AUTORIDAD DEL CANAL DE PANAMÁ

Balboa-Ancón
República de Panamá
www.pancanal.com

April 14, 2003

MR'S ADVISORY TO SHIPPING No. A-08-2003

TO : All Steamship Agents, Owners, and Operators

SUBJECT: Monthly Canal Operations Summary – MARCH 2003

1. Statistical Summary:
   a. Transit Pilot Force 280
   b. Pilots in Training 0
   c. Tugs 24
   d. Locomotives 100
   e. Traffic Statistics (Preliminary):

	Average Daily	High Daily	Low Daily
Arrivals	35.3	51.0	22.0
Oceangoing Transits	35.0	41.0	27.0
Canal Waters Time (Hrs.)	17.9	23.6	12.9
In-Transit Time (Hrs.)	9.1	11.3	7.5
	Total	**Supers**	**Regulars**
Booked Transits	524	291	233

2. Scheduled Locks Outages

TENTATIVE SCHEDULE OF LOCKS OUTAGES FOR FISCAL YEAR 2003						
Dates	**No. of Days**	**Miraflores**	**Pedro Miguel**	**Gatun**	**Daily Transit Capacity**	**Status**
Jun 2 - 12, 2003	11		Lane Outage		30 – 32	Tentative
Jul 7 - 17, 2003	11	Lane Outage			30 – 32	Tentative
Aug 11 - 22, 2003	12		Lane Outage		30 – 32	Tentative
Sept 15 - 25, 2003	11	Lane Outage		Lane Outage	26 – 28	Tentative

Note: 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.

Transit Capacity: The normal capacity of the Panama Canal is 38 vessel 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 Vessel Transit Reservation System slots are fully utilized. Two-day lane outages have no significant impact on Canal vessel backlog.

3. See reverse for items of interest to the shipping community.
4. This advisory will be canceled for record purposes on April 30, 2003.

ORIGINAL SIGNED

Jorge L. Quijano
Maritime Operations Director

ITEMS OF INTEREST FOR THE SHIPPING COMMUNITY

Canal Performance

In March 2003, oceangoing transits totaled 1085, or a daily average of 35.0. Transits by wide-beam vessels (30.48 meters/100 feet in beam and over) totaled 417, or 38.0 percent of all oceangoing transits. The average Canal Waters Time (CWT) was 17.9 hours.

Canal prepared to service "all water route" cargo growth

The implementation of new business strategies among ports, shipping agencies and the largest importers in the United States set a favorable scenario, as well as a challenge, for the Panama Canal as a world trade route. Rodolfo Sabonge, Panama Canal Authority (ACP) Corporate Planning and Marketing Department Director, arrived at this conclusion after visiting key U.S. importers (Nike, Wal-Mart, Home Depot, J.C. Penney and Reebok) and east coast ports.

According to Sabonge, U.S. importers are moving part of their operations to the east coast, where much of the consumer market is concentrated, and large distribution centers have been established close to ports such as Savannah, Norfolk, and Houston. These moves represent an increase in the cargo volume transported through the Canal, since the cargo originating in Asia towards east coast ports is shipped through the Panamanian waterway. In addition, the growth of markets in northeast Asia and the commercial boom as consequence of the incorporation of China to the World Trade Organization have been determining factors in the increase of cargo volume transported.

Different reasons motivate the preference to go back to using the *all water route* – moving cargo by sea from port to port without the intervention of other transportation means rather than maritime shipping.

The negative economic impact resulting from the strike held in October 2002, which paralyzed port activities on the U.S. east coast, motivated shippers and importers to think of other alternatives to improve their operations. Consequently, they have introduced new line services that mull over the use of ports on the east coast and, as a result, utilize the Panama Canal. "It is the rebirth of the *all water route*," Sabonge said.

Another variable that motivates preference for the *all water route* is safety. "We must think that every time cargo goes to different hands it undergoes a potential safety problem; as cargo remains in the ship until arriving at its final destiny, the risk that it might be altered or contaminated with anything that compromises its safety decreases," Sabonge explained. He added that in the same manner costs are reduced, because when transporting cargo from its point of origin to its port of destiny, many additional handling costs are eliminated.

The rebirth of the *all water route* has important implications for the Panama Canal. "To some point we take part in the business of cargo handling," Sabonge said. "Whatever we do at the Canal regarding improvements to its capacity will have a direct impact in them, and whatever ports do will have a potential impact in the growth of traffic through the Canal."

"Our job is to make sure that the Panama Canal provides high-quality, dependable service, since the most important thing for these line services is to complete their transits as scheduled," he added.