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Autoridad del Canal de Panamá
Propuesta de modificación de los peajes
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PROPOSAL TO MODIFY PANAMA CANAL TOLLS

PUBLIC CONSULTATION MAY 2012

The World Shipping Council (WSC) is an association of liner shipping companies with offices in Brussels and Washington, D.C. whose members operate over 90 percent of the global liner ship capacity serving international trade. Collectively, these liner services, which are comprised primarily of containerships and roll-on/roll-off ships, transport about 60 percent of global seaborne international trade or more than US $4 trillion worth of goods annually. The Council’s goal is to provide a coordinated voice for the liner shipping industry in its work with policymakers and other industry groups interested in international transportation issues and it is in this context that we submit these comments.

We refer to the proposal to modify the Panama Canal Tolls published by the Panama Canal Authority (ACP) on April 20, 2012. The WSC and its Member companies have appreciated our previous dialogues with the ACP on matters related to the Panama Canal, including its historic expansion project, and appreciate the opportunity offered by the public consultation to comment on this most recent proposal.

We note that the current proposal does not propose increases for the “Full Container” sector, which was subjected to large, recent toll increases, and we appreciate the ACP’s conclusion that additional increases in that sector are not warranted at this time. We acknowledge similar appreciation for the limited 1.7% increase for “Vehicle Carriers and RoRo”,...
and we appreciate the ACP's overall efforts to further segment vessels based on the markets they serve.

In this context, we note that the creation of the new "Container/Breakbulk" category, which includes some vessels that are operated in the liner trades, reclassified some of those ships from the "General Cargo" category to the new segment. This appears to result in an immediate increase of 4.5%, with proposed increases for 2012 and 2013 of 7.5% each. This would amount to an accumulated increase of 19.5% over the next two years. Such an increase seems excessive. The market impacts of such an increase might not have been fully understood by the ACP and could be significant. Therefore, we recommend more extensive consultation with carriers operating these vessels before imposing such increases on this segment.

The short notice period given before the first increases take effect in July 2012 is a matter of concern, not just to operators of vessels affected by this specific proposal, but by all sectors of the industry with an eye on future proposals. The 30 day minimum time period for "consultation" on such proposed toll increases is simply not workable in the shipping marketplace. Even after factoring in the additional lead time added from the announcement date, the full period of notice is just over two months, which is not enough time for shipping companies or their customers to adjust to the new financial requirements.

Greater transparency in the rationale for toll increases and greater long term predictability about any intended increases are essential to shipping companies and their customers that are planning operating networks and supply chain logistic decisions. Toll increases deserve ample transparency and explanation, and ample lead time. The industry appreciates the ACP's efforts in the past to introduce predictability by publishing intended increases over a five year horizon. However, the last few adjustments to tolls have seen short-term proposals covering one or two years.

We believe that it is in the interests of both the ACP and the Canal's users to try to minimize, where possible, the adversarial characteristics of toll increase proposals. We strongly recommend: 1) that the ACP provide full transparency into the explanation of any further toll increase proposals, 2) that the industry be given a longer period of time to analyze and provide comments on such proposals, and 3) that the effective date for any future toll increases be twelve months from the date of their approval, so that vessel operators and their customers can incorporate any such changes into their business planning requirements.

Thank you for your consideration of the industry's views.

Sincerely yours,

Christopher L. Koch
President & CEO