



Panama Maritime Authority

Presentation of the Project
“Cruise Ship Terminal of Panama”



On the framework of the
World Ports Sustainability Awards

2019

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I. Introduction

The Panama Maritime Authority was created with the purpose of developing the national maritime port sector. This entails, among other things, the development of new infrastructures and business models that propitiate economic growth in the country and the different sectors of the economy, including tourism. The work below shows the elements that underpin the construction of a new cruise terminal in the Pacific ocean of Panama, as an axis to attract cruise tourists from Europe, North and South America in the first instance. This is supported by an air transport infrastructure that has connected our country for several years to the European, Far East and North and South subdivisions of the hemisphere we inhabit. In compliance also with the Strategic Plan of the National Government.

In this effort, the Board of Directors of the Maritime Authority of Panama approved the construction of a cruise terminal on the Pacific side of the country to meet the growing demand of cruise passengers arriving on our Pacific coast who at the moment need to take another method of transportation from the high seas the coast in order to have the opportunity to know our country.

This is taking into account that there are no infrastructures for the berthing of these ships on the Pacific side. And that according to queries made to the Maritime Chamber of Panama the available docks in the coast have an over occupation and when they are free the port companies condition the stay of a ship to the demand of space by the ships of the business model of containers, forcing any other ship to run with relocation expenses without any security of having available space. At the same time, the guild has suggested that according to the cruise season, when the dock is not in use due to the low season of cruises, its use can be maximized by providing auxiliary maritime services to other ships and to the cruises themselves.. The auxiliary maritime services that could be provided include the supply of water to the ships, food supply, minor repairs, fuel supply, among other activities. This would help to make the terminal more profitable by the income generated by these activities from the national economy in terms of fees.

Other activities worth mentioning would generate income to the economy would be the operation of tour operators at the dock that transport tourists to shopping centers, the old town, ruins of Panama La Vieja, Miraflores locks among other attractions. For the analysis of this important segment of tourism, which is directly linked to the construction of the terminal, the Chamber of Tourism of Panama, which brings together the association of airlines, car rental companies, hotel and restaurant owners, operators of tourism and tourism agencies provided relevant information in this sector through surveys conducted to its members.

II. Data sheet

- **Name of the Project:** Construction of the Ship Terminal of Panama, Perico Island.

- **Descripción del Proyecto:** The project consists of the construction of the Panama Cruise Terminal, Isla Perico ", which will have capacity to serve ships with a maximum size of 360m in length and a minimum of 250m in length.
The project involves the following stages in its technical part:
 - A. **Study and design stage:** all required studies, final drawings designs will be carried out.

 - B. **Construction of the Amador cruise terminal:** this phase involves the construction of a Terrestrial Terminal, an area for natural reserve, a maritime terminal, breakwater and dredging.

 - C. **Equipment:** all the equipment required for the proper functioning of the terminal.

- **Geographical Location of the Project:** The project is located in the province of Panama, District of Panama, Corregimiento de Ancón, Perico Island.

- **Institution that owns the project:** Panama Maritime Authority

- **Project executing institution:** Panama Maritime Authority

- **Investment Cost:** US\$175 MM.

- **Financing source:** 20% with current revenues of the A.M.P, and 80% with financing.

- **Duration of the work:** 30 months.

III. Background of the Project

During the year arrive to Panama people coming from all over the world, who mostly visit the country as tourists, motivated by the beauty of its landscapes, beaches, historical places, gastronomic offer, among a wide variety of tourism activities that they can perform in here. A form of arrival of these visitors to the country is through cruises.

The cruise market has had a dynamic growth in recent years, generating new destinations and boosting the economy of the countries where they make stops or transit. To this growth is added the incorporation of ships (19 new ships, in 2016) of greater size with more than 300 meters in length, and with greater passenger transport capacity, managing to move between 2,500 and 5,000 passengers, with crews from 1,500 to 2,000; which shows the need to have new and better port facilities that allow an efficient and expeditious reception of the growing number of cruise tourists.

It should be noted that in the main ports of the world there are cruise terminals with a great track record in the industry, which have operational capabilities, state-of-the-art technology, and offer quality passenger services, while prioritizing safety aspects in the ships and port infrastructure.

Currently, cruise companies have developed the Caribbean market, which contains varied and accessible destinations. The Pacific represents a less developed market but with great attractions. Therefore, the construction of a cruise terminal generates a great advantage for Panama, since the cruise operators wish to diversify their travel offers with routes in this hemisphere.

In Panama, the cruise ships that arrive to the Pacific sector of the country, anchor in the maritime area near the Bay of Panama, in the sea. And although it is true that tourism activity is of great importance for our country, the conditions in which they are currently carried out are not optimal. Since as seen in the image (Figure 1.) next tourists should be transferred from boats taxis to the mainland, which is not entirely comfortable for passengers and the minimum characteristics of a cruise terminal are not offered. Cruise

ships usually stay anchored for 8 hours in the Bay of Panama, while their passengers visit the main tourist spots of Panama City, including the Casco Antiguo, the Panama Canal, Cinta Costera, shopping centers, and Panama La Vieja.

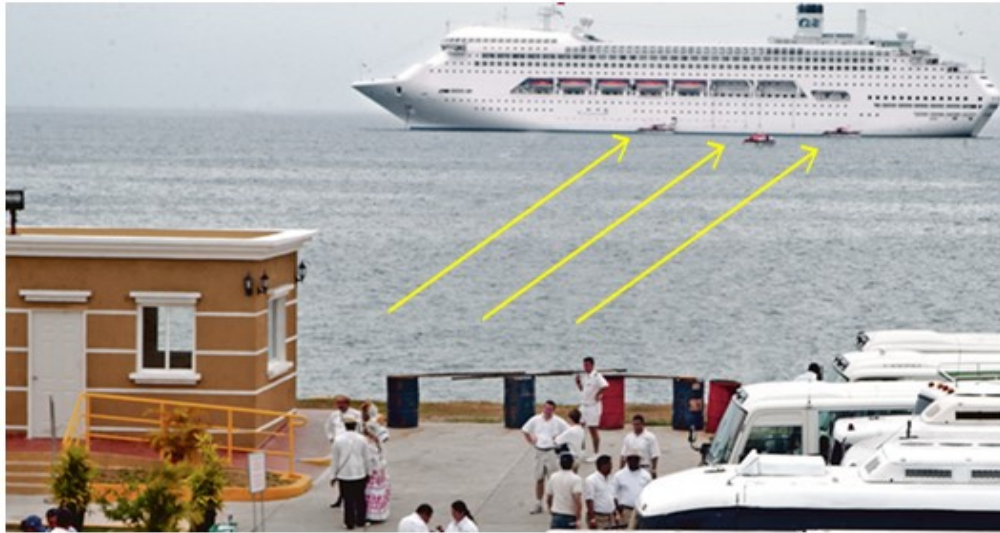


Figura 1. Traslado de pasajeros desde un crucero al área de Amador

In regards to cruise ship terminals, our country currently has a cruise terminal on the Atlantic coast called "Colon 2000", but it does not have any terminals in the Pacific. Therefore, the development of this modern terminal in the Pacific, will attract the interest of several cruise lines that currently operate on this coast in the Central American region and to the cruise lines that operate with itineraries of more than a week or 15 days in the Central American and Mexican Pacific region, some of which cross the Canal as attractive in their routes, to establish a base port there, attracting passengers from North America and Europe to reach our country by air to board their ships.

The development of a cruise terminal in the Panamanian Pacific has as a great attraction the generation of income to the national economy from the daily expenses of passengers and crew at the port of destination in hotel reservations, food in restaurants, selective transportation, Shopping in shopping centers, payment of tourist tours etc. In addition to the business opportunity that exists for companies that provide auxiliary

maritime services to ships that transit our coastline such as food supplies, minor repairs if required, potable water, towing services, mooring services among others. Taking into account that the income generated by the terminal will not be as representative of the economy as the aforementioned.

IV. Project description

The project is part of a State Plan, aimed at promoting the development of the maritime port and tourism sector, taking advantage of the strategic geographical location and the unbeatable natural conditions of the site. The project will help to transform the ideology of the cruise lines of only making easy transit through Panama, allowing the national Pacific to be perceived as an attraction for tourists, generating national tourism around a cruise terminal.

The project is conceptualized under the philosophy of a "Home Port", the new Cruise Port of Panama, seeks to become the most modern and safe port in the American Pacific.

The port will have a terminal capable of receiving vessels of up to 360 meters in length and 10.5 meters in draft initially, but the structure must have the capacity of final reception, according to the size of the cruises projected to be built in ten (10) years.

V. The project within the framework of social development policies and strategies.

The project forms part of the sustained economic growth axis of the Government Strategic Plan, aimed at converting Panama into a hub for international maritime services. It is also aimed at boosting tourism in Panama.

The actions in the port system are aimed at strengthening the infrastructure and services, in order to form a maritime conglomerate that integrates and complements the land logistics cluster and the aerial cluster that will be developed with the new Tocumen Airport.

VI. Target group or beneficiaries of the project.

This project aims to generate 50 direct jobs in low season that will be necessary to operate the cruise terminal. In addition it is estimated to generate up to 70 indirect jobs, due to the activities that will be generated in the port during the high season for a total of 120 people.

In the construction phase, sources of both qualified and unskilled jobs would also be created that would go by the estimated order of 60 direct jobs.

Regarding the auxiliary maritime industry, according to the statistics of the AMP, there are currently 631 operating licenses in force, which could obtain direct benefit with the arrival of the cruises, by providing some type of services or products. In addition, these companies could use the docks at times when they are not in use to perform some type of commercial activity, which would optimize the use of the infrastructure.

In the same way, all types businesses benefit from this project, due to the money that each cruise passenger who disembarks in the port and visits the country spends. In the same way, cruise passengers arriving from different parts of the world will take the cruise in Panama.

VII. Market study

Panama is presented as one of the main destinations in the cruise offer that different cruise operators show in their destination catalog. The routes that arrive in the country can be classified into two large groups. A first group of interoceanic transit, in which the

tourist crosses the Canal on board the ship. In the second group, the itinerary is designed only to navigate in the waters of the Caribbean Sea. The main routes of each group are shown below (see Figure 2).

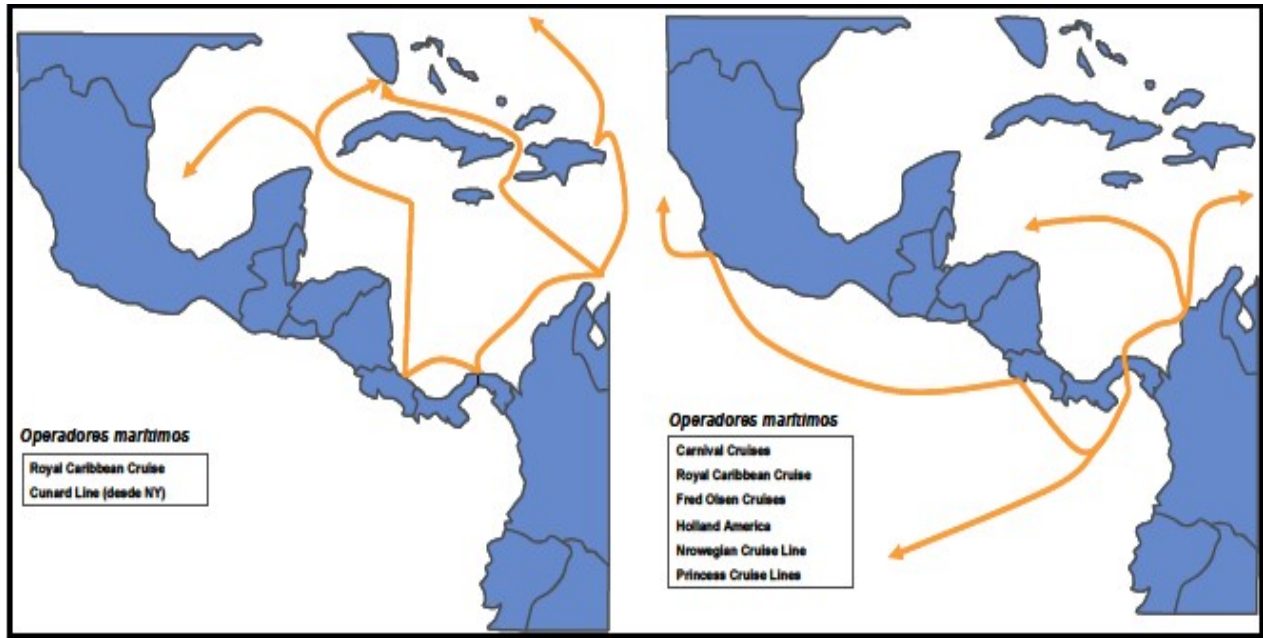


Figura 2. Rutas de cruceros

Most of the cruise operators that operate in Central America and stop in Panama, offer their customers navigation through the Canal. This fact reinforces the initiative of the expanded interoceanic route as the main place of tourist interest in the country. Other cruise routes around the world vary, some begin in the US and end in Puerto Rico or the Dominican Republic.

On the other hand, the Caribbean Sea is transited by a large volume of cruises, being the region of the world with the largest number of tours for its climate and the beaches that can be visited at the landfalls. Although some operators do not offer to cross the Canal in their itineraries, you can hire day tours that allow you to visit the Miraflores lock by road. The railroad also offers a wagon with panoramic view to tourists, with a one-hour trip between Panama and the Atlantic city.

As can be seen, the offer of cruise ships that only travel through the Atlantic does not include passage through the Panama Canal. This is due to the lack of infrastructure on the Pacific side where Panama City is located.

Those boats that make a stop in the Pacific area, must anchor at sea and, through maritime taxis, disembark passengers in the marina of Amador.

In auxiliary maritime matters, in interviews conducted with the companies of the Maritime Chamber of Panama, its members suggest that this dock can be used for multipurpose purposes that in turn could generate higher revenues, even more than would be generated by the cruise ship movement due to the fact that tourist activities are stationary where the months of greater activity are from the month of January to April and then between November and December. According to the interviewees, in the months where the cruise activity is low or zero the docks could be unoccupied and would be used for other types of activities such as berthing of mega yachts and scientific boats. In parallel there is an opportunity to attend, barges or other vessels with special characteristics, make minor repairs to large ships that do not need to enter the dike among other possible utilities.

Taking into account that the pacific route is not very visited by cruise ships, the Amador project is something innovative because it is committed to attract larger ships to visit this area that has been little exploited. According to the Panama Canal statistics, a total of 90 passenger ships with a size greater than 250 meters in length passed through the Panama Canal in 2018, indicating that there is an important transit of ships that could be demanding a port in the pacific area.

It is important to keep in mind that it is not just about building a pier in the Pacific and that the ships will start arriving on their own. Currently, there are routes that go through Panama, some pass through the Canal and others do not, but the important thing of this analysis is that most of these ships include a stop in Costa Rica, so with the new infrastructure and a good promotion of the country could be achieved to include in these

routes a stop in Panama.

Some of the identified routes, which could include a stop in the Pacific of Panama, are detailed below:

- A. A route that leaves the east coast of the United States, passes through the Panama Canal to the west coast of the United States. This route is also done vice versa.



Figura 3. Ruta que inicia en la Costa Este de los EEUU
Fuente: www.princess.com/find/searchResults.do

- B. Route that leaves the east coast of the United States, passes through the Panama Canal, goes down to South America to Peru and then goes to Sydney Australia



Figura 4. Ruta que Inicia en la Costa este de los EEUU, va a Sur América y luego Sydney.
Fuente: www.es.ncl.com

- C. Ruta que sale de Londres Inglaterra pasa por toda la costa este de los Estados Unidos, pasa por el Canal de Panamá, baja américa del sur hasta Perú, hasta llegara a Sydney Australia.



Figura 5. Ruta que sale de Inglaterra, pasa por el canal hasta llegar a Sydney
 Fuente: www.es.hollanderamerica.com/enes/

- D. Route leaving London England passes through the entire east coast of the United States, passes through the Panama Canal, down south America to Peru, until it reaches Sydney Australia.



Figura 6. Ruta que sale de Valparaíso, por todo el pacifico hasta los EEUU
 Fuente: www.es.hollanderamerica.com/enes/

- E. Route that leaves the western United States passes through Central America,

turns around in Cape Horn and reaches Rio de Janeiro.



Figura 7. Ruta que sale de EEUU, por todo el pacífico, dobla en Cabo de Hornos hasta llegar a Rio de Janeiro

Fuente: www.es.hollanderamerica.com/enes/

In another aspect, the maritime auxiliary industries, would be greatly benefited with the construction of a cruise terminal, since the arrival of cruise ships could be providing services such as victualling, sewage treatment, garbage collection, etc. The study included interviews with members of the Panama Maritime Chamber, which among its members are shipping companies, fuel suppliers, suppliers of victualling, among others who expressed the concepts previously discussed and those that are exposed in the entire cap on the opportunity that exists for its industry to develop the cruise ship dock.

It is important to note that other potential customers could be the owners of mega yachts, who anchor the yachts on average 3 months a year to be repaired or to maintain them. The pier can be rented to this segment in the times that are available mainly in the low seasons of the cruises. This segment of clients are characterized by being individuals with high purchasing power who will need services from the maritime auxiliary industries. There is also the opportunity to rent the dock to make repairs to large ships that do not need to enter the dike. In the same way facilities could be build to

store dry and refrigerated goods. The current design of the port does not allow the aforementioned activities to be carried out but some adjustments could be made in the future to capture this market.

One of the activities that would make the docks more profitable is the sale of fuel, so it should be considered to build a connection with the fuel tanks of the APSA terminal (near the Bridge of the Americas), which is located in La Boca . With the sale of fuel there would be an incentive for ships to dock and fuel sales would generate very important revenues.

VIII. Project size

The project has a total area of 88 hectares, with a land area of 10.5 hectares and a maritime area of 77.5 hectares. The Administrative and Operative building has a size of 10,800m².

Infrastructure Building Support / Maintenance has an area of 4,500m², will also have parking areas of 22,400m².

The cruise port will have an area for a nature reserve with an area of 2.2 hectares. The surface of the pier will have a size of 9500m², which will give the capacity of reception of two ships with a length of 360m.

IX. Location

The project is located in the province of Panama, District of Panama, Corregimiento de Ancón, Perico Island. The project is located in Isla Perico, Calzada de Amador, Panama City, province of Panama. This roadway is a

Ilustración 1 - Plano de localización del proyecto



connecting road between the mainland of Panama City and four islands of the Pacific Ocean, among which is Perico Island.

The project with access road which is being extended to four lanes, is a place of great tourist activity and is close to the city. The land available is available and with almost the draft required to dock the ships, it also does not interfere with the activities of the canal.

There is availability of all basic services. The difficulty of this location lies in the traffic jams that form in the Balboa area in the afternoons due to the movement of people to the western area of the country.

With the construction of the fourth bridge over the canal and simultaneously line 3 of the train, it is expected that by 2020, these roads will be decongested.

X. Investment Costs

The investment costs correspond to the costs of studies and designs, infrastructures and necessary equipment, so that the project is able to operate. For the case of this project its cost is US\$175,000,000.00.

- Study and design costs: \$ 5,250,000.00
- Infrastructure costs: \$ 164,150,000.00
- Equipment costs: \$ 5,600,000.00

XI. Images









