December 12, 2003

MR’S ADVISORY TO SHIPPING No. A-51-2003

TO : All Steamship Agents, Owners, and Operators


1. Statistical Summary:
   a. Transit Pilot Force ............................................................. 280
   b. Pilots in Training .............................................................. 0
   c. Tugs ........................................................................... 24
   d. Locomotives ................................................................. 100
   e. Traffic Statistics (Preliminary):
      Arrivals .......................................................................... 31.90
      Oceangoing Transits* ...................................................... 33.20
      Canal Waters Time (hours) ............................................. 28.91
      In-Transit Time (hours) ................................................. 11.15
      
      Booked Transits ............................................................... 476
      Total ........................................................................... 310
      Supers .......................................................................... 166
      Regulars ....................................................................
      Average Daily  High Daily  Low Daily
      Oceangoing Transits* ...................................................... 43.00  22.00
      Canal Waters Time (hours) ............................................. 39.53  20.79
      In-Transit Time (hours) ................................................. 14.90  8.49

*Note: For the purpose of this report, the term “ocean-going transits” is equivalent to the number of locomotive transits.

2. Scheduled Locks Outages:

   TENTATIVE SCHEDULE OF LOCKS OUTAGES FOR REMAINDER OF YEAR 2004

<table>
<thead>
<tr>
<th>Dates</th>
<th>No. of Days</th>
<th>Miraflores</th>
<th>Pedro Miguel</th>
<th>Gatun</th>
<th>Daily Transit Capacity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 21 – 23, 2004</td>
<td>3</td>
<td>Lane Outage</td>
<td></td>
<td></td>
<td>30 - 32</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Feb 4 – 6, 2004</td>
<td>3</td>
<td>Lane Outage</td>
<td></td>
<td></td>
<td>30 - 32</td>
<td>Tentative</td>
</tr>
<tr>
<td>May 31 – June 10, 2004</td>
<td>11</td>
<td></td>
<td>Lane Outage</td>
<td></td>
<td>26 – 28</td>
<td>Tentative</td>
</tr>
<tr>
<td>July 5-15, 2004</td>
<td>11</td>
<td>Lane Outage</td>
<td></td>
<td>Lane Outage</td>
<td>26 – 28</td>
<td>Tentative</td>
</tr>
<tr>
<td>August 9-19, 2004</td>
<td>11</td>
<td></td>
<td>Lane Outage</td>
<td></td>
<td>26 – 28</td>
<td>Tentative</td>
</tr>
<tr>
<td>Sept 13-23, 2004</td>
<td>11</td>
<td></td>
<td>Lane Outage</td>
<td></td>
<td>26 – 28</td>
<td>Tentative</td>
</tr>
<tr>
<td>Oct 18-28, 2004</td>
<td>11</td>
<td></td>
<td>Lane Outage</td>
<td></td>
<td>26 – 28</td>
<td>Tentative</td>
</tr>
<tr>
<td>Dec 2004</td>
<td>3</td>
<td>Lane Outage</td>
<td></td>
<td></td>
<td>26 - 28</td>
<td>Tentative</td>
</tr>
</tbody>
</table>

   Note: 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/renovation projects, advantage may be taken of this requirement to perform simultaneous single lane outages for additional maintenance at other locks.

   Transit Capacity: The normal capacity of the Panama Canal is 38 vessel 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 Vessel Transit Reservation System slots are fully utilized. Two-day lane outages have no significant impact on Canal vessel backlog, therefore are not normally included in this chart.

3. See reverse for items of interest to the shipping community.
4. This advisory will be canceled for record purposes on December 31, 2003.

ORIGINAL SIGNED

Jorge L. Quijano
Maritime Operations Director
ITEMS OF INTEREST FOR THE SHIPPING COMMUNITY

CANAL PERFORMANCE

In November 2003, oceangoing transits totaled 996, or a daily average of 33.2. Transits by wide-beam vessels (30.48 meters/100 feet in beam and over) totaled 464, or 46.6 percent of all oceangoing transits. The average Canal Waters Time (CWT) was 28.91 hours.

PANAMA CANAL AUTHORITY ANNOUNCES FISCAL YEAR 2003 METRICS

TONNAGE INCREASES; CANAL WATERS TIME AND ACCIDENT RATE DROPS

Metrics for Fiscal year 2003, which ended in September, indicates that the ACP’s recent operational and capital improvements continue to yield positive results, with a safer and more efficient Canal than it has ever been in its 89-year history. Year-end statistics reveal an increase in tonnage flow through the Canal and a reduction in Canal Waters Time (CWT), the average time it takes a vessel to navigate the Canal, including waiting time for passage. Furthermore, safety has improved on the waterway, with a significant decline in accidents in 2003, compared with those registered in 2001 and 2002.

In FY2003 the ACP posted revenues of $921 million, marking a 15 percent increase from the $799.8 million registered in the previous fiscal year. The Canal reduced average CWT in FY2003 to slightly below 23 hours. This is a dramatic change, since more tonnage (242.7 million PC/UMS tons) was handled in FY2003, a 3.2% increase over the FY2002 total of 235.1 million PC/UMS tons.

A substantial increase in Panamax ships was observed during FY2003. This tonnage increase is attributed to a growth in transits of ships measuring 900 feet or more in overall length. Nine hundred and eighty of these vessels transited the Canal in FY2003, compared with the 715 vessels that transited the Canal in FY2002. This reflects an increase of 37 percent in just one year. Similarly, 40 percent of the 11,844 oceangoing vessels that transited the Canal in FY2003 were Panamax-size compared with the 38.5 percent registered in the preceding fiscal year. This trend towards Panamax ships as the preferred mode of transport is most likely the result of a dramatic rise in the container segment of the shipping industry. Other goods that registered an increase in FY2003 were grains, automobiles and auto parts, chemicals and petrochemicals, refrigerated products and coke carbon.

With the ACP’s enhancements in operations and technology, the Panama Canal was able to significantly handle larger amounts of cargo than ever before, resulting in outstanding improvements in service for FY2003. The ACP’s complete focus on operational improvements and its ongoing permanent modernization programs have led worldwide customers to recognize the Canal as an essential component to the “All-Water Route,” the most reliable route of trade.

Significant capital improvement efforts in FY2003 have contributed to the Canal’s ability to handle increased traffic. Projects have included the deepening of the Gatun Lake channel; the acquisition of new locomotives and rehabilitation of the locomotive tracks; the addition of new tugboats; improved aids to navigations; a training and research maritime simulator center; and the implementation of the Automatic Identification System (AIS) - a sophisticated vessel tracking system.

“The ACP works relentlessly to improve Canal operations on behalf of our customers worldwide. This has been one of the most exciting years in the Canal’s history. With the many strides we have made, the Canal continues to provide safe and reliable service and plays an integral role in the growing ‘All-Water Route’,” said Alberto Alemán Zubieta, Administrator of the Panama Canal Authority. “The ACP recognizes and actively supports the shift toward containerization. We have upgraded technological equipment like our meteorological radar and our navigation systems, and have invested in capital improvement projects to make every transit as safe and efficient as possible.”

The ACP also has continued to make important strides to improve safety. During FY2003, a new safety record was set, only 12 maritime accidents occurred out of a total of 13,154 transits. This number reflects a 29.4 percent decrease when compared to the total of 17 maritime accidents reported in both 2001 and 2002. An official accident is one in which a formal investigation is requested and conducted.

“The reduction in accidents to only 12 for an entire year reflects the outstanding efforts of our world-class workforce. Our employees are the Canal’s most important resource; they are dedicated and committed to making transits through the Canal more safe and efficient,” Alemán Zubieta concluded. “The ACP strives to provide our customers with the most reliable trade route. We are pleased to see our efforts of the past year result in such great operational and financial achievements.”