

GOOD AFTERNOON, LADIES AND GENTLEMEN. FIRST, I WOULD LIKE TO THANK THE ON-SITE ORGANIZERS FOR THEIR INVITATION TO TALK TO YOU TODAY AND FOR THE OPPORTUNITY GIVEN TO SHARE THE PREVIOUS DAYS IN BUENOS AIRES WITH ALL OF YOU.

PROVIDED THAT MY PRESENTATION RELIES ON A VIDEO THAT WE WOULD WATCH AFTERWARDS, I WOULD FIRST LIKE TO INTERVENE WITH JUST A FEW WORDS TO BRIEFLY EXPLAIN WHY, ALTHOUGH IT IS NEARLY A HUNDRED YEARS OLD, IT IS POSSIBLE TO SAY THAT THE PANAMA CANAL IS NEW AND THAT IT IS A BETTER WAY TO GO:

FOR ALL PANAMANIAN, THE CANAL IS A SOURCE OF PRIDE DUE TO THE HISTORIC STRUGGLE TO RECOVER IT, AND DUE TO THE EFFICIENT, PROFITABLE AND SAFE MANNER IN WHICH THE CANAL HAS BEEN MANAGED SINCE THE MOMENT OF ITS TURNOVER ON DECEMBER 31, 1999.

MOREOVER, MANY GENERATIONS OF PANAMANIAN HAVE CONTRIBUTED TO THE CANAL'S SUCCESS: FIRST, DURING ITS CONSTRUCTION, THEN, THROUGH THE AMENDMENTS TO IMPROVE CONDITIONS FOR PANAMA AND THE SIGNING OF THE TREATY WITH THE UNITED STATES FOR THE CANAL'S TURNOVER, AND FINALLY, UNDER THE TEN YEARS OF PANAMANIAN ADMINISTRATION, THROUGH WHICH PANAMA HAS DEMONSTRATED, BOTH TO THE MARITIME COMMUNITY AND TO ITSELF, THAT IT IS CAPABLE OF MANAGING THE CANAL AT ITS HIGHEST LEVELS OF EFFICIENCY.

HOWEVER, THE SUSTAINED INCREASE IN INTERNATIONAL TRADE AND THE CONSEQUENT INCREASE IN THE DEMAND FOR TRANSITS THROUGH THE CANAL PRESENTED THE WATERWAY WITH NEW CHALLENGES AND OPPORTUNITIES. THEREFORE THE CANAL CHOSE TO ENGAGE IN AN EXPANSION PROGRAM IN ORDER TO OPTIMIZE ITS OPERATION AND THEREBY ENSURE ITS GROWING PROFITABILITY FOR PRESENT AND FUTURE GENERATIONS.

IT IS BECAUSE OF THIS, AND THROUGH A CLEAR STRATEGIC VISION, THAT THE CANAL RESPONDED TO CHANGES IN WORLD TRADE PATTERNS, ANTICIPATING ITS REQUIREMENTS AND THEREBY SUCCEEDING BY SECURING THE CANAL'S COMPETITIVENESS AND STRATEGIC PARTICIPATION AS A KEY ROUTE IN WORLD TRADE.

THEREFORE, BY THE END OF THE FIRST CENTURY OF CANAL OPERATIONS, A DIAGNOSTIC OF THE WATERWAY'S PAST AND PRESENT PERFORMANCE WAS CARRIED OUT, AND A LONG-TERM PROSPECTIVE DEVELOPED, WITH THE PURPOSE OF ESTABLISHING THE DIRECTION THAT THE CANAL HAD TO FOLLOW IN ORDER TO CONTINUE TO BE COMPETITIVE AND PROFITABLE. HAD THIS DIAGNOSIS NOT BEEN DONE AND THE PROSPECTIVE NOT BEEN DEVELOPED, THE PANAMA CANAL AUTHORITY WOULD HAVE FAILED IN ITS INSTITUTIONAL TASKS, AND AS A RESULT, IN ITS RESPONSIBILITY TO FURTHER THE BEST INTERESTS OF MARITIME TRADE.

AS A RESULT OF THE DIAGNOSTIC, IT WAS CONCLUDED THAT THE CANAL WAS ABOUT TO REACH ITS MAXIMUM CAPACITY AND FACED THE DILEMMA OF BECOMING STAGNANT OR INVESTING IN ORDER TO GROW. NEVERTHELESS, RESEARCH CONDUCTED BY THE PANAMA CANAL AUTHORITY INDICATED THAT THE CANAL HAD THE OPPORTUNITY TO BENEFIT FROM A GROWING COMMERCIAL AND TRANSIT DEMAND, WHICH WAS PROJECTED TO BE PREDICTABLE AND PROFITABLE.

HAD THE CANAL REACHED ITS MAXIMUM SUSTAINABLE CAPACITY, IT WOULD NOT BE ABLE TO CAPTURE ANY ADDITIONAL DEMAND, WHICH WOULD REDUCE ITS COMPETITIVENESS AND MARKET SHARE IN THE MAIN ROUTES THAT IT SERVES AND WOULD ENCOURAGE OTHER COMPETITORS TO ENTER THE BUSINESS.

IN ADDITION, THIS WOULD HAVE SET THE CONDITIONS FOR NEW TRADE AND TRANSPORT PATTERNS TO BE DEFINED IN THE MEDIUM AND LONG TERMS. THUS, THIS SITUATION WOULD CAUSE THE CANAL TO GRADUALLY LOSE ITS POSITION AS A KEY MARITIME ROUTE IN WORLD TRADE.

MOREOVER, SHOULD THE DECISION NOT TO EXPAND THE CANAL BEEN MADE, OTHERS WOULD DEVELOP NEW ALTERNATIVES IN ORDER TO BENEFIT FROM THE DEMAND THAT THE CANAL WOULD NOT BE ABLE TO HANDLE AND IT WOULD BE VERY DIFFICULT TO CAPTURE THIS DEMAND WITH A BELATED EXPANSION IN THE FUTURE, SINCE ONCE THESE ALTERNATIVES WOULD HAVE BEEN DEVELOPED, TRADE PATTERNS WOULD EXPERIENCE FUNDAMENTAL AND IRREVERSIBLE CHANGES.

IN ORDER TO ENHANCE THE CAPACITY AND ELIMINATE THE RESTRICTIONS IMPOSED ON THE MARITIME INDUSTRY BY THE CANAL, TAKE ADVANTAGE OF THE EVER-INCREASING FORECASTED DEMAND OF CARGO AND COMMERCE, MAINTAIN A COMPETITIVE AND GROWING CANAL, AND ADD VALUE TO THE PANAMANIAN ROUTE, THE ACP PROPOSED AN EXPANSION PROGRAM, DESIGNED TO INCREASE CANAL CAPACITY BY INCORPORATING A THIRD SET OF POST-PANAMAX LOCKS. THUS, THE NECESSITY TO EXPAND THE CANAL WAS IN RESPONSE TO A PROJECTED GROWTH IN THE MARITIME COMMERCE IN THE PANAMANIAN ROUTE AND REPRESENTED, IN ADDITION, AN OPPORTUNITY -BY ATTRACTING LARGER VESSELS- TO MAKE THE CANAL MORE EFFICIENT, MORE COMPETITIVE AND MORE PROFITABLE.

THEREFORE, THE OBJECTIVES OF THE CANAL EXPANSION WERE TO: (1) ACHIEVE LONG-TERM SUSTAINABILITY AND GROWTH FOR THE CANAL'S CONTRIBUTIONS TO PANAMANIAN SOCIETY THROUGH THE PAYMENTS IT MAKES TO THE NATIONAL TREASURY, (2) MAINTAIN THE CANAL'S COMPETITIVENESS AS WELL AS THE VALUE ADDED BY PANAMA'S MARITIME ROUTE TO THE NATIONAL ECONOMY, (3) INCREASE THE CANAL'S CAPACITY TO CAPTURE THE GROWING TONNAGE DEMAND WITH THE APPROPRIATE LEVELS OF SERVICE FOR EACH MARKET SEGMENT, AND (4) MAKE THE CANAL MORE PRODUCTIVE, SAFE AND EFFICIENT.

THE DECISION TO EXPAND THE CANAL HAS ALLOWED PANAMA TO TAKE ADVANTAGE OF THE OPPORTUNITY PRESENTED BY THE PROJECTED GROWTH IN MARITIME TRAFFIC THROUGH PANAMA'S ROUTE. TO THAT END, THE CANAL EXPANSION IS FULLY AND COMPLETELY JUSTIFIED BY THE CARGO VOLUME THAT WOULD BE ABLE TO TRANSIT THROUGH THE CANAL, AND NOT JUST BY THE SIZE OF VESSELS IT WILL BE ABLE TO HANDLE. GIVEN THE INTENTION TO BUILD NEW LOCKS, IT IS ADVANTAGEOUS FOR PANAMA TO BE ABLE TO HANDLE THE MOST APPROPRIATE VESSEL SIZE FOR THE ROUTES THAT THE CANAL WOULD SERVE. MOREOVER, A LARGER LOCK IS THE BEST SOLUTION BECAUSE IT WOULD ALLOW THE CANAL TO HANDLE MORE TONNAGE WHILE USING LESS WATER AT LOWER COSTS.

THE CANAL IS THE COUNTRY'S MAIN ECONOMIC SOURCE, AND EXPANDING IT CONSTITUTES A FUNDAMENTAL STEP TOWARDS DEVELOPING PANAMA'S SERVICE CLUSTER, WHICH TAKES ADVANTAGE OF THE ISTHMUS'S GEOGRAPHICAL POSITION, AND

HAS TURNED PANAMA INTO A WORLD TRADE, TRANSPORTATION AND LOGISTICS LIAISON CENTER.

ADDITIONALLY, THE EXPANSION OF ITS CAPACITY HAS ENSURED THE INTEGRATED AND SUSTAINED GROWTH OF ALL MARITIME ACTIVITIES DEVELOPED IN PANAMA, WHICH IS CONSISTENT WITH THE NATIONAL MARITIME STRATEGY. IN SHORT, IT HAS DRIVEN THE NATIONAL ECONOMY AND IMPROVED THE QUALITY OF LIFE FOR ALL PANAMANIANIANS.

FINALLY, AND WITHOUT FURTHER DELAY, IT IS MY PLEASURE TO PRESENT TO YOU THE ACHIEVEMENTS REACHED BY THE PANAMA CANAL AUTHORITY, EXPANSION PROGRAM.