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Therefore, for official purposes, please refer to the specific Agreement in its Spanish version.

**AGREEMENT No. 317
(of September 28, 2017)**

“Whereby the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal is amended”

THE BOARD OF DIRECTORS OF THE PANAMA CANAL AUTHORITY

WHEREAS:

Article 316 of the Political Constitution of the Republic of Panama (Political Constitution) and article 4 of Law 19 of June 11, 1997, whereby the Panama Canal Authority is organized (Organic Law), the Panama Canal Authority (the Authority) shall have the exclusive charge of the operation, administration, management, preservation, maintenance, improvement, and modernization of the Canal, as well as its activities and related services pursuant to legal and constitutional regulations in force, so that the Canal may operate in a safe, uninterrupted, efficient, and profitable manner.

In accordance with article 319.2 of the Political Constitution, and article 18.3 of the Organic Law, the Board of Directors must establish the tolls, rates, and fees for the use of the Canal and its related services, subject to final approval by the Cabinet Council.

Article 18.5.e of Law 19 of June 11, 1997, whereby the Panama Canal Authority (the Authority) is organized), confers upon the Board of Directors the authority to approve regulations applicable to the admeasurement and inspection of vessels, Canal navigation, marine traffic control, vessel pilotage, and other matters relative to Canal navigation.

In exercising this authority, the Board of Directors approved the new Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, through Agreement No. 292 of May 26, 2016.

That the Board of Directors approved Agreement No. 305 of May 25, 2017, which refers to the Proposal to modify the Panama Canal Tolls System and Rules of Admeasurement of Vessels for the Use of the Panama Canal that was submitted by the Administration of the Authority and ordered the initiation of the regulatory procedure foreseen for the consultation and public hearing process established by the Organic Law, through publication in the Canal Record of the notification of the proposal, which allowed interested parties to participate and express their opinions and comments regarding the proposal.

In compliance with the required legal procedure, Agreement No. 305 with the proposal approved by the Board of Directors was notified by publication of June 1, 2017 in the Panama Canal

Record and on the Authority's website, establishing as a public consultation period that began on the date of publication and expired on July 3, 2017 at 4:15 p.m. local time, and as the date of the public hearing on July 5, 2017.

That the Board of Directors approved Agreement No. 313 of July 27, 2017 "By which the tonnage rules and tolls of the Panama Canal Authority are modified," after compliance with the legal and regulatory procedure of the Authority.

That the regime established in said Agreement implies the modifications that must be introduced in the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal, among them:

1. The addition of a new definition covering the cases in which the new tariff of Neopanamax container vessels for loaded containers on board during the return transit is applicable.
2. In case of conditions for a vessel to be considered in ballast:
 - Changes in the wording to reflect the cases of cadets in training vessels.
 - The accuracy in drafting for cases where the vessel can carry containers on board and these are for commercial use.
 - Indication of percentage utilization of LPG (Liquefied Petroleum Gas) and LNG (Liquefied Natural Gas) vessels.
 - The clarification that the cargo, materials, or products on board the vessel must be for consumption on board for its crew.

That by virtue of the foregoing, the Administrator has submitted to the consideration of the Board of Directors this proposal to amend the Regulation for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal.

That the Board of Directors has examined the proposal submitted by the Administrator and considers it to be appropriate for approval and application.

AGREES:

ARTICLE ONE: To modify article 2 of the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, which contains definitions, adding the following to read as follows:

"Article 2: The words, expressions and acronyms used in these regulations shall have the following definitions:

...

Total loaded TEU during transit in the return voyage (TTLR): It is the total of loaded TEUs during transit (TTL), applicable to a Neopanamax container vessel on its return voyage, with a utilization percentage in the northbound transit equal to or greater than 70 percent of the total TEU allowed at the Canal. The vessel must return in a time period not

greater than 28 days, and this period corresponds to the time when the vessel leaves Canal waters (sea buoy) in its northbound transit until the time of its arrival to Canal waters (sea buoy) for its southbound transit. The time spent by vessels in anchorages and ports of the Republic of Panama that are between the official exit of the Canal (sea buoy) in a northbound direction and the official arrival (sea buoy) at the Panama Canal in the southbound direction. In case the vessel requires to conduct port activities in Panamanian terminals located outside these points, the documentation supporting the visit must be submitted to the Authority.

...”

ARTICLE TWO: To modify article 25 of the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal to read as follows:

“**Article 25:** For tolls assessment purposes, a vessel will be deemed in ballast as long as it meets the following conditions:

1. It is not transporting any passengers, the latter being the ones who pay fare; or a cadet in the case of training vessels. The ballast condition of a vessel is not affected by courtesy passengers.
2. It is not carrying fuel for its own consumption in quantities that exceed the capacity of the spaces designated and certified for such use, as shown in the vessel’s capacity plan or official documents.
3. It is not carrying containers above deck. If it carries containers above deck, the Authority will determine the purpose of the containerized cargo. If such purpose is not commercial, it will be charged the NTT but the ballast condition is maintained. If the purpose of the containerized cargo is commercial, it will be charged the NTT and the tolls shall be charged using the tariff for cargo transported.
4. LPG gas carriers may carry a maximum of 2 per cent of the total cubic meter cargo capacity (LPG) of the spaces designated and certified for such use, as shown in the vessel’s capacity plan or any pertinent source document utilized.
5. LNG vessels may carry a maximum of 10 per cent of the total cubic meter cargo capacity (LNG) of the spaces designated and certified for such use, as shown in the vessel’s capacity plan or any pertinent source document utilized.
6. It is not carrying cargo, materials or products, except for operation of the vessel or for the crew’s use or consumption, as determined by the Authority.

Notwithstanding the abovementioned paragraphs, a vessel of any segment may be deemed in ballast when it transits with a minimum utilization percentage as determined by the Board of Directors following a proposal by the Administration.

Agreement No. 317
Of September 28, 2017

As such, the Administration shall present in advance to the Board of Directors the corresponding properly supported and reasoned proposal indicating the segment and vessel type, the minimum utilization percentage for the vessel to be deemed in ballast, and the time frame or time of the year in which this provision is proposed to be applied.”

ARTICLE THREE: Indicate that the articles of the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal that have not been amended by this Agreement, maintain their text and effect.

ARTICLE FOUR: This Agreement will take effect as of October 1, 2017.

Given in the City of Panama, on the twenty eight (28) day, of the month of September, of the year two thousand and seventeen (2017).

TO BE PUBLISHED AND ENFORCED.

Alberto Vallarino
ORIGINAL SIGNED

Chairman of the Board of Directors, Ad-Hoc

Rossana Calvosa de Fabrega
ORIGINAL SIGNED

Secretary