

September 20, 2007

MR'S ADVISORY TO SHIPPING No. A-23-2007

TO: All Steamship Agents, Owners, and Operators

SUBJECT: Applicable Pricing Structure by Definition of Vessel Types

The Panama Canal Authority (ACP) established a market segmentation structure in 2002, based on ship types and cargo characteristics, and a pricing system based on TEUs was introduced for container vessels and other vessels with container-carrying capabilities in 2005. In May of 2007 toll differentiation based on market segments was implemented.

Ship types are assigned to vessels on their first Canal transit based on criteria that considers both original design and cargo carried. The criteria are consistent with international standards and conventions and the ACP's Admeasurement Unit is responsible for assigning ship types.

This new pricing structure has resulted in questions from customers regarding how vessels are categorized. In an effort to respond to questions as well as clarify this issue, we have included definitions of all vessel types used by the ACP to classify vessels. Following are excerpts from the ACP market segment descriptions as they appear in Annex E of the 2002 "Analysis and Rationale of the Proposal to Change the Price Structure of the Panama Canal."

Ship Type Code:

MARKET SEGMENT	SHIP TYPES	CODES	SHIP TYPES EXCLUDED
General Cargo	General Cargo	01	N/A
Refrigerated Cargo	Refrigerated Cargo Carrying Vessels	02	Fishing Vessel (16)
Dry Bulk Carriers	Dry bulk carrier	03	N/A
	Vehicle/Dry Bulk Carrier	10	
	Woodchip Carrier	27	
Tankers	Tanker	04	Tank Barge, Self Propelled (24)
	Liquefied Gas Carrier	12	
Container Vessels	Full Container Ship	07	N/A
Vehicle Carriers	Vehicle Carrier	09	N/A
Displacement	Dredge	90	N/A
	Floating Drydock	91	
	Warship	93	
	Submarine	94	
	Other Displacement	99	

MARKET SEGMENT	SHIP TYPES	CODES	SHIP TYPES EXCLUDED
Others	Dry/Liquid Bulk Carrier	05	N/A
	Container/Break Bulk Ship	06	
	Roll On – Roll Off	08	
	Barge Carrier	13	
	Barge, Not Self-Propelled	14	
	Barge, Self-Propelled	15	
	Fishing Vessel	16	
	Factory Ship	17	
	Tug	18	
	Research Vessel	19	
	Cable Ship	20	
	Yacht	21	
	Rig Tender/Supply Vessel	22	
	Tank Barge, Not Self-Propelled	23	
	Tank Barge, Self-Propelled	24	
	Barge Integrated	25	
Tank Barge Integrated	26		
Other PC-Net	50		

General Cargo Segment

This segment includes all vessels that transport individual items, such as boxes, pieces of equipment and penalized cargo. This segment is not considered time sensitive.

General Cargo (01) A vessel designed to carry break-bulk general or dry cargo. Built to transport individual items such as boxes, pieces of equipment, and penalized cargo. Any and all cargoes are loaded either in drums and bales or on pallets, primarily non-refrigerated. Such cargoes are put in general holds with no specialization. This type of vessel will generally be multi-deck with facilities for loading/discharging cargo.

Refrigerated Cargo Segment

This segment requires timely transit but carries less valuable cargo. It includes specialized vessels known as reefers that generally transport perishable cargo.

Refrigerated Cargo Carrying Vessels (“Reefers”) (02). A vessel whose cargo spaces are predominantly designed for the transport of refrigerated cargo such as fruit, meat, and other food products across the sea in a fresh and clean manner. Includes cargo vessels with 80 % or more insulated cargo space. Excludes: Fishing vessels (16)

Dry Bulk Carriers Segment

This segment is largely price-driven due the relatively large volume and low value of the cargo transported. This segment category includes vessels known as bulk carriers. The main commodities transported in dry bulkers are grains and other agricultural commodities, minerals, metals and ores, coal and coke, fertilizers and lumber products. This segment includes Dry bulk carriers, Vehicle/Dry Bulk Carriers and Woodchip carriers.

Dry Bulk Carrier (03). A vessel designed to carry dry cargo in bulk such as coal, iron ore, grain, sulphur, scrap metal, etc., in huge cavernous holds. This type of vessel is normally single deck and machinery aft with topside tanks capable of carrying a variety of self trimming cargoes. Includes: Ore Carrier.

Vehicle/Dry Bulk Carrier (10). A specialized vehicle carrier with decks that recede to enable holds to carry bulk cargo. (Also to be classified here are vehicle carriers using the platform system or flats. The vessels use the container ship principle to stow platforms loaded with cars into cellular holds. These platforms can also carry other cargoes such as lumber.) includes: Elizabeth Bolten - Movable deck type, Troll Forest - Movable deck type, Pacific (Johnson Line) - Platform system, Suecia (Johnson Line) - Platform system.

Woodchip Carrier (27). Vessel designed for carrying wood chips only.

Tankers Segment

This segment is largely price-driven and shows signs of certain time sensitivity. This segment includes vessels transporting liquid cargoes, many of which are classified as hazardous materials such as crude oil, oil products, chemicals and petrochemicals.

Tanker (04). A single-deck vessel designed to carry liquid bulk cargo in sealed, baffled and vented-type holds or tanks. Excludes: Gas Carriers (12), Local Refinery Barges (24). Includes: Crude oil Carriers, Bulk Petroleum Product Carriers, Bulk Wine Carriers, Juice Carriers, Molasses Carriers, Liquid Chemical Carriers and Tankers carrying grain.

Liquefied Gas Carrier (12) A cargo ship constructed or adapted and used for the carriage in bulk of any liquid gas or other product listed in Chapter 19 of the IGC Code. Includes: Liquefied Natural Gas Carriers (LNG) and Liquefied Petroleum Gas Carriers (LPG).

Container Vessels Segment

This segment is extremely service driven and also time sensitive due to the vessels' rigorous schedules and the fact that they carry mostly high-value manufactured goods.

Full Container ship (07). A vessel specifically designed or converted to transport containers above the upper deck and that has cellular guides permanently affixed in its

holds. The ACP shall determine whether a vessel belongs in this category, taking into account the information provided by the vessel.

Vehicle Carriers Segment

This segment is also service-driven and time-sensitive due to the high value of the cargo and type of vessel utilized. This segment includes mainly PCC (pure car carriers) and PCTC (pure car truck carriers).

Vehicle Carrier (09). A highly specialized ship that is designed to carry cars, trucks and other wheeled or tracked (i.e. self-propelled) vehicles. Unsuitable for virtually all other types of cargo so that operators are entirely dependent on those cargoes and particularly the vehicle manufacturers. The vessel is fitted with ramps which enable the vehicles to be driven on and off the ship. The deep-sea trades have largely given way to PCTCs where some of the decks are higher, thus enabling trucks and other 'high and heavy' cargoes to be carried.

Passenger Vessels Segment

This segment is largely service driven, very seasonal and includes all types of cruise vessels.

Passenger Ship (11). Vessel that principally transport passengers, and normally runs on fixed published schedules. Normally, this type of vessel is provided with accommodations for more than (12) passengers. Only those specifically designed for passenger transport will be eligible for the application of the per-berth tolls charge. Those passenger vessels that also carry other types of cargo will continue to be charged on the actual toll basis (PC/UMS tonnage).

Displacement Segment

The vessels under this category pay tolls based on the Fully Loaded Displacement.

Dredge (90). A boat or barge used for dredging.

Floating Drydock (91). A dock that floats on the water and can be partly submerged to permit a ship to enter it and afterward floated to raise the ship high and dry as in a permanent dry dock.

Warship (93). Any government-owned vessel used by its owners for military purposes, including armed coast guard vessels and naval training vessels. Auxiliary vessels such as tankers, ammunition vessels, refrigerated vessels, repair vessels, tenders, or vessels used to transport general military supplies, are excluded from this definition.

Submarine (94)

Vessel designed for underwater operations primarily for military purposes.

Other Displacement (99)

Any other type of vessel for which the application of a PC/UMS Net Tonnage would be impractical.

Others

Dry/Liquid Bulk carrier (05). A vessel designed to carry both liquid and dry bulk cargoes either at the same time or alternately. Includes: Ore/Oil Carriers, Bulk/Oil Carriers, Ore/Bulk/Oil Carriers.

Container/Break Bulk Ship (06) A vessel specially designed to carry containers and/or break bulk cargoes below deck. Excludes: Regular General Cargo Ships (01), Refrigerated Cargo Ships (02) carrying containers on deck and Dry Bulk Carriers (03). Includes: PC - Part Container Ship, CC - Convertible Container Ship, CP - Container/Pallet Ship.

Roll On-Roll Off (08). A vessel which is specially designed to carry wheeled containers or trailers, and only use the roll on-roll off method for loading and unloading. Containers and trailers are stowed on board on their transport wheels. Includes: CT - Container/Trailer Ships.

Barge Carrier (13). A vessel specially designed to carry barges. This type of vessel may also carry containers and barges at the same time or may be fitted to act as a full container vessel. However, its primary purpose is the carriage of barges. Includes: Lash, Sea bee (Also called "Lighter Carriers").

Barge, Not Self-Propelled (14). A barge without its own means of propulsion. Includes: Individual lighter units usually carried by barge carriers but being towed through the Canal independently. Excludes: Tank Barge (23).

Barge, Self-Propelled (15). A barge with its own means of propulsion. Excludes: Tank Barge (24).

Fishing Vessel (16). A vessel designed primarily for the capture of fish and other marine species. Includes: Trawlers, Purse, Seiners, Shrimpers.

Factory Ship (17). A vessel designed with the proper installations for processing fish or other marine species. The process might consist of canning, packaging, oil extraction, fishmeal manufacture and others. Factory ships usually carry plant workers in addition to the regular crew complement. Includes: Floating fishmeal plants, Fish packers, and Whale oil factories.

Tug (18). A boat used for towing and pushing other vessels.

Research Vessel (19). A vessel engaged in scientific or commercial research and carrying the necessary equipment and gear for this purpose. Includes: oil exploration and exploitation research vessel, Fishing research vessel, oceanographic and other scientific research (geophysical, etc.).

Cable Ship (20). A vessel fitted for laying and repairing underwater cables.

Yacht (21). Any vessel, which can be identified as a pleasure craft (non-commercial use). Includes: Sailboats and Motorboats,.

Rig Tender/Supply Vessel (22). A vessel designed to carry personnel, supplies, equipment, fuel, mud and/or water to offshore oil rigs.

Tank Barge, Not Self-Propelled (23). A barge without its own means of propulsion designed for the carriage of liquid cargoes below deck or in fixed tanks above deck.

Tank Barge, Self-Propelled (24). A barge with its own means of propulsion designed for the carriage of liquid cargoes below deck or in fixed tanks above deck. Includes: Tank barges with outboard motors. Exclude: Tankers (04), Gas Carriers (12).

Barge Integrated (25) A non-tank barge designed to be rigidly connected to a pushing vessel in such a manner as to form a composite unit. A composite unit means two vessels connected by “mechanical means” so that they react to the sea and swell as one vessel so as to be considered a single power-driven vessel. The bridge wings of the pushing vessel(tug)should extend all the way as to be flush with the barge’s extreme beam.

Tank Barge Integrated (26) A tank barge designed to be rigidly connected to a pushing vessel in such a manner as to form a composite unit. A composite unit means two vessels connected by “mechanical means” so that they react to the sea and swell as one vessel so as to be considered a single power-driven vessel. The bridge wings of the pushing vessel(tug)should extend all the way as to be flush with the barge’s extreme beam.

Other-PC Net (50). Vessel types not classifiable under any specific ship type code mentioned above. Includes: Hospital ships, Troop ships, Buoys, Rail, Ferry, Icebreaker, Floating crane, Army and navy transport and Supply ships.

We trust that this satisfies the questions that our customers may have concerning this issue.

ORIGINAL SIGNED

Manuel E. Benítez
Executive Vice President for Operations