

*This English translation is intended solely for the purpose of facilitating an overall understanding of the content of the original Spanish version. In those cases where differences may be found between the two, the Spanish document must be considered as the authoritative version.*

## **REGULATION TO SET TOLLS, RATES, AND FEES FOR THE TRANSIT OF VESSELS THROUGH THE CANAL, AND OF RELATED SERVICES AND COMPLEMENTARY ACTIVITIES<sup>1</sup>**

### **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<sup>2</sup>.** For vessels, in general, tolls shall be the product of the PC/UMS Net Tonnage (PANAMA CANAL/UNIVERSAL MEASUREMENT SYSTEM OF VESSELS), pursuant to the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, multiplied by the rate established by the Authority.

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<sup>1</sup> Agreement No. 4 of January 7, 1999.

<sup>2</sup> Modified by Agreement No. 220 of November 25, 2010.

For full container vessels, tolls shall be the result of adding:

1. The product of multiplying the vessel's total TEU allowance (capacity) according to the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, by the corresponding rate; and
2. The product of multiplying the number of loaded TEUs aboard the vessel during the Canal transit, by the rate applicable to TEU with cargo.

For the purpose of applying these rates, the Authority shall determine the TEUs with cargo aboard the vessel during the transit based on the information that to this effect the vessel representative shall submit, which may be verified by the Authority.

Notwithstanding the aforementioned, if the information submitted by the vessel is incorrect, inadequate, incomplete, insufficient, or untimely, the toll shall be the result of adding:

1. The product of multiplying the vessel's total TEU allowance (capacity) according to the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, by the corresponding rate; and
2. The product of multiplying the vessel's total TEU allowance (capacity) according to the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal, by the applicable rate to TEU with cargo.

What has been established in the previous paragraphs for full container vessels is subject to the following:

1. 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 at the time of initiating the transit through the vessels' BAPLIE ("Bayplan/stowage plan occupied and empty locations") at the time of transiting the Canal. This information shall be submitted before the arrival of the vessel at Canal waters. The Authority may authorize that the information be submitted before the arrival of the vessel at the last set of locks only in extraordinary circumstances.
2. The Authority has the exclusive right to determine if the information submitted by the vessel pursuant to the preceding numeral is accurate, adequate, or complete, and the corresponding toll the vessel shall pay to transit.
3. The conversion of containers of any dimension shall be made in accordance with Article 10 of the Regulation for the Admeasurement of Vessels to Assess Tolls for Use of the Panama Canal.

Tolls for those vessels not classified as full container vessels, but that have the capacity to carry containers above the upper deck, shall be the product of the PC/UMS Net Tonnage multiplied by the rate established by the Authority plus the NTT (number of TEU carried on or above the upper deck during a transit) multiplied by the rate per TEU established by the Authority.

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 criterion established by the Authority.

Tolls for warships, dredges, and floating dry docks shall be the product of the fully loaded displacement tons multiplied by the rate established by the Authority.

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, the minimum toll based on its length overall shall be established by the Authority on the basis of a fixed rate.

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

**Article 7<sup>3</sup>.** Related services are those provided by tugboats, line handlers, and locomotives in direct support of the transit of vessels through the Canal.

The cost of these services shall be considered an additional charge to the tolls payment.

**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.

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<sup>3</sup> Modified by Agreement No. 58 of August 16, 2002.

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.