



JAPANESE SHIPOWNERS' ASSOCIATION

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JSA Comments on the Toll Structure Modification of the Panama Canal

As you know, the Panama Canal Authority (ACP) published their new toll structure to be implemented in January, April and May 2020 on 6th September.

Takashi Nakashima, Vice President, the Japanese Shipowners' Association (JSA) would like to comment on the decision as follows:

Firstly, with regard to the implementation date, the JSA appreciates that the ACP and Panamanian Government have reconsidered the ACP's original proposal that all toll modifications would be implemented on 1st January 2020, on the same date when the much tighter IMO global SOx regulation will be enforced, and they will postpone the implementation date for three months till April 2020 as for most of the toll hikes, reflecting the international shipping industry's concern; not only by the JSA, but also by the ICS^{*1}, the ASA^{*2} and the ECSA^{*3}. As a consequence, it materialises our request that any toll modification should be with sufficient (say, 12 months) prior notification. Especially in Japan, many annual contracts with shippers are revised in April and the JSA is grateful for the ACP's final decision in this regard, which is in line with users' needs.

With regard to the reduction of the proposed toll hikes for the vehicle carrier and Ro-Ro segment, which the JSA representative (Mr Nakashima) specifically urged at the public hearing in July, we positively appreciate the ACP's consideration in this regard, although the reduction will only be from a 15% hike to 12%.

On the other hand, as for the toll modification for the liquid bulk segment including oil tankers and LNG/LPG vessels, and a part of dry bulk vessels, we regret to learn that the toll rise by 5-15% approximately will be made as originally proposed, by deliberation only from the point of view of the Canal's competitiveness, when the shipping industry is still in a difficult financial situation. We sincerely hope that the ACP will, in their future review, give a more thorough consideration to users' voices and situations so as to seek a 'win-win' relationship between the Canal users and the ACP.

As a whole, throughout the modification process, we realise that the ACP has conferred a very dedicated explanation to us concerning their deliberations, while all of our requests have not been accepted. We recognise that the continuous dialogue to date between the JSA and the ACP has cultivated the common ground to seek mutual understanding and enabled such a process. In the meantime, we are unable to deny the fact that there is some gap between the JSA and the ACP concerning the tolls issue – for the ACP, the Canal is a Panamanian national asset and they ought to maximise the toll revenue in order to contribute to the national treasury, while for the JSA, the Canal is an important international infrastructure which underpins global trade, and the long-term stability of the tolls should be paramount.

The JSA and the ACP have held at least one dialogue every year in the past decade, and since November 2017 these dialogues has been formally established as regular dialogues, with the attendance of Japanese government representatives (from the Ministry of Infrastructure, Transport, and Tourism (MLIT)). The JSA firmly confirms that we will enhance mutual understanding and trust through the regular dialogues on wider issues such as the toll system, the streamlining of the Canal management and vessel transit, and operational safety. Our next dialogue meeting is scheduled to be held in Tokyo in November this year.

At the next dialogue, the JSA intends to request of the ACP that they would secure a longer consultation period, which is, we understand, currently one month in accordance with local regulations, in order to enable us to fully prepare submissions and to coordinate with our customers and other trade associations.

Lastly, we would like to take this opportunity to express our sincere appreciation for all those who have extended their great assistance to establish such a good relationship between the JSA and the ACP, namely, the Japanese Government including the MLIT, the Japanese Embassy in Panama, the Panamanian Embassy in Tokyo, and we would like to call for their continued support in the future.

- *1 ICS (International Chamber of Shipping)
Headquartered in London, formed of 36 members from worldwide shipowners' associations.
<https://www.ics-shipping.org/about-ics/about-ics>
- *2 ASA (Asian Shipowners' Association):
Headquartered in Singapore, formed of 8 members from shipowners' associations from Asia.
<http://asianshipowners.org/about.php>
- *3 ECSA (European Community Shipowners' Association):
Headquartered in Brussels, formed of 20 members from shipowners' associations from the EU and Norway.
<https://www.ecsa.eu/about-us>

The Japanese Shipowners' Association (JSA) is a nationwide maritime organisation consisting of 126 Japanese shipping companies headquartered in Tokyo.