

February 18, 2005

**MR'S ADVISORY TO SHIPPING No. A-03-2005**

**TO : All Steamship Agents, Owners, and Operators**

**SUBJECT: Changes in the Admeasurement and Pricing System for Full-Container Vessels and Other Vessels with On Deck Container Carrying Capacity**

1. In accordance with Agreement No. 3 of November 12, 1998, Regulation on the Procedure to Revise the Panama Canal Tolls Rate and Admeasurement Rules, the Panama Canal Authority conducted a consultation and public hearing process on the proposal to modify the admeasurement and pricing system for full container vessels and other vessels with on deck container carrying capacity.

2. The public hearing was held in the Republic of Panama on January 7, 2005. After having taken into consideration comments submitted by the participants in the consultation and public hearing process, the following changes were approved by the Cabinet Council of the Republic of Panama upon recommendation by the Panama Canal Authority Board of Directors:

- **Full Container Vessels:** The admeasurement system to be implemented on May 1, 2005 is to reflect the international standard for a container (20-foot equivalent unit, TEU, measuring 20'x 8'x 8.5'). This measurement considers the full container carrying capacity of vessels (above and below deck), taking into account the visibility limitation imposed by the Panama Canal. The new TEU measurement replaces the current PC/UMS tonnage measurement for this type of vessels, and new certificates will be issued accordingly.
- **Other Vessels with on deck container capacity:** Vessels other than full container vessels that are capable of carrying containers on deck will continue to be measured using PC/UMS tonnage to calculate their enclosed spaces. However, if these vessels are carrying containers on deck, the corresponding per TEU charge will be assessed, based on the actual number of TEUs transported on deck. Revised Tonnage Certificates will be issued accordingly.
- **Conversion to TEUs:** The following table provides the conversion ratio for different container sizes to a standard TEU measurement:

Container Size	Ratio (ft <sup>3</sup> )	Equivalency
20' x 8' x 8.5'	1,360/1,360	1.00 TEUS
20' x 8' x 9.5'	1,520/1,360	1.12 TEUS
40' x 8' x 8.5'	2,720/1,360	2.00 TEUS
40' x 8' x 9.5'	3,040/1,360	2.24 TEUS
45' x 8' x 9.5'	3,420/1,360	2.51 TEUS
48' x 8' x 9.5'	3,648/1,360	2.68 TEUS
54' x 8' x 9.5'	4,104/1,360	3.02 TEUS

For container sizes not shown in this table, the equivalency will be calculated using the same concept.



- **TEU Rate Implementation schedule:** The new TEU charge will be implemented in three phases, in accordance with the following table:

Price/TEU	Implementation Date
\$42	May 1, 2005
\$49	May 1, 2006
\$54	May 1, 2007

- **Ballast Rate:** For full container vessels in ballast, i.e.: without passengers or cargo, the charge will be in accordance with the following table. Please be advised that for purposes of determining ballast condition, empty containers are considered cargo.

Price/TEU (Ballast)	Implementation Date
\$33.60	May 1, 2005
\$39.20	May 1, 2006
\$43.20	May 1, 2007

3. In addition, for Transit Reservation (booking) purposes, new rates for full container vessels on a TEU basis will be as follows:

Tariff No.	Condition	Price/TEU
1050.0210	1 & 2	\$5.30
1050.0300	3	\$11.29

For other vessels that carry containers on deck, the established PC/UMS rate will be applied in addition to the applicable per TEU charge.

Reservations secured prior to May 1, 2005, for transits that may take place through April 30, 2006, will have fees assessed under the current system.

4. Other tariffs that utilize the PC/UMS tons basis will be converted to TEU basis using the following equivalency:

$$1 \text{ TEU} = 13.6 \text{ tons}$$

5. The new rates for other tariffs affected by this change, as well as a clarification on the Reservation System rules, will be published shortly.

#### **ORIGINAL SIGNED**

Jorge L. Quijano  
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