

December 9, 2004

MR'S ADVISORY TO SHIPPING No. A-58-2004

To: All Steamship Agents, Owners and Operators

Subject: PANAMA CANAL AUTHORITY PROPOSES UPDATED MEASUREMENT AND PRICING SYSTEM FOR FULL-CONTAINER SHIPS AND OTHER VESSELS WITH ON-DECK CONTAINER CAPACITY

After nine months of informal consultations with its customers and the maritime industry, the Panama Canal Authority (ACP) has announced a formal proposal to update the current vessel measurement and pricing system for full container vessels and other vessel types with on-deck container capacity. The ACP's proposal would change the system that the Canal uses for the container segment – from the Panama Canal Universal Measurement System (PC/UMS) to the industry standard of the Twenty-Foot Equivalent Unit (TEU).

The updated measurement and pricing system will bring the ACP's system on par with international standards of the container industry, provide a more accurate measurement, offer more transparency to Canal users and their customers, and enable the ACP to receive a fair value for its services.

On November 23, 2004 the ACP Board of Directors gave authorization to proceed with the formal proposal. If approved, the new system will be implemented on a gradual basis over the course of three years, beginning in the second quarter of 2005.

Informal consultations were conducted by the ACP with Canal customers and representatives of the World Shipping Council and the International Chamber of Shipping. The ACP has made every effort to incorporate the inputs from these representatives into the new proposal.

Formal consultation on the proposal begins immediately and will continue until January 6, 2005. During this period, the ACP will consider additional inputs and feedback from interested parties. The ACP welcomes data, opinions, written statements (in English or Spanish) before the above deadline. In addition, a public hearing will be conducted on January 7, 2005 in the "Ascanio Arosemena" Auditorium, Balboa, Republic of Panama at 9:00 a.m. EST. For more information or to obtain an electronic copy of the proposal, please visit: www.pancanal.com.



The main elements of the proposal are as follows:

- **For full-container vessels:** The new measurement system will be updated to reflect international standards for a container – the twenty-foot equivalent unit (TEU), measuring 20’x 8’x 8.5’ in size. This measure will consider the full container carrying capacity of the vessels (above and below deck), taking into account the visibility limitation imposed by the Panama Canal. The new TEU measurement will replace the current PC/UMS tonnage for this type of vessels and new certificates will be issued in this regard.
- **Other vessels with on-deck container capacity:** Vessels other than full-container ships that can carry containers on deck will continue to use PC/UMS tonnage to measure enclosed spaces and spaces below deck. However, an on-deck container charge will be added based on the actual number of containers transported on deck. Consequently, transit pricing of these vessels will vary depending on the actual number of containers transported on deck.

The proposed pricing plan will be implemented as follows:

PRICE/ TEU	IMPLEMENTATION DATE
\$42	May 1, 2005
\$49	January 1, 2006
\$54	January 1, 2007

ORIGINAL SIGNED

Arcelio H. Hartley
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