



August 12, 2002

MR'S ADVISORY TO SHIPPING No. A-25-2002

TO : All Steamship Agents, Owners, and Operators

SUBJECT: Monthly Canal Operations Summary – JULY 2002

1. Statistical Summary:

- a. Transit Pilot Force 283
- b. Pilots in Training 0
- c. Tugs 22
- d. Locomotives 93
- e. Traffic Statistics (Preliminary):

	<u>Average Daily</u>	<u>High Daily</u>	<u>Low Daily</u>
Arrivals	31.4	41.0	22.0
Oceangoing Transits (Includes Handlines)	31.1	41.0	20.0
Canal Waters Time (Hrs.)	29.7	61.7	16.0
In-Transit Time (Hrs.)	10.7	17.9	7.3
	<u>Total</u>	<u>Supers</u>	<u>Regulars</u>
Bookings	444	276	168

2. Scheduled Locks Outages

SCHEDULED LOCKS OUTAGES							
Dates	No. of Lane Outage Days	No. of Culvert Outage Days	Miraflores	Pedro Miguel	Gatun	Transit Capacity	Status
Aug 12 – 22, 2002	11				Lane Outage (11d)	26 – 28	Confirmed
Sept 16 – 26, 2002	11		Lane Outage		Lane Outage	26 – 28	Confirmed
Oct 28 – 30, 2002	3				Lane Outage	26 – 28	Tentative
Nov 18 – 28, 2002	11		Lane Outage			30 - 32	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.

- 3. See reverse for items of interest to the shipping community.
- 4. This advisory will be canceled for record purposes on August 31, 2002.

ORIGINAL SIGNED

Jorge L. Quijano
Maritime Operations Director

ITEMS OF INTEREST FOR THE SHIPPING COMMUNITY

Canal Performance

In July, oceangoing transits totaled 964 or a daily average of 31.1. Transits by wide-beam vessels, 30.48 meters (100 feet) and over, totaled 404, or 41.4 percent of all oceangoing transits. The average Canal Waters Time (CWT) was 29.7 hours.

ACP analyzes information on El Niño

The Meteorological and Hydrographic Branch of the ACP Engineering Division has confirmed the presence of a milder version of El Niño in the Tropical Pacific. Last July 11 the National Oceanic and Atmospheric Administration (NOAA) officially reported the presence of this phenomenon. The announcement was based on the fact that the average temperature anomaly during the past three months in the Tropical Pacific reached +0.5 °C.

Updated forecasts indicate that El Niño will continue in a weak-to-moderate strength the summer 2003. However, historical hydro meteorological data on the Canal watershed shows that this type of phenomenon, weak-to-moderate El Niño, does not have a significant effect on Canal operations. Our forecasts show sufficient inflow of water supply for consumption and Canal operations for the remainder of 2002 and the beginning of 2003. At present, long-term forecasts on lake elevation show that draft restrictions will not be imposed on transiting vessels. To insure the reliability of our core business, electric power generation at the Gatun Power Plant could be curtailed during this warm episode.

Since the end of last year, the ACP has been following up on the development of this phenomenon by implementing three preventive measures to minimize the adverse effects of climatologic events, that is: (1) Management of lakes above the maximum normal elevations reached at the end of the past rainy season, with its corresponding special surveillance plan to avoid damages caused by floods; (2) curtailment of hydroelectric power generation in Gatun; and, (3) implementation of water conservation measures during the lockage operations of the summer of 2002. These measures had excellent results; consequently, the lakes currently have an adequate elevation in spite of the fact that May and June 2002 were very dry months.

Due to the uncertainty regarding the maximum magnitude and the exact date of El Niño's Maximum Point, the Meteorological and Hydrographic Branch maintains the following water management policies:

- (1) Implementation of "conservative" measures in lake management. By July 15, the elevation of Gatun Lake was 85.61 feet PLD (0.91 feet above the rule curve), without hydroelectric generation, and the elevation of Alhajuela Lake was 224.33 feet PLD (8.36 feet above the rule curve), with minimum generation;
- (2) Attainment of the highest lake elevation point (87.50 feet in Gatun, and 252.00 feet in Alhajuela) with the respective parallel application of an Intensive Flood Control Program that will allow us to manage the situation without serious risks to the Canal; and,
- (3) Reduction in the generation of hydroelectric power in Canal plants.

In addition to the experience of the hydrometeorology personnel and the use of models from the National Weather Services (NWS) in its long-term version, this year we are using, for the first time in Canal history, a "**Decision Support System (DSS) for Water Resources Management**" recently obtained through public bidding. The Meteorological and Hydrographic Branch has incorporated into its methodologies the concept of "analogous years," which is quite appropriate for DSS analysis, i.e., the year 1986 is similar to 2002, as regards to rainfall distribution in the first six months of the year, or the evolution of ENSO phenomenon indices. The long-term runs of the NWS-DSS models and systems, with the incorporation of the analogous years methodology, coincide in that there should not be any major problems in the supply of water for consumption by communities and for the operation of the Canal.

ACP experts will soon be traveling abroad to attend conferences regarding the analysis and updating of the development of this adverse phenomenon. Canal meteorologists and hydrologists will continue to monitor the regional hydro meteorological situation and its possible impacts on the Canal and will pass on in a timely manner any information that may affect Canal operations.

Tolls Hearing

On July 19, 2002 Canal customers and other interested parties participated in a public hearing where they had the opportunity to comment on the new pricing structure proposed by the ACP in June of this year. Forty-six participants, comprised of representatives from shipping companies, associations, governments and private citizens joined in this process. The ACP is at this time evaluating all those suggestions and will make a final recommendation for approval by the Canal Board of Directors and Panama's Cabinet Council.

Since the ACP is transforming the business model of the Canal towards a market-oriented tolls system, the ACP formally proposed changes to the waterway's pricing structure in June of this year. As stated by the ACP's Administrator Alberto Alemán Zubieta, "Changing our pricing structure will provide a strong foundation for future Canal improvements, and guarantee fast, safe and efficient transits. Now more than ever, the ACP is going to provide our customers with what they need." World trade continues to grow and as such, the shipping industry has evolved significantly, but the Canal's pricing structure, which has remained unchanged for 90 years, must adapt to meet the growing demands of a dynamic market place.