

**REGULATION TO SET TOLLS, RATES, AND FEES
FOR THE TRANSIT OF VESSELS THROUGH
THE CANAL, AND THE RENDERING OF RELATED SERVICES AND
COMPLEMENTARY ACTIVITIES¹**

**CHAPTER I
General Provisions**

Article 1. The transit of vessels through the Canal, the rendering of related services, and complementary activities, shall be subject to tolls, rates, and fees.

Article 2. The tolls, rates, and fees established by the Authority shall take into consideration the conditions of safe, continuous, efficient, competitive, and profitable Canal service.

Article 3. The Board of Directors shall establish the tolls, rates, and fees, and the conditions for the use of the Canal and related services.

Article 4. All charges, tolls, rates, and fees assessed by the Authority shall be published in the Canal Register, and recorded in the Authority's Official Tariff.

**CHAPTER II
Tolls**

Article 5. Tolls shall be set at rates estimated to cover the costs of operation and modernization of the Canal, and will include at least:

1. The costs of operating and maintaining the Canal, including depreciation costs, support for water resources protection, working capital, and the required reserves.
2. Payments to the National Treasury, as stipulated in the National Constitution and the Organic Law of the Panama Canal Authority.
3. Capital for plant replacement, expansion, improvements, and modernization of the Canal.
4. Interest on the assessed value of the Canal, based on the interest rate approved by the Board of Directors.
5. Losses carried over from previous years.

Article 6: ²For vessels, in general, tolls shall be the product of the PC/UMS Net Tonnage (PANAMA CANAL/UNIVERSAL MEASUREMENT SYSTEM OF VESSELS), pursuant to the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal, multiplied by the rate established by the Authority.

For full container vessels, tolls shall be the product of the total TEU allowance pursuant to the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal, multiplied by the TEU rate established by the Authority.

¹ Agreement No. 4 of January 7, 1999

² Modified by Agreement No. 141 of June 21, 2007

Tolls for those vessels not classified as a full container vessels, but that have the capacity to carry containers above the upper deck, shall be the product of the PC/UMS Net Tonnage multiplied by the rate established by the Authority plus the NTT (number of TEU carried above the upper deck during a transit), multiplied by the rate per TEU established by the Authority.

Tolls for passenger vessels shall be the product of the maximum passenger capacity or PC/UMS tonnage multiplied by the rate established by the Authority.

Tolls for warships, dredges, and floating dry docks shall be the product of the fully loaded displacement tonnage multiplied by the rate established by the Authority.

For smaller vessels of up to 583 PC/UMS net tonnage, when carrying passengers or cargo, up to 735 PC/UMS net tonnage when transiting in ballast, or up to 1,048 fully loaded displacement tons, the minimum toll based on its length overall shall be established by the Authority on the basis of a fixed rate.

CHAPTER III **Related Services and Complementary Activities**

Article 7³. Related services are those provided by tugboats, line handlers, and locomotives in direct support of the transit of vessels through the Canal.

The cost of these services shall be considered an additional charge to the tolls payment.

Article 8. The Authority shall carry out complementary activities to the Canal operation, such as dredging, electric power generation, water treatment, and telecommunications.

It is the responsibility of the Administrator to establish the rates to be charged for these activities, in consultation with the Board of Directors.

CHAPTER IV **Payment and Guarantees**

Article 9. Payment of Canal tolls and related services shall be made:

1. Before transiting through any set of locks.
2. Before the Authority clears a vessel for departure from Canal waters, in relation to any charges for unexpected, necessary, or required related services provided during transit.

Article 10. Tolls and charges for related services shall be guaranteed by a bank previously approved by the Authority, to ensure that the Authority is paid in a timely manner.

Other forms of payment shall be permitted in the cases authorized by the Authority, provided any additional cost for the use of such forms of payment are at the expense of the user.

³ Modified by Agreement No. 58 of August 16, 2002

Article 11. As a precondition for transit and for the rendering of any related services, the Authority may require the establishment of financial responsibility and reasonable and adequate guarantees for payment, considered sufficient by the Authority, to cover any damages that may result from their transit through the Canal.

In the case of a government-owned or government-operated vessel, it shall suffice that the respective government certify that it shall comply with its obligations to pay any damages arising from actions or omissions of such a vessel during her passage through the Canal. This exception shall not apply when a government vessel is engaged in maritime trade.

Article 12. Payments for complementary activities shall be made by means of cash deposits, payments guaranteed by a bank, or any other means of payment accepted by the Authority.

CHAPTER V
Exemptions and Prohibitions

Article 13. Vessels exempted by virtue of international treaties in effect, ratified by the Republic of Panama, shall not pay tolls for transiting the Canal.

Article 14. Neither the Government nor the Authority may authorize exemption from the payment of tolls, fees, or rates for transit-related services.

Article 15. This Regulation shall become effective at twelve noon, December thirty-first, nineteen ninety-nine.”

Given in the city of Panama, on January seven, nineteen ninety-nine.

TO BE PUBLISHED AND ENFORCED

Jorge E. Ritter

Tomás Paredes

Minister for Canal Affairs

Ad-Hoc Secretary