

**AGREEMENT No. 4**  
(of January 7, 1999)

“Whereby 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 approved”

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

**WHEREAS:**

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

It is also the responsibility of the Authority, in accordance with articles 4 and 18.9 of the above-mentioned Organic Law, to regulate matters related to complementary activities and services related to the operation of the Canal.

The draft regulation on the foregoing subjects have been submitted by the Administrator for the consideration of the Board of Directors, in exercise of the authority granted him by article 25.6 of the above mentioned Organic Law.

**AGREES:**

**ARTICLE:** The following regulation on tolls, rates, and fees for the transit of vessels through the Canal, and the rendering of related services and complementary activities is adopted:

**“REGULATION TO SET TOLLS, RATES, AND FEES  
FOR THE TRANSIT OF VESSELS THROUGH  
THE CANAL, AND THE RENDERING OF RELATED SERVICES AND  
COMPLEMENTARY ACTIVITIES**

**CHAPTER I  
General Provisions**

**Article 1.** The transit of vessels through the Canal, the rendering of related services, and complementary activities, shall be subject to tolls, rates, and fees.

**Article 2.** The tolls, rates, and fees established by the Authority shall take into consideration the conditions of safe, continuous, efficient, competitive, and profitable Canal service.

**Article 3.** The Board of Directors shall establish the tolls, rates, and fees, and the conditions for the use of the Canal and related services.

**Article 4.** All charges, tolls, rates, and fees assessed by the Authority shall be published in the Canal Register, and recorded in the Authority's Official Tariff.

## **CHAPTER II Tolls**

**Article 5.** Tolls shall be set at rates estimated to cover the costs of operation and modernization of the Canal, and will include at least:

1. The costs of operating and maintaining the Canal, including depreciation costs, support for water resources protection, working capital, and the required reserves.
2. Payments to the National Treasury, as stipulated in the National Constitution and the Organic Law of the Panama Canal Authority.
3. Capital for plant replacement, expansion, improvements, and modernization of the Canal.
4. Interest on the assessed value of the Canal, based on the interest rate approved by the Board of Directors.
5. Losses carried over from previous years.

**Article 6.** Tolls shall be the product of the rate established by the Authority, multiplied by the PC/UMS Net Tonnage (PANAMA CANAL/UNIVERSAL MEASUREMENT SYSTEM) established by the Regulations for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal.

## **CHAPTER III Related Services and Complementary Activities**

**Article 7.** Related services are those provided by tugboats and linehandlers, in direct support of the transit of vessels through the Canal.

The charge for these services shall be additional to the toll rates.

**Article 8.** The Authority shall carry out complementary activities to the Canal operation, such as dredging, electric power generation, water treatment, and telecommunications.

It is the responsibility of the Administrator to establish the rates to be charged for these activities, in consultation with the Board of Directors.

## **CHAPTER IV Payment and Guarantees**

**Article 9.** Payment of Canal tolls and related services shall be made:

1. Before transiting through any set of locks.

2. Before the Authority clears a vessel for departure from Canal waters, in relation to any charges for unexpected, necessary, or required related services provided during transit.

**Article 10.** Tolls and charges for related services shall be guaranteed by a bank previously approved by the Authority, to ensure that the Authority is paid in a timely manner.

Other forms of payment shall be permitted in the cases authorized by the Authority, provided any additional cost for the use of such forms of payment are at the expense of the user.

**Article 11.** As a precondition for transit and for the rendering of any related services, the Authority may require the establishment of financial responsibility and reasonable and adequate guarantees for payment, considered sufficient by the Authority, to cover any damages that may result from their transit through the Canal.

In the case of a government-owned or government-operated vessel, it shall suffice that the respective government certify that it shall comply with its obligations to pay any damages arising from actions or omissions of such a vessel during her passage through the Canal. This exception shall not apply when a government vessel is engaged in maritime trade.

**Article 12.** Payments for complementary activities shall be made by means of cash deposits, payments guaranteed by a bank, or any other means of payment accepted by the Authority.

## **CHAPTER V Exemptions and Prohibitions**

**Article 13.** Vessels exempted by virtue of international treaties in effect, ratified by the Republic of Panama, shall not pay tolls for transiting the Canal.

**Article 14.** Neither the Government nor the Authority may authorize exemption from the payment of tolls, fees, or rates for transit-related services.

**Article 15.** This Regulation shall become effective at twelve noon, December thirty-first, nineteen ninety-nine.”

Given in the city of Panama, on January seven, nineteen ninety-nine.

TO BE PUBLISHED AND ENFORCED

Jorge E. Ritter

Tomás Paredes

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Minister for Canal Affairs

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Ad-Hoc Secretary