vessel will not be allowed to transit
- ▶ Capacity will be adjusted to 31 vessels per day.
- ▶ NO reservations will be allowed for dates between 365 and 91 days. No substitutions, swaps, nor changes in dates will be allowed for dates where the period is unavailable
- ▶ Slots that are cancelled or released for dates that are unavailable (between 365 and 91 days prior to booking date) will become available on new Period 1 opens 90 days prior
- ▶ The Special Booking Period (730 to 366 days) will remain available to passenger vessels only
- ▶ The slots on the **Booking Period 3**, will be offered through AUCTIONS ONLY, seven days prior to the booking date (Panamax and Neo-panamax vessels)
- ▶ The priority given to full containers will be suspended effective November 1, 2023 Pmax Locks

Priority if Tie-Break Competition Normally

- ▶ Container → LNG → LPG Neo Panamax
- ▶ Customer Ranking – Panama Locks

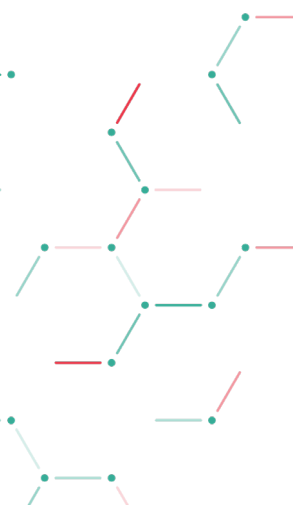




Pre-Booking / Auctions & Special Competition

Types of booking applications and options requests:

- ▶ **Special Competition:** Booking slots that become available before 96 hours due to cancellations or changes in booking dates (early transit) by customers.
 - ▶ Notification will be sent by ACP no later than 15:30 the next day when the slot becomes available.
 - ▶ Requests to participate must be sent from 09:00 to 09:30 hours of the following day of publication.
 - ▶ Allocation will be the same as the procedure utilized to allocate slots during the regular tie-breaker competition in regular condition.
 - ▶ **Note:** During special conditions, i.e. Condition 5 the Panama Canal will determine in which order of priority the slots will be allocated. At present – Containers have priority.





Pre-Booking / Auctions & Special Competition

Booking Options Requests

- ▶ **Daylight Transit:**
Only for passenger vessels, military and other non-commercial government-owned vessels.
- ▶ **Same-Day Transit or Late Arrival:**
Vessels booked for transit that fail to arrive by the required arrival time may elect to transit on the day of their booking when re-scheduling is possible without adversely affecting other vessels.
- ▶ **Transit Advancement for Booked vessels or Early Transit**
Only for Container vessels. Vessels booked for transit arriving early might request to transit earlier than their booking date, subject to costs and availability.
- ▶ **Just-in-Time:**
Service which allows a booked vessel to arrive at a pre-established time confirmed by the ACP.
- ▶ **Substitutions:**
A vessel already booked may only be substituted by another non-booked vessel, subject to the following set conditions.
- ▶ **Swapping:**
Swapping of reserved transit slots between two booked vessels is allowed.





Auction System

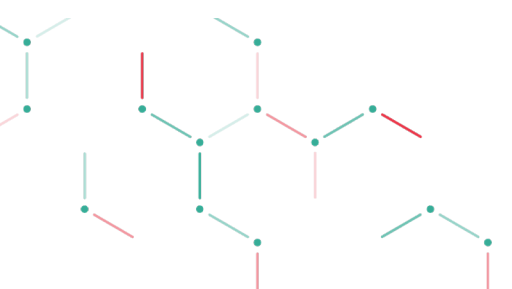
Extraordinary Auctions

- ◀ Only for Neo
- ◀ Available from Cancellations / Change of Dates / Early Transit / others

Special Auctions

- ◀ Offered when all slots available have been allocated. May be offered depending on several variables, including vessel mix and other factors. (Size / Cargo / Restrictions / among others).

Segment	Special Auctions	Special Auctions	Special Auctions
	Normal Conditions	Condition 1.A	Condition 5 (3rd Period)
NEO	1	1	1
SUPER	2	2	3
REGULAR	1	1	1
TOTAL	4	4	5





Customer Code & Ranking

PURPOSE: Provided to every vessel's visit to transit the Panama Canal, except for yachts or government vessels. Customer codes are an important factor in the competition toward obtaining reserved transit slots.

- ◀ Code ranking will be determined based on the weighted total transits (40%) and tolls paid (60%) during the preceding 12-month period.
- ◀ With the new condition become key factor on Panamax Locks on 1st & 2nd Period

No.	Company	Code	Weight
1	MAERSK A/S	MAERSK	1.00
2	MEDITERRANEAN SHIPPING CO.	MEDITE	2.80
3	CMA CGM	CGMCIE	3.80
4	NIPPON YUSEN KAISHA (NYK LINE)	NIYUKA	4.40
5	TRAFIGURA BEHEER B.V.	TRAFIG	6.60
6	COSCO	COSCOC	7.40
7	MIITSUI O.S.K. LINES	MIITSUI	8.40
8	EVERGREEN MARINE LATIN AMERICA S.A.	EVERGR	8.80
9	HAPAG LLOYD	HAPAGL	10.00
10	ZIM AMERICAN INTEGRATED SHIPPING SERVICES CO. INC.	ZIMISR	10.20
11	WILHELMSSEN LINES AS	WILINA	11.20
12	BW GAS A/S	BWGASA	12.00
13	NAVIERA ULTRANAV LIMITADA	SONAPC	12.80
14	OCEAN NETWORK EXPRESS PTE LTD	ONENEX	13.40
15	CARGILL INTERNATIONAL	CARGIL	15.80
16	DAMPSKIBSSELSKABET NORDEN AS	DAMNOR	16.20
17	SATELLITE PETROCHEMICAL USA CORP	STLUSA	17.80
18	CHEVRON SHIPPING CO.	CHEVRO	18.40
19	BALTIC SHIPPING	BALTSH	19.00
20	HMM Co., Ltd.	HYUNDA	20.20
21	KAWASAKI KISEN K LINE	KKLINE	22.00
22	SHELL INTL TRADING & SHIPPING CO.	SHELLI	22.80
23	GLOVIS	GLOVIS	24.20
24	SEABOARD MARINE LTD.	SEABMA	25.20
25	SWISSMARINE SERVICES SA	SWISMA	25.40
26	SK SHIPHOLDING	SKSHIP	25.60
27	CORAL MARINE LIMITED	CORALM	26.00
28	STATOIL ASA	STATOI	27.00
29	VITOL SERVICES LTD	VITOLA	30.60
30	GEOGAS	GEOGAS	31.20
31	GLENCORE HK	GLESCO	32.80
32	KOREA GAS CORPORATION	KOREAG	34.80
33	PAN OCEAN CO., LTD.	PANOCE	35.60
34	SEATRADE GRONINGEN B.V.	SEAGRO	36.20
35	TOTAL GAS POWER CHARTERING LIMITED	TGASPO	37.00
36	VALERO MARKETING AND SUPPLY CO.	VALERO	39.80
37	PETREDEC SERVICES LIMITED	PETRED	39.80





Panama Canal – Fresh Water

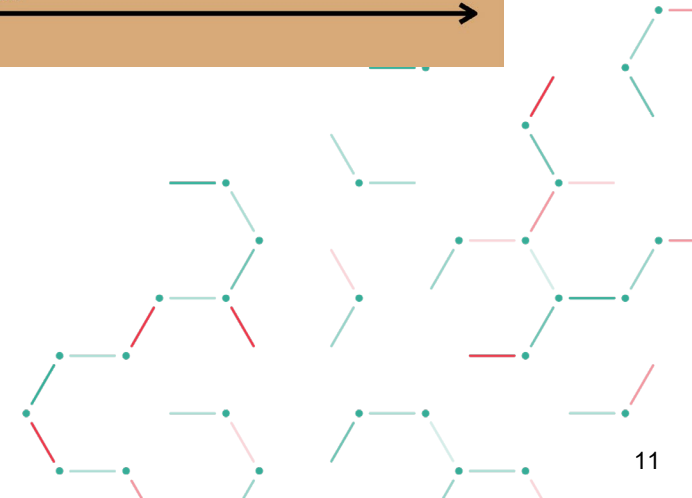
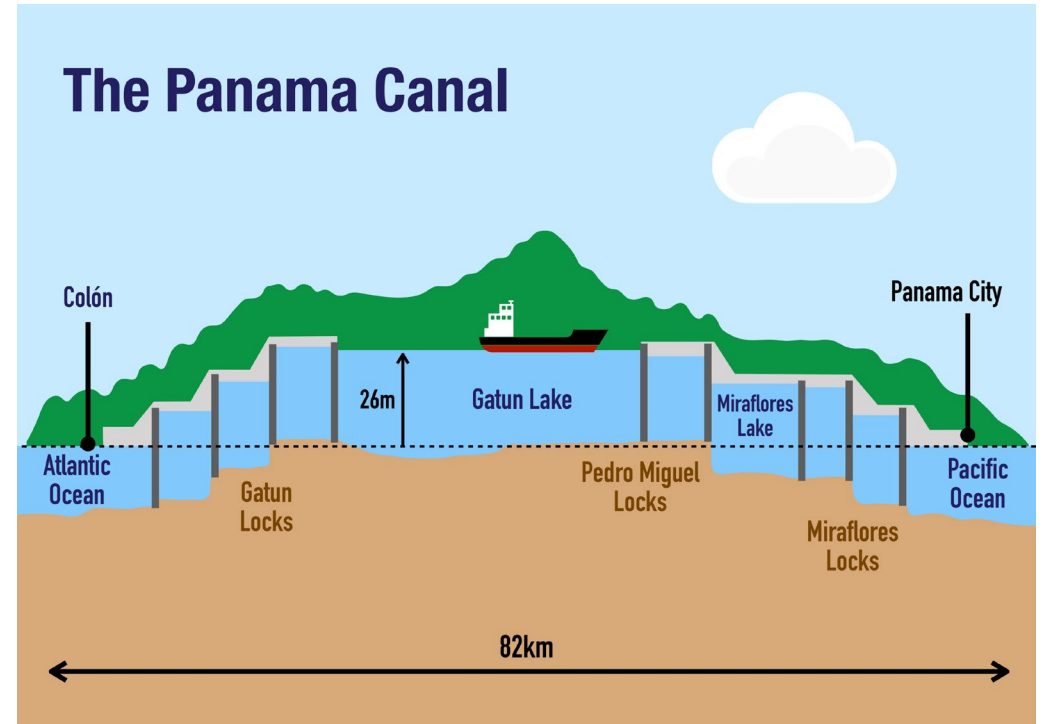
Projects:

RÍO INDIO WATER SUPPLY PROJECT

- ▶ A concrete face rockfill dam at the Tres Hermanas site.
- ▶ A 4.5 m diameter, 8,350-m long water transfer tunnel from the Río Indio Reservoir to Lake Gatun.
- ▶ A minimum release facility, which will include a 1.6 MW power plant.

Difficulties

- ▶ Law 28 signed for expansion prohibits creation of water saving by the ACP.
- ▶ Environmental
- ▶ Social

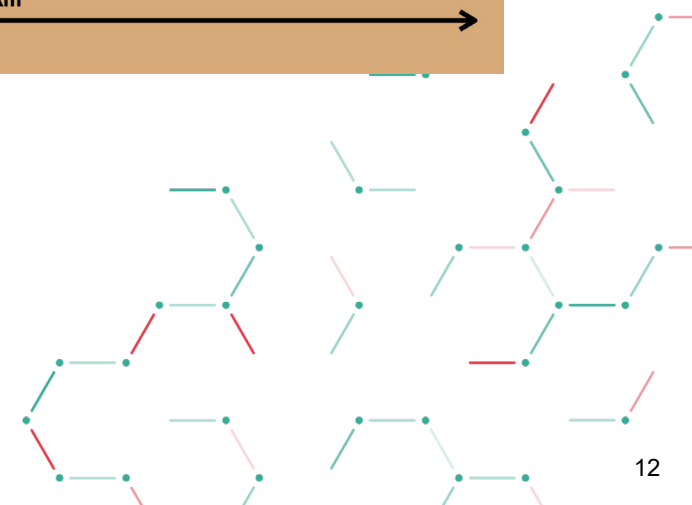
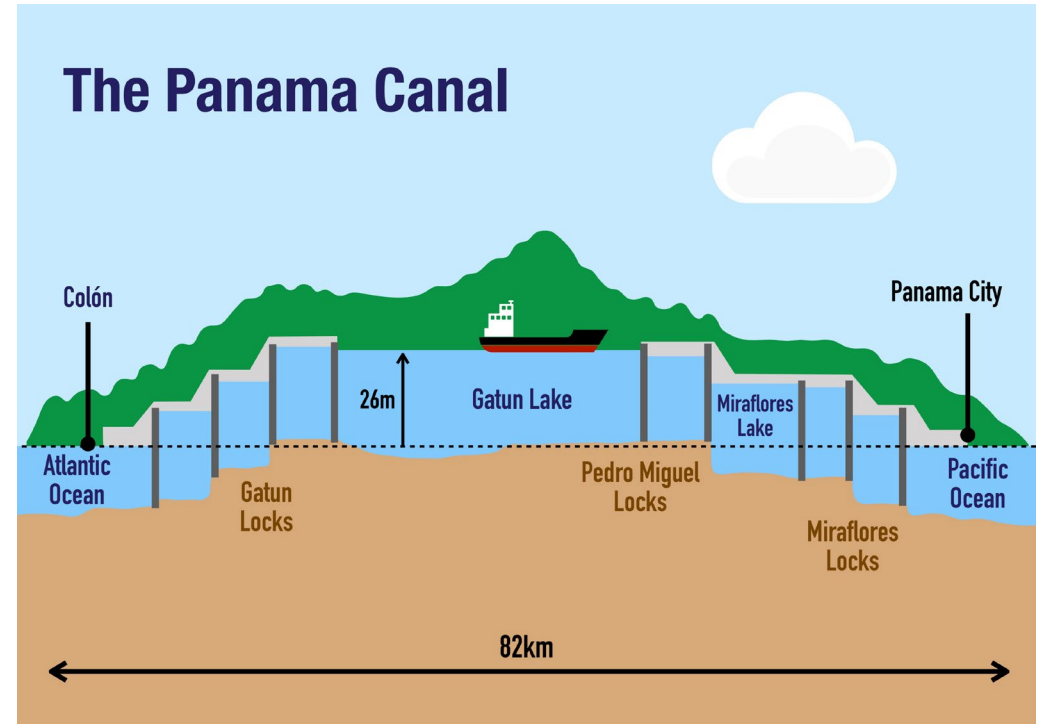




Panama Canal – Fresh Water

Facts:

- ▶ Panama Canal functionality depends on freshwater availability.
- ▶ The water used to raise and lower the vessels in each set of locks is obtained from lakes.
- ▶ Canal water source: Gatun & Alajuela lakes.
- ▶ Gatun optimal working Level 87.99FT (Current 80.03FT) / Alajuela optimal working level 251.97FT (current 232.96FT).
- ▶ Panamax Locks uses 26millions of Gallons per every ship crossing the Canal.
- ▶ Neo-Locks although works with recycle pools, 20 million gallons of water is wasted per ship.
- ▶ Panama Canal produces water for the population surrounding the Canal waterway and has increased by 60% over last year.
- ▶ The only current source of water is rain.





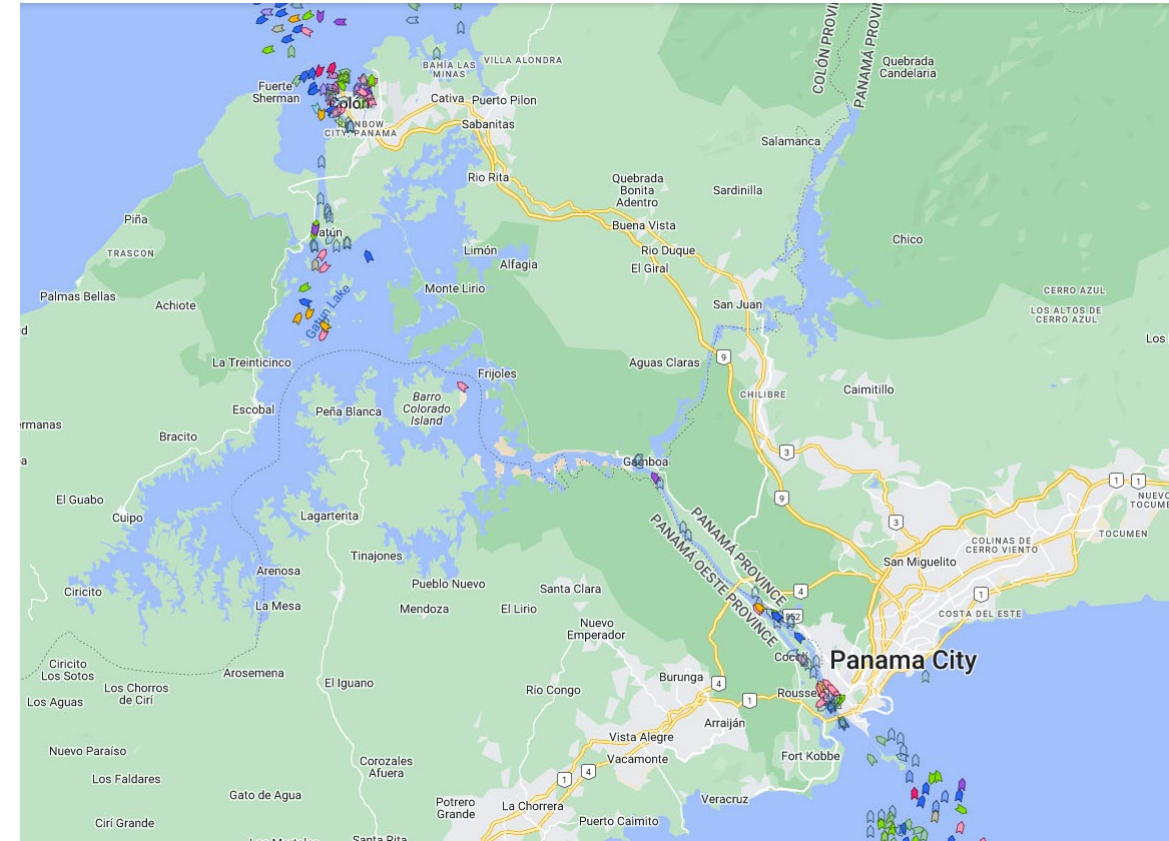
Panama Canal Overview & Current Situation

What do we expect:

- ▶ New Condition 5 to continue to keep the lockage low.
- ▶ Reduction in the Transit Capacity (Budget of PCA fixed on 30-31 transits for 2024 instead of 36 transits).
- ▶ Until Oct. 31st reduction on waiting times
- ▶ Heavy arrival in the forthcoming months.
- ▶ Heavy competition on the 2nd due to change on the conditions were the heavyweight canal customers have more opportunities after Nov. 1st.
- ▶ Bigger auction amounts, with the new condition on 3rd period, especially in the LPG & Tanker Segments.
- ▶ Waiting time for non-booked will increase since the new regulation is focused on booked vessels.

Recommendations:

- ▶ Plan voyage ahead of time using Booking slots availability tools.
- ▶ Keep Agents informed well ahead of plans for recommendations.
- ▶ Explore using smaller vessels where possible.
- ▶ STS Operations.
- ▶ Choose an Agent with extensive knowledge in the Panama Operations



Source: World of Ports

Questions?

