

Advisory to Shipping No. A-12-2022

April 1, 2022

TO : All Shipping Agents, Owners, and Operators

SUBJECT: **New Panama Canal Tolls Proposal**

As part of its commitment to improve customer experience and reflect the growing value of the waterway, today the Board of Directors of the Panama Canal has approved a proposal for a new simplified toll structure that will provide price stability for customers for years to come. The proposed changes will offer customers predictability, establishing tariffs well in advance, thereby allowing them to plan their business decisions accordingly.

The proposed toll structure will reduce the number of tariffs from 430 to less than 60, offering a simpler method for customers to use the Panama Canal. This simplified structure will minimize unnecessary complexity and facilitate transactions by eliminating toll bands and introducing tariffs based on which locks will be used and vessel size.

The proposed toll structure recommends the following key adjustments, among others:

- **Replacement of toll bands with fixed and capacity tariffs:** The Panama Canal is eliminating toll bands and introducing simplified tariffs according to which locks will be used, as well as the vessel type and size category. Tolls will be determined by two components:
 - **A fixed tariff** per transit, according to which locks will be used and the vessel size category (regulars, supers, and neopanamax), that will remain in place until the year 2025. For some types and sizes of vessels, these categories are further divided to avoid exceeding the value provided by the Canal to users.
 - **A capacity tariff** per vessel type and size category, addressing the value of the service provided by the Canal.
- **Replacement of tariffs for vessels in ballast:** The Panama Canal is reducing complex tariffs for vessels in ballast that are not consistent with the value provided to customers. Under the proposal, vessels transiting in ballast will pay a percent of the laden toll, independent of the market segment, and the special return trip tariffs for container and liquefied natural gas (LNG) vessels will be phased out.
- **Modifying the loyalty program:** The loyalty program was created in 2016 to incentivize migration to the Neopanamax locks and has proved successful, as currently 55 percent of total tonnage transits through these locks. The Canal seeks to simplify the loyalty

program for container vessels by reducing the number of categories from six to one. The plan is to have one loyalty level applicable to customers deploying more than 1.5 million TEU per year. The Canal will provide a grace period during which the simplified version of the loyalty program will remain in effect through 2024 and the program will be phased out by 2025.

The proposed changes acknowledge how the Panama Canal creates, captures, and renders value for today's new trade landscape. By offering greater visibility, the new structure aims to foster greater continued collaboration with customers.

All interested parties in the proposed toll structure are invited to participate in the consultation process, as well as the public hearing, which will be held in Panama City, Panama, on May 20, 2022, at 9:00 a.m. (local time). In accordance with established rules, the Panama Canal will consider all correspondence received by 4:15 p.m. (local time) on May 17, 2022, addressed to electronic mail canaltolls@pancanal.com as well as comments and opinions presented during the public hearing.

After a careful evaluation and analysis of the comments received, and once any pertinent changes are incorporated in the proposal, the Cabinet Council of the Republic of Panama will officially approve the modifications. The modifications to the tolls structure will be gradually implemented from January 1, 2023 to January 1, 2025.

For more information regarding the consultation process, addresses and specific guidelines, please refer to Sections 4 through 8 in Annex A of the proposal. To obtain an electronic copy of the proposal in both English and Spanish, you may visit: www.pancanal.com/peajes

ORIGINAL SIGNED

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