

March 9, 2005

MR'S ADVISORY TO SHIPPING No. A-04-2005

TO : All Steamship Agents, Owners, and Operators

SUBJECT: Monthly Canal Operations Summary – FEBRUARY 2005

1. Panama Canal Statistical Summary:

a. Transit Pilot Force	277
b. Pilots in Training	0
c. Tugs	24
d. Locomotives	100

2. Traffic Statistics:

	<u>Average Daily</u>	<u>High Daily</u>	<u>Low Daily</u>
Arrivals	36.79	47	26
Oceangoing Transits	36.14	42	29
Canal Waters Time (hours)	24.18	37.02	15.35
In-Transit Time (hours)	9.71	12.27	7.94

Distribution of Oceangoing Transits:	<u>Total</u>	<u>Average Daily</u>	<u>Percentage</u>
Vessels of less than 80' Beam	382	13.64	37.75
Vessels 80' Beam and Over	630	22.50	62.25
Total of Oceangoing Transits:	1012	36.14	
 Vessels 100' Beam and Over	438	15.64	43.28
Vessels 900' Length and Over	99	3.54	9.78

Note: For the purpose of this report, the term "oceangoing transits" is equivalent to the number of locomotive transits.

Booking Slots:	<u>Available</u>	<u>Used</u>	<u>Percentage</u>
Large Vessels (beam 91' and over)	364	351	96.43
Regular vessels (beam < 91')	224	210	93.75

3. See next page for scheduled locks maintenance work and items of interest to the shipping community.
4. This advisory will be canceled for record purposes on March 31, 2005.

ORIGINAL SIGNED

Jorge L. Quijano
Maritime Operations Director



Scheduled Locks Maintenance Work:

SCHEDULE OF LOCKS OUTAGES – CALENDAR YEAR 2005						
Dates	Outage Days	Miraflores	Pedro Miguel	Gatun	Transit Capacity	Status
July 2005	4	Lane Outage (4 days)		Lane Outage (4 days) Lane with restrictions (10days)	26 – 28 (4d) 36 (10d)	Tentative
August 2005	5	Lane Outage (5 days)		Lane Outage (5 days) Lane with restrictions (9 days)	26 – 28 (5d) 36 (9d)	Tentative
September 2005	8			Lane Outage (8 days) Lane with restrictions (6 days)	26 – 28 (8d) 36 (6d)	Tentative

Transit Capacity: The normal capacity of the Panama Canal is 38 transits per day. This capacity is reduced during locks outages, as indicated in the above table. Consequently, vessels may experience delays in transiting. Normally, during these periods, the Panama Canal Transit Reservation System slots are fully utilized. Whenever a set of locks requires a major outage of one of its two lanes for dry chamber inspection, miter gate repairs, tow track work or other major maintenance/improvement projects, advantage may be taken of this requirement to perform simultaneous single lane outages for additional maintenance at other locks. Two-day lane outages have no significant impact on Canal vessel backlog, therefore are not normally included in this chart.

MARITIME EXPERTS, DECLARE PANAMA CANAL IS NEARING CAPACITY, FUTURE EXPANSION WOULD MEET INCREASED DEMAND

EXPANSION WOULD ALLOW TRANSIT OF LARGER VESSELS AND BOOST PANAMA'S ECONOMY

PANAMA WOULD BE WORLDWIDE MARITIME LEADER WITH THE CANAL AS ANCHOR

The Panama Canal is nearing full capacity and should seriously consider expansion in order to continue to be a major player in world trade, which would enhance growth for the Panamanian economy, according to maritime experts and Canal customers at the Panama Maritime VII Conference held February 20-23. Distinguished participants in the event were Panamanian President Martin Torrijos, Secretary General of the International Maritime Organization (IMO) Efthimios Mitropoulos, Administrator/CEO Alberto Alemán Zubieta, and other representatives of the Panama Canal Authority (ACP).

For the past two years, the ACP has commissioned research and studies related to the Canal's modernization and the future of the maritime industry, including whether to expand the waterway.

At this time, a final decision on whether to expand the Canal has not been made. An expansion of the Canal could involve the construction of a new set of locks that would create a third lane of traffic, which would increase current capacity and afford a wider passage for larger vessels. The Panama Canal's capacity is approximately 93 percent.

If the ACP Board of Directors approves the expansion plan, its recommendation will be forwarded to the Cabinet Council of Panama. If approved by the Cabinet Council, the matter is referred to the Legislative Assembly who will then create a law mandating a referendum in which the people of Panama will vote on the proposed expansion plan.

Among the maritime experts participating at the conference were Captain Wei Jiafu, President and CEO of COSCO; Gerhard E. Kurz, President and CEO of Seabulk International; Peter G. Drakos, President of Connecticut Maritime Association; Giora Israel, Vice President of Strategic Planning of Carnival Corporation; Christopher Cho, Partner of Lee and Ko; Iria I. Barrancos, Deputy Judge of the

First Maritime Court of Panama; and Mike Watson, President of the American Pilot Association and Vice President of the International Maritime Pilot Association.

Representing the ACP were Administrator/CEO Alberto Alemán Zubieta, who provided insight and analysis on the potential expansion project; Director of Engineering and Projects Agustín Arias, who provided an overview of possible expansion designs; Corporate Planning and Marketing Director Rodolfo Sabonge, who discussed the demand forecast of the Canal; and Maritime Operations Director Jorge Quijano, who presented the Canal's current growth, traffic and capacity analysis.

A notable guest speaker at the conference was President and CEO Captain Wei Jiafu of COSCO, one of the Canal's top customers and concurrent ACP Advisory Board member. In his speech to the Panama Maritime VII audience, Captain Wei Jiafu stressed the Canal's importance to world trade: "The Canal's role in international shipping and trade is highly recognized as it saved the distance between the Pacific and the Atlantic by 5,500 nautical miles. The Canal has not only provided efficient services to the shipping industry, but also helped to promote world trade and economic growth."

Captain Wei Jiafu pointed out that the Canal's success brings several challenges and is in a crucial period as it nears capacity: "In recent years, the fast growth of international trade has resulted in a fast growth in the cargo volume crossing the Canal, but the Canal is not capable to fulfill the increasing demand...As the container vessels are more sensitive to the time of transit, the Canal is under bigger and bigger pressure to enhance its capacity."

Captain Wei Jiafu closed by stating that, "in order to maintain its competitiveness, the Canal must be expanded." He also stated that COSCO supports the expansion of the Canal.

"As we close in on the decision of whether to expand the Canal, the Panama Maritime VII Conference was a great forum for us to hear from the maritime industry's leaders and gain their valuable insight. It seems that the general consensus is that an expansion would be advantageous not only for the shipping industry, but for the Panamanian economy. As we wrap up the remainder of studies we have commissioned, we will make the best decision for our customers and principal stakeholders – the Panamanian people," said Administrator/CEO Alberto Alemán Zubieta.