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**AGREEMENT No. 316
(of September 28, 2017)**

“Whereby the Regulation to Set Tolls, Rates, and Fees for Transit of Vessels through the Canal, and the Rendering of Related Services and Complementary Activities 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 (the Authority) is organized (Organic Law), the Authority has 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.

In accordance with Article 18.5.k of the Organic Law, the Board of Directors is responsible for regulating the establishment of tolls, rates and fees charged by the Authority for the transit of vessels through the Canal, and the rendering of related services.

In exercising this authority, the Board of Directors approved the Regulation to Set Tolls, Rates, and Fees for the Transit of Vessels through the Canal, and the Rendering of Related Services and Complementary Activities in Agreement No. 4 of January 7, 1999, as well as its subsequent amendments.

Upon compliance with legal and regulatory requirements, the Board of Directors approved Agreement No. 313 of July 27, 2017, whereby the regulations of admeasurement and tolls of the Panama Canal Authority are modified.

That the Administration indicates that for the implementation of the aforementioned Agreement No. 313 of July 27, 2017, it is appropriate to adapt Article 6 of the Regulation to Set Tolls, Rates, and Fees for the Transit of Vessels through the Canal, and the Rendering of Related Services and Complementary Activities.

The draft agreement setting forth the modifications to the aforementioned regulation has been submitted by the Panama Canal Authority Administrator for the consideration of the Board of Directors.

That the Administrator of the Authority has submitted to the consideration of the Board of Directors the draft agreement containing the pertinent amendment thereto.

That the Board of Directors has examined the proposal submitted by the Administrator and considers it to be in the best interest of the Authority, and therefore considers the recommended amendment to be appropriate.

AGREES:

ARTICLE ONE: Article 6 of the Regulation to Set Tolls. Rates and Fees for the Transit of Vessels through the Canal, and the Rendering of Related Services and Complementary Activities is hereby modified to read as follows:

“**Article 6.** The toll paid by vessels to transit through the Canal shall be determined in accordance with the provisions set forth below:

1. For full container vessels, the toll shall be the result of adding:
 - a. The product of multiplying the vessel’s total TEU allowance according to the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal, by the corresponding rate according to the applicable category; and
 - b. The product of multiplying the number of loaded TEU aboard the vessel during the transit, by the corresponding rate according to the applicable category.

For the purpose of applying these rates, the Authority shall determine the TEU with cargo aboard the vessel during transit based on the information that to this effect the vessel representative shall submit, within a period determined by the Authority.

Notwithstanding the foregoing, if the information submitted by the vessel is incorrect, inadequate, incomplete, insufficient, or untimely, or disagrees with each other, the toll shall be the result of adding:

- a. The product of multiplying the vessel’s total TEU allowance according to the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of the Panama Canal, by the corresponding rate according to the applicable category; and
- b. The product of multiplying the vessel’s total TEU allowance according to the Regulations for the Admeasurement of Vessels to Assess Tolls for the Use of

the Panama Canal, for the corresponding rate or the product of multiplying the number of TEUs with cargo aboard while transiting the Canal, by the corresponding rate; whichever is greater.

The Panama Canal Authority has the exclusive right to determine if the information submitted by the vessel through the Bayplan/stowage plan occupied and empty locations (BAPLIE) is accurate, adequate or complete; and the corresponding toll the vessel shall pay to transit.

The provisions of the preceding paragraphs for container vessels are subject to the following:

- a. The vessel, through its representative, shall submit to the Authority, under solemnity of oath, the correct, accurate, adequate, complete, and timely information about the loaded containers that the vessel will have aboard during its transit through the Canal through the vessel's BAPLIE and the Container Summary form, in the time established by the Authority.
- b. In order to validate the total amount of loaded TEU, the client must present a duly signed Container Summary with the container information on board to the Panama Canal official inspecting the vessel. In case of differences between the Container Summary and the vessel's BAPLIE, the greater TEU total between the two documents will be used.
- c. If, prior to transit, the vessel performs cargo operations in ports adjacent to the ends of the Canal, it must submit its BAPLIE file and the Container Summary, or cargo condition (in case of transiting laden or in ballast) after departing such ports. These documents must be sent with the updated information within the term established by the Authority.

However, when justified and in a reasoned and documented manner by the Authority, the Authority may authorize that the BAPLIE file and the updated Container Summary be provided after the period established by the Authority.

The conversion of containers of any dimension shall be made in accordance with Article 10 of the Regulations for the Admeasurement of Vessels to Assess Tolls for Use the Panama Canal.

2. Tolls for those vessels not classified as container vessels, but that have the capacity to transit with containers above the deck, shall be the product of multiplying its unit for collection of tolls by the corresponding rate established by the Authority plus the NTT (Number of TEUs carried on or above the deck during a transit) multiplied by the corresponding rate per TEU established by the Authority.

3. Tolls for passenger vessels shall be the product of the maximum passenger capacity or PC/UMS Net Tonnage multiplied by the rate established by the Authority, according to the design criteria established by the Authority.
4. Tolls for dry bulk vessels shall be determined according to the vessel's summer deadweight tonnage (DWT) or the timber summer deadweight tonnage, whichever is greater, and the type of cargo it transports, as follows:
 - a. Tolls for the Panamax locks shall be the product of the vessel's DWT at the corresponding rate.
 - b. Toll for the Neopanamax locks shall be the sum of the product of the vessel's DWT at the corresponding rate, plus the product of the tonnage aboard the vessel during transit through the Canal in metric tons (MT) at the corresponding rate.
5. Tolls for tanker vessels shall be determined according to the following:
 - a. Tolls for the Panamax locks shall be the result of the vessel's PC/UMS net tonnage capacity at the corresponding rate.
 - b. Tolls for the Neopanamax locks shall be the result of the sum of the product of the vessel's PC/UMS Net Tonnage at the corresponding rate, plus the product of the amount of cargo transported in metric tons (MT) at the corresponding rate.
6. Tolls for chemical tankers shall be determined according to the following:
 - a. The toll shall be the result of the PC/UMS Net Tonnage capacity of the vessel at the corresponding rate.
 - b. Regarding the chemical tankers whose Certificate of Class identifies them as Chemical Tanker or any other classification other than Chemical/Oil Tanker or Chemical/Parcel Tanker, will be classified as Chemical Tankers and will pay the established tanker tariff.
 - c. Regarding the chemical tankers whose Certificate of Class identifies them as Chemical/Oil Tanker or Chemical/Parcel Tanker, they will be asked for the Certificate of Fitness for the Carriage of Dangerous Chemicals in Bulk in accordance with the IBC Code, Chapter 2, paragraph 2.1.2 to classify them as follows:
 - i. The vessels whose Certificate of Fitness for the Carriage of Dangerous Chemicals in Bulk classifies them as IMO Type 1 or any combination containing the IMO 1 Type will be considered chemical tankers and will pay the tariff established for chemical tankers.

- ii. The vessels whose Certificate of Fitness for the Carriage of Dangerous Chemicals in Bulk classifies them as IMO Type 2, Type 3 or both, will pay the established tanker tariff.
7. For LPG and LNG carriers, the toll shall be the result of the product of the cubic meters (m³) of cargo capacity at the corresponding tariff.
8. The toll on warships, dredges, floating dry docks, and any other floating equipment whose tonnage is calculated on the basis of its maximum displacement, shall be the product of the maximum displacement tonnage multiplied by the corresponding tariff.
9. For smaller vessels of up to 583 PC/UMS Net Tonnage, when carrying passengers or cargo, up to 735 PC/UMS Net Tonnage when transiting in ballast, or up to 1,048 fully loaded displacement tons in the case of warships, dredges, dykes and any other floating equipment whose tonnage is calculated on the basis of its maximum displacement, the toll shall be established based on its total length on the basis of the corresponding fixed rate.
10. For vehicle carriers/RoRo vessels, the toll shall be the result of the vessel's PC/UMS net tonnage at the corresponding rate. The corresponding tariff is defined when considering: 1. The percentage of cargo utilization (calculated on the basis of the cargo tons and the deadweight of the vessel) and 2. The size of the vessel (defined on the basis of net PC/UMS capacity).
11. However, when justified and in a reasoned and documented manner by the Authority, it may request warships and auxiliary vessels of any state, covered under the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, to provide the following information depending on the market segment they belong to in order to establish the amount of the bank guarantee they must present and the billing of their toll:
 - a. Full container vessels: the total and size of containers with cargo or the total TEUs with cargo to be transported during the transit, without having to include the port of origin of the ship or the cargo in the BAPLIE file.
 - b. Vessels that do not belong to the container vessel segment, but transit with containers on deck: the total and size of containers on deck or the total TEU allowance on deck at the time of transit.
 - c. Bulk carriers: the maximum type of cargo and its total cargo tons.
 - d. Neopanamax tankers: total cargo tonnage.
 - e. LPG and LNG carriers: total cubic meters (m³) of cargo capacity.
 - f. Vehicle carriers/RoRo vessels: total cargo tonnage.
 - g. Displacement vessels: must provide the maximum displacement in the pro forma for the calculation of the guarantee.

In the event that the information described is not presented within the time determined by the Panama Canal Authority, the maximum load capacity of the vessel shall be used in the units of the respective segment for the calculation of the

bank guarantee and toll billing. In the case of bulk carriers, the cargo category “other dry bulk” shall be used.

12. For the rest of the vessels, the toll will be the product of the PC/UMS Net Tonnage multiplied by the corresponding rate.
13. In the case of the domestic maritime cluster segment, eligibility to be part of this segment will be determined in accordance with the criteria established by the Authority and the vessels in this segment will pay the corresponding established rates.

ARTICLE TWO: 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