

AUTORIDAD DEL CANAL DE PANAMÁ
VICE PRESIDENCY FOR TRANSIT BUSINESS**ADVISORY TO SHIPPING No. A-22-2019**

June 14, 2019

TO : All Shipping Agents, Owners, and Operators
SUBJECT: New Tolls Proposal

The Board of Directors of the Panama Canal Authority (ACP) has approved a proposal to modify the Panama Canal tolls system and the regulation for the admeasurement of vessels, to be effective January 1, 2020, to provide our customers with sufficient time to adjust to the proposed modifications. It is important to note that the last toll structure modification went into effect nearly two years ago, on October 1, 2017.

This proposal includes modifications to most of the Canal's market segments, except for the general cargo, refrigerated cargo, and "other" segments.

For container vessel segment, the main user of the Neopanamax locks, we are offering an improved Loyalty program, which includes two new levels, applicable to those shipping lines that deploy between two and three million TEU during a 12-month period, and an additional incentive for those lines that deploy over three million TEU. The objective of this program is to retain and encourage the container volumes that are shipped through the waterway. The extension of the Loyalty program is made in response to comments received during meetings with container shipping lines that are interested in benefitting from the deployment of larger ships through the expanded Panama Canal. The tolls incentives implemented in October 2017 for the return voyages will remain unchanged.

For liquid bulk segments (gas carriers, product and chemical tankers), the proposal also includes an increase in tolls to more accurately reflect the value of the route, but the units of measurement remain unchanged.

For passenger segment, the unit of Measurement from the maximum berth capacity to maximum passenger capacity is being redefined, adding transparency to the structure and facilitating the transfer of the Panama Canal transit cost to the final customer.

For dry bulk segment, the proposed modifications will apply to Neopanamax vessels loaded with iron ore. In this case, the tariffs are set to match those that apply to vessels transporting grain and "other dry bulks". The proposal also includes an increase in the ballast tariff applicable to the Neopanamax vessels for this segment.

In vehicle carriers and Ro-Ro segment, a new tariff applicable to Neopanamax vessels is introduced, as well as the tolls for the different ranges of Panamax vessels in the tariff structure for this segment. This modification will allow a more transparent structure and equitable system.

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In addition, and after seven years, modifications to the tolls applicable to small vessels and the local tourism market of the intra-maritime cluster segment are being introduced, to consider the costs of the resources associated with the transit, as well as the complexity of accommodating these vessels in the Panamax locks.

Interested parties are invited to participate in the consultation and public hearing of the proposal to modify the Panama Canal tolls system and the rules of admeasurement of vessels for the use of the Panama Canal. During the consultation period, interested parties may present data, opinions, and statements in writing, in English or Spanish. In addition, parties may participate in the public hearing, directly or through their duly accredited representatives, provided that they have announced in writing, during the consultation period, their intent to participate in the hearing.

All information received shall be submitted in writing or by email to the address customerrelations@pancanal.com, in English or Spanish, in person, or by sending them via Courier or mail. For more information about the consultation process, addresses and specific guidelines, please refer to sections 4 to 7 of the proposal.

In accordance with established rules, the ACP will consider all correspondence received during this consultation period that will extend until 4:15 p.m. (local time), July 15, 2019, as well as comments and opinions presented during the public hearing, scheduled for July 24, 2019.

For more information, or to obtain an electronic copy of the proposal in both English and Spanish, you may visit www.pancanal.com.

We look forward to your participation in this process.

ORIGINAL SIGNED

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Vice President for Transit Business