



Advisory To Shipping No. A-42-2023

September 25, 2023

TO: All Shipping Agents, Owners, and Operators
SUBJECT: Modification to the Fresh Water Surcharge (variable component)

Given the critical condition of freshwater availability in the Panama Canal watershed, the Panama Canal Authority (ACP) announces a modification to the variable component of the Fresh Water Surcharge effective October 1, 2023. This consists in changing the Gatun Lake level curve center from 82 feet to 79 feet, which is equivalent to a maximum draft of 44 feet (Tropical Fresh Water- TFW) for vessels transiting the Neopanamax locks, without affecting the maximum draft for vessels in the Panamax locks. This curve center of 79 feet and the maximum draft of 44 feet represent water saving efforts to ensure traffic sustainability in the coming months.

The resulting percentage derived from the formula will vary from 0% to 10%, and will be applied to the total tolls of the vessel, including the fixed and variable portions of tolls in cases where the toll structure includes those components. The percentage applicable to each vessel will be directly related to the level of Gatun Lake. The percentage used for the variable component applicable to each vessel will be calculated daily, using the following formula:

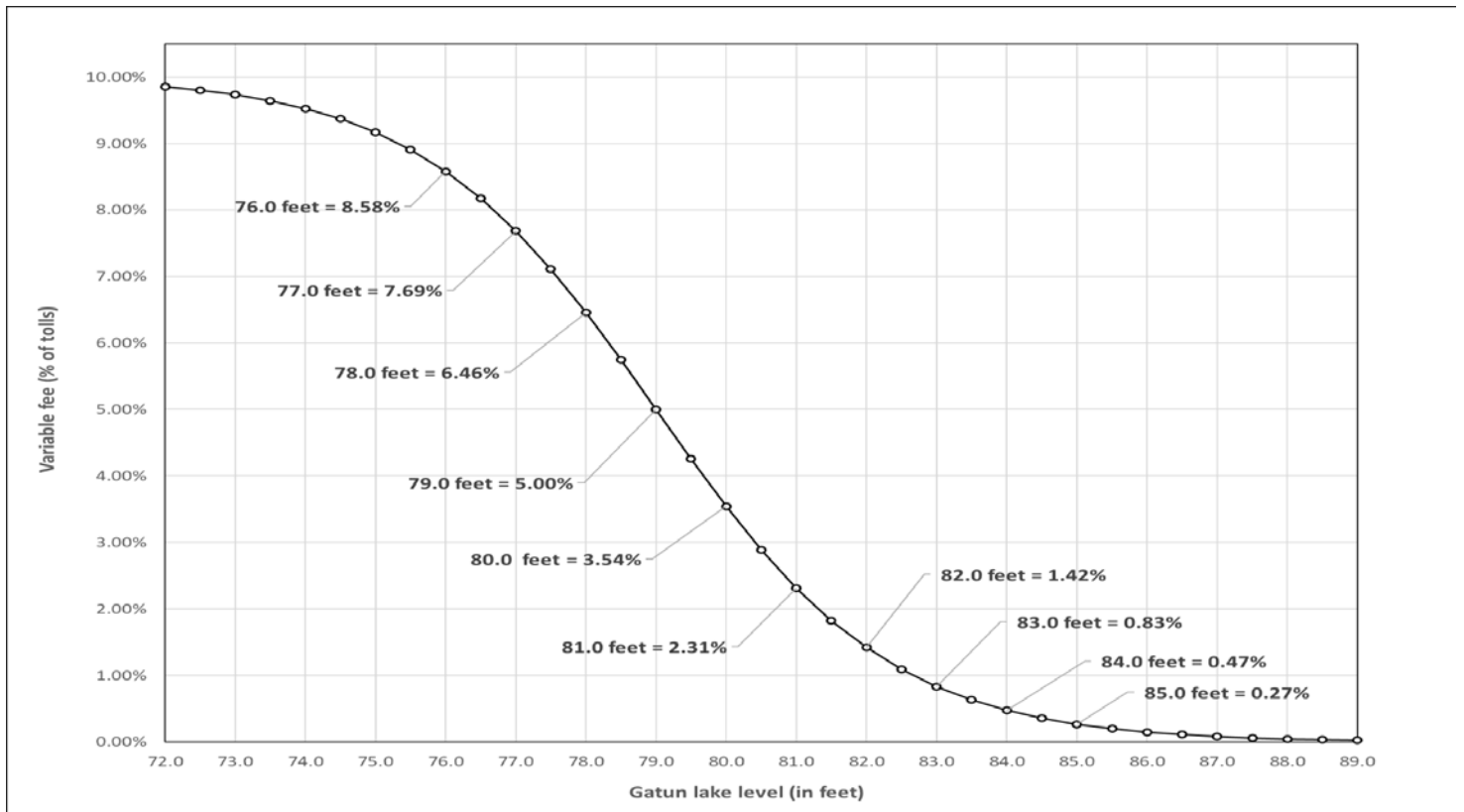
$$f(x) = \frac{0.10}{1 + e^{0.6(x-79)}}$$

Where the x represents the level of Gatun Lake in feet, rounded to one decimal place, as registered at 1200 hours on the day prior to the vessel's transit. This percentage will be applied to all vessels transiting the following day. Because the maximum draft of 44 feet is a reduction in cargo capacity compared to previous maximum allowable drafts at the Panama Canal, the 79 feet center in the formula translates into a lower charge in the variable component of the Fresh Water Surcharge (FWS), representing a financial relief for our customers during this critical period. The charges applicable to the fixed component of the FWS will remain the same until further notice.

For your reference, the following graph illustrates the variable component percentage associated to each level of Gatun Lake, in feet:

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Further inquiries on the subject matter shall be directed to customerservice@pancanal.com

ORIGINAL SIGNED

Boris Moreno Vásquez
Vice President for Operations