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

**AGREEMENT No. 255
(of September 25, 2013)**

“Whereby the Regulation on Navigation in Panama Canal Waters is amended”

**THE BOARD OF DIRECTORS
OF THE PANAMA CANAL AUTHORITY**

WHEREAS:

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

In the exercise of said authority, the Board of Directors approved the Regulation on Navigation in Panama Canal Waters under Agreement No. 13 of June 3, 1999, and has also approved later amendments.

That international maritime trade is an industry with changing needs that urge the Authority to make adjustments that will provide for updated and competitive service; therefore the Administration considers appropriate to revise the rules for scheduling, booking, order, and preference in transit, contained in Section III, Chapter I, General Provisions, of the said regulation, in order to enable the Authority to act with greater flexibility to meet the changing needs of customers using the reservation system, and provide other services that will benefit the organization and users.

That it is appropriate to establish new service options for vessels using the reservation system, rather than limit it to 18 hours of in transit time (ITT) currently established.

That it is also considered appropriate to allow some vessels with a transit reservation to arrive at Canal waters nearest the hours scheduled for transit.

That it has been deemed necessary to broaden the scope of the exempting circumstances with the criteria to transit under the reservation system, to include vessels that have already arrived, as determined by the Authority.

That the Administrator has submitted to the consideration of the Board of Directors a draft Agreement containing the amendments pertinent to the above, and the Board of Directors, after ascertaining the benefits to the Authority, considers that it should be approved and enforced.

AGREES:

ARTICLE ONE: Article 12 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 12:** The Authority will establish on a daily basis the specific order of transit for all types of vessels with transit reservation or ordinary transit. For this purpose, it shall adopt a vessel transit schedule which shall include a Reservation System to transit on a date previously established, provided the vessel has complied with the established requirements. To this end, the Authority will develop procedures and criteria governing the transit schedule and the Reservation System, which will be published for the information of users in notices and advisories to shipping agencies, as appropriate.”

ARTICLE TWO: Article 13 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 13:** The vessel transit schedule and order of preference to be established in accordance with the Reservation System shall not affect the provisions of Article VI of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, in relation to the right of vessels of war or auxiliary vessels of the Republic of Panama or the United States to transit the Panama Canal expeditiously, under the terms and limitations agreed therein.”

ARTICLE THREE: Article 14 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 14:** For Reservation System purposes, a vessel will be deemed to have arrived for transit when it complies with the arrival criteria established by the Authority.”

ARTICLE FOUR: Article 15 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 15:** The Authority shall offer reserved transit slots available daily, distributed among the booking periods established by the Authority. The number of reserved transit slots will be determined based on the safe, continuous, efficient, and profitable operation of the Canal.”

ARTICLE FIVE: Article 16 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 16:** Vessels transiting with transit reservation slots will be subject to payment of the corresponding transit reservation fee in accordance with the tariff published by the Authority.

No reservation fee will be charged for reasons not attributable to the vessel, as determined by the Authority, when it does not begin its transit before 2400 hours of its reservation date, or if it transits on the reserved date, but its in transit time (ITT) exceeds the limits established by the Authority.

However, the booking fee will apply to that vessel whose transit is interrupted upon request of the client, or if the vessel begins and ends its transit in the same set of locks at either end of the Canal.

In-transit-time (ITT) is the time elapsed since the vessel arrives at the first set of locks in either of the terminals of the Canal until its departure from the last set of locks.”

ARTICLE SIX: Article 17 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 17:** A vessel booked for transit will be deemed to have transited on its reserved transit date if the vessel arrives at the first set of locks in either of the terminals of the Canal before 2400 hours that same day; and its In-transit-time (ITT) does not exceed the limits established by the Authority.”

ARTICLE SEVEN: Article 19 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 19:** A commercial passenger vessel shall be given preference over other vessels in transit, provided it has been booked, and to the extent that such preference does not impair safe and efficient operation of the Canal.”

ARTICLE EIGHT: Article 20 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 20:** The swapping of reserved transit slots between vessels will be permitted only under the conditions determined by the Authority; as well as the substitution of reserved transit slots between a vessel and another vessel that does not have one.”

ARTICLE NINE: Article 21 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 21:** The Authority may assign an earlier transit date to a vessel with a reserved transit slot, provided that it does not impair the safe and efficient operation of the Canal. For the purpose of this Article, compliance with the in-transit-time limitation will be calculated beginning at 0001 hours of the vessel’s reservation date.”

ARTICLE TEN: Article 22 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 22:** A vessel that cancels its reserved transit slot will be subject to a cancellation fee in accordance to with the Marine Tariffs published by the Authority. This fee will be charged instead of the tariff corresponding to the cancelled reservation.

The amount of this cancellation fee will depend on the amount of notice received by the Authority to cancel the transit reservation in advance of the vessel’s required arrival time.”

ARTICLE ELEVEN: Article 23 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 23:** The Authority shall cancel the reserved transit slot and apply a charge equivalent to the booking fee in the following cases:

1. When a vessel arrives after the hour established by the Authority on the day reserved to transit.
2. When a vessel arrives on time, but due to any condition or deficiency, or upon its request, cannot transit as scheduled.

Notwithstanding the above, when a vessel with or without transit restrictions arrives after the time established by the Authority, but with enough time to remain in the schedule for the day of its reservation, the vessel will have the option to transit on the scheduled date subject to a charge for this option according to the Marine Tariffs published by the Authority, in addition to the amount equivalent to the corresponding booking fee.

A vessel whose transit reservation has been cancelled will be re-scheduled for regular transit, unless the client acquires a new reservation.

Failure to provide accurate and complete information required by the Authority when a transit reservation is requested, shall be cause for denial of the request or cancellation of the reservation.”

ARTICLE TWELVE: Article 23A is introduced in the Regulation on Navigation in Panama Canal Waters, and shall read as follows:

“**Article 23A**: The following circumstances may result in the cancellation of the transit reservation slot without the application of the charge equivalent to the reservation fee, or in the non-application of the fee for late arrival to Canal Waters:

1. A medical or humanitarian emergency, an act of God or force majeure which occurred between the last port and its arrival, which could not have been anticipated or avoided by the vessel, preventing it from arriving at the required time according to its reservation. The vessel shall present the Authority with evidence to support that the late arrival was due to any of the reasons specified herein.
2. When a vessel, having arrived at the required time according to its reservation, is berthed at port or anchored and cannot begin its transit due to force majeure or an act of God that could not be anticipated or prevented by the vessel. The vessel will have to present the Authority with evidence that sustains the impediment to begin its transit on the date reserved due to any of the reasons specified herein.
3. Following instructions of the Authority due to reasons of operational efficiency, safety or security.”

ARTICLE THIRTEEN: Article 24 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 24**: The vessel may request cancellation of its transit reservation or re-scheduling for a later date without being assessed a cancellation fee in the following cases:

1. If for any reason the Authority cancels the transit of a vessel with a transit reservation that is otherwise ready to proceed as scheduled, or
2. If for any reason not attributable to the vessel, the completion of its reserved transit is delayed to the point where it may prevent the vessel’s arrival on time for its second reserved transit, provided that the reservation slot for this transit was acquired before the delay of the first transit occurred.

In these cases, the client shall request the cancellation of the transit reservation or re-schedule the reservation for a later date before leaving Canal waters.

In the cases in which the Authority cancels the reserved transit slot of a vessel that is ready to transit, the vessel will be re-scheduled expeditiously, commensurate with the safe, continuous, efficient and profitable operation of the Canal.”

ARTICLE FOURTEEN: Article 25 of the Regulation on Navigation in Panama Canal Waters is modified, and shall read as follows:

“**Article 25:** The Authority may suspend the Reservation System in whole or in part.

The cancellation of a vessel’s transit reservation due to the suspension in whole or in part of the system will not incur in a charge to the vessel due to such cancellation.”

ARTICLE FIFTEEN: Articles 17, 23, and 24 of the Annex of the Regulation on Navigation in Panama Canal Waters are eliminated.

ARTICLE SIXTEEN: The articles of the Regulation on Navigation in Panama Canal Waters that were not amended in this agreement maintain their text and effectiveness.

ARTICLE SEVENTEEN: This agreement shall take effect upon its publication in the Canal Record.

Given in the city of Panama, Republic of Panama, on the twenty-fifth day of the month of September of two thousand thirteen.

TO BE PUBLISHED AND ENFORCED.

Roberto R. Roy

Rossana Calvosa de Fábrega

ORIGINAL SIGNED

ORIGINAL SIGNED

Chairman of the Board of Directors

Secretary