



April 29, 2002

MR'S ADVISORY TO SHIPPING No. A-09-2002

TO : All Steamship Agents, Owners, and Operators

SUBJECT: Panama Canal Security Charges

The Panama Canal Authority is making significant investments to improve security in order to reduce the levels of risk and vulnerability of its facilities. These projects will enhance security level at the Canal as a whole, through the expansion of electronic surveillance coverage, vessel tracking and other preventive actions.

The Panama Canal Authority has determined that it will strengthen the Security Control Center, which operates 24 hours a day, and will establish another center to manage incidents and emergencies that will provide the means for the well-coordinated participation of Canal security personnel and members of Panama's Police and National Civil Protection group.

This enhanced security policy features programs that include additional patrols at Canal dams, lakes, and Canal shorelines, as well as new control posts on land. As part of this added security effort, the Canal is planning to purchase new equipment, such as special patrol boats and vehicles, and to install alarm and closed circuit TV systems to further expand the system, which is already in place in the Canal area. The program will also include the periodic contracting of security specialists as consultants to evaluate risks and provide permanent recommendations.

Inasmuch as security, from a strategic point of view, is of the highest importance in our operation, it becomes necessary to improve the information and data collection systems on all vessels arriving in Canal waters. The Panama Canal is working on the deployment of the Automatic Identification System (AIS), which will begin operating on a test basis in 2002. Tentatively, it is planned that it will go into full operation, as a requirement for transiting vessels, in July 2003. The AIS will permit identification and tracking of vessels before they enter Canal waters and allow monitoring throughout the vessels' stay in Panama Canal waters.

Another project geared to reduce risks and increase safety at the Canal is the installation of a Fixed Foam Fire-fighting System for Gatun Locks. This type of system is designed to provide the benefit of an automatic fixed mechanism to extinguish fires caused by flammable substances. The foam controls and extinguishes fires by suppressing, cooling, and suffocating vapors; and depending on the type of foam used, it can also suppress toxic vapors that may emanate due to a spill.

In view of the significant investments that the Panama Canal Authority is making to improve security and the benefit that these investments will provide to our customers, some of which have been mentioned herein, effective June 1, 2002, a security charge per transit will be established and applied based on the vessel's PC/UMS net or displacement tonnage, whichever applies to a given vessel, as follows:

Less than 3,000 PC/UMS tons or 5,392 displacement tons:	\$50.00
From 3,000 PC/UMS tons or 5,392 displacement tons and over:	\$400.00

ORIGINAL SIGNED

Jorge L. Quijano
Maritime Operations Director