National Maritime Strategy: A Comprehensive Plan to strengthen and Develop Panama's Maritime and Port Sector

2nd Panama Maritime Finance & Trade Forum
March 20, 2025
Hilton Panama, Panama City, Panama

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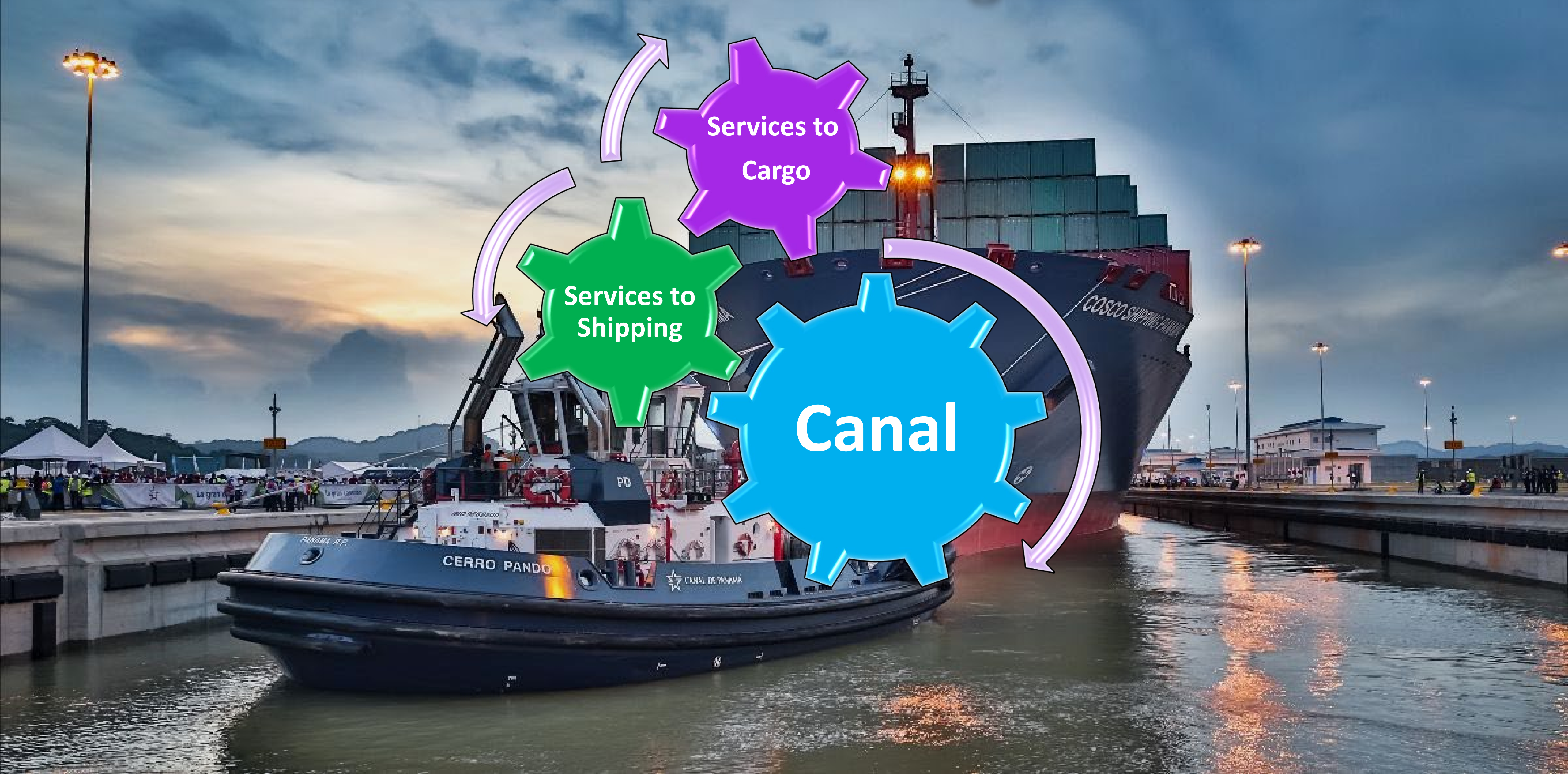
Panama´s Maritime and Logistics CLUSTER



Panama´s Maritime and Logistics CLUSTER

- **Maritime HUB:** Canal / Ports / Shipping Lines / Ancillary Services / Bunkering / Maintenance and Repair / Dry Docking / Food and Supplies / Waste Management /Agencies / Tug Services / Pilotage / Legal Services / Ship Registry / OR- Surveys / Safety Inspections / Crewing / Maritime Training / Judicial Services / Insurance / Financial Services / Communications / Cargo Handling… and many others.

- **Cargo Services:** Transport (all modes), oil pipeline. TRANSSHIPMENT. Customs / Storage / Inventory Management / Warehousing / In-bond logistics / Special Economic Zones / Logistics parks / Tracking and Visibility / Value-Added Services / labeling and Branding / Reverse Logistics / Temperature-controlled warehousing / container cleaning, maintenance, and repair / Free Zones… and many others

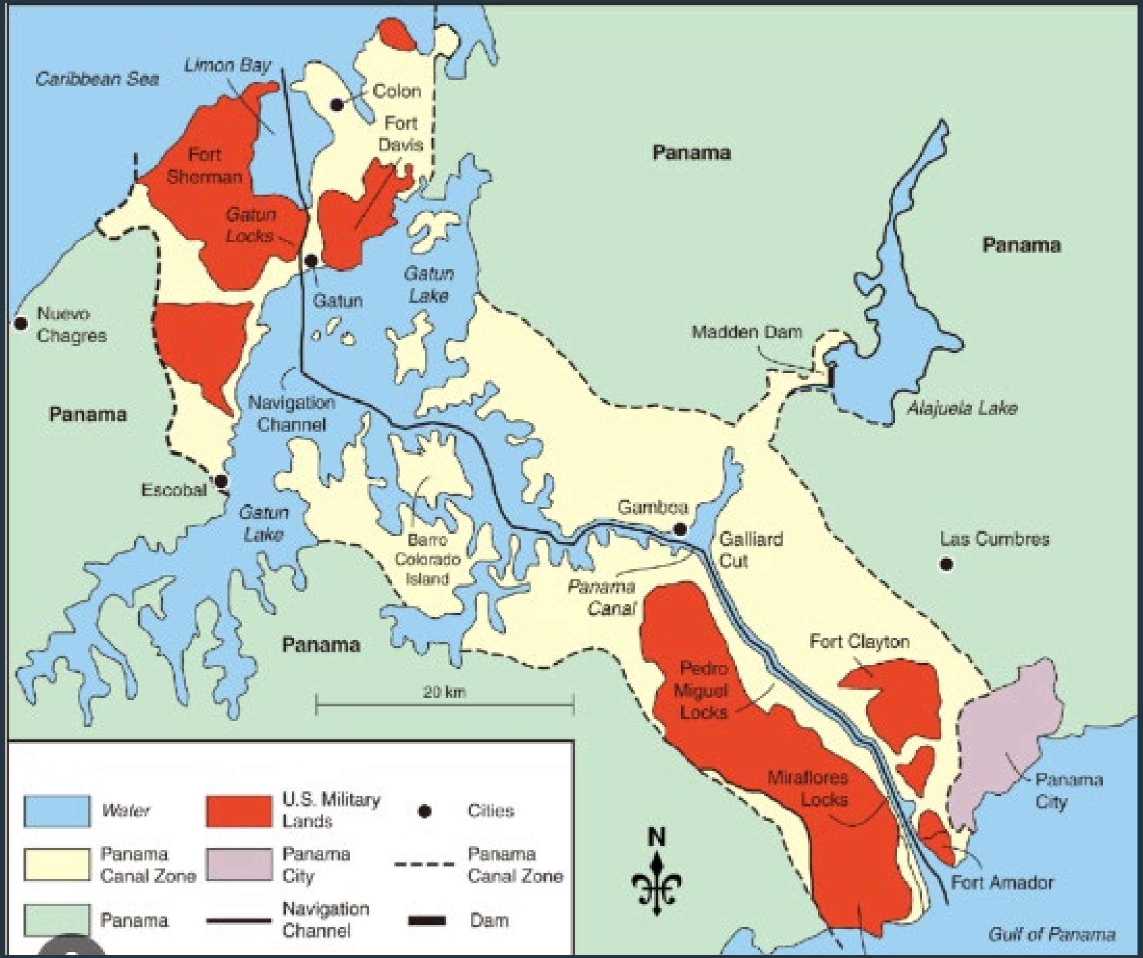
BEFORE

Torrijos – Carter Treaty

CANAL ZONE
- Total jurisdiction
- Public Services
- Separate Government

Panama Canal Company
- Port Terminals
- Railroad
- Shipyard
- Commisaries
- Shipping Line

MILITARY BASES
- Air Force, Navy, Army, Southcom
- Albrook, Howard, Clayton, Davis



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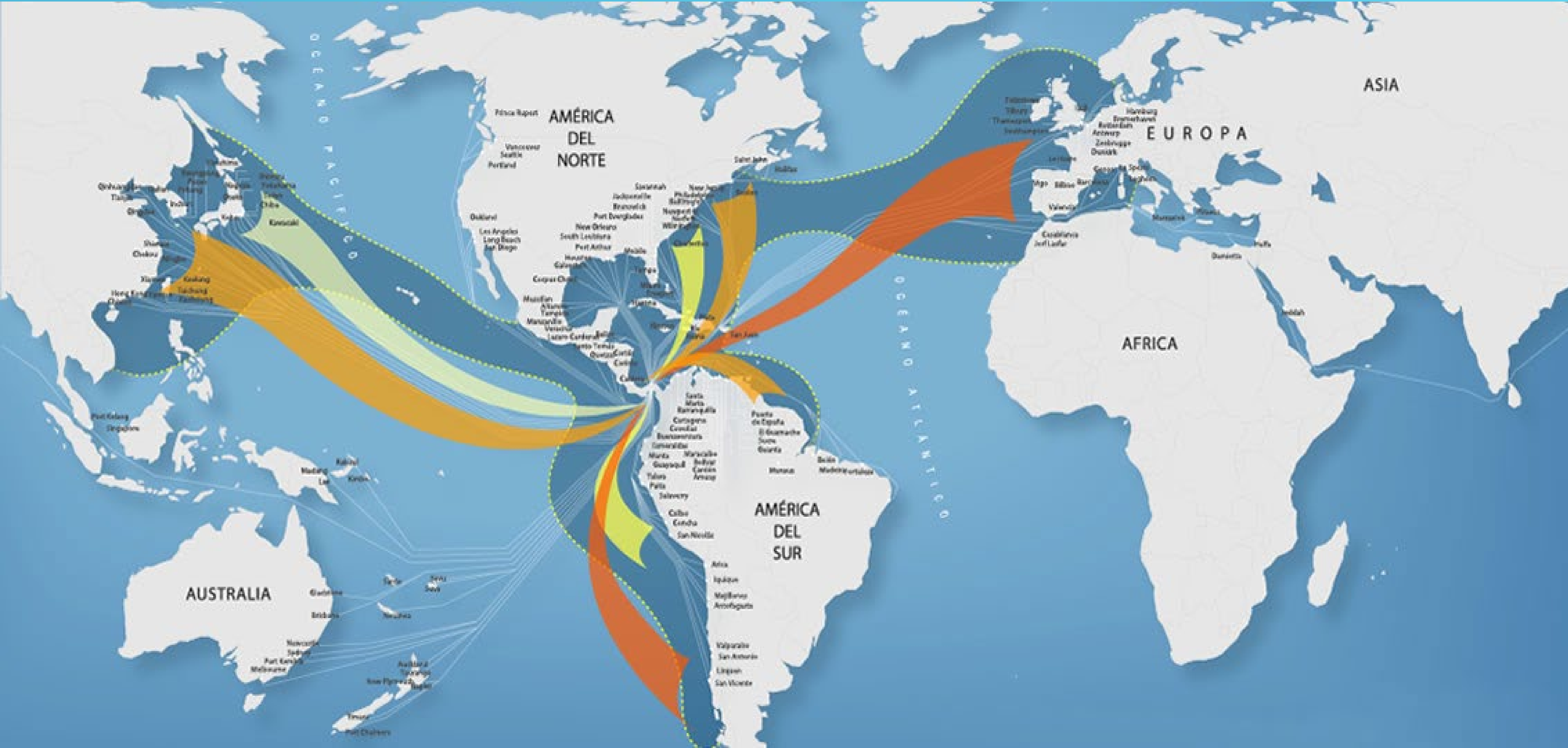
Torrijos – Carter Treaty

AFTER

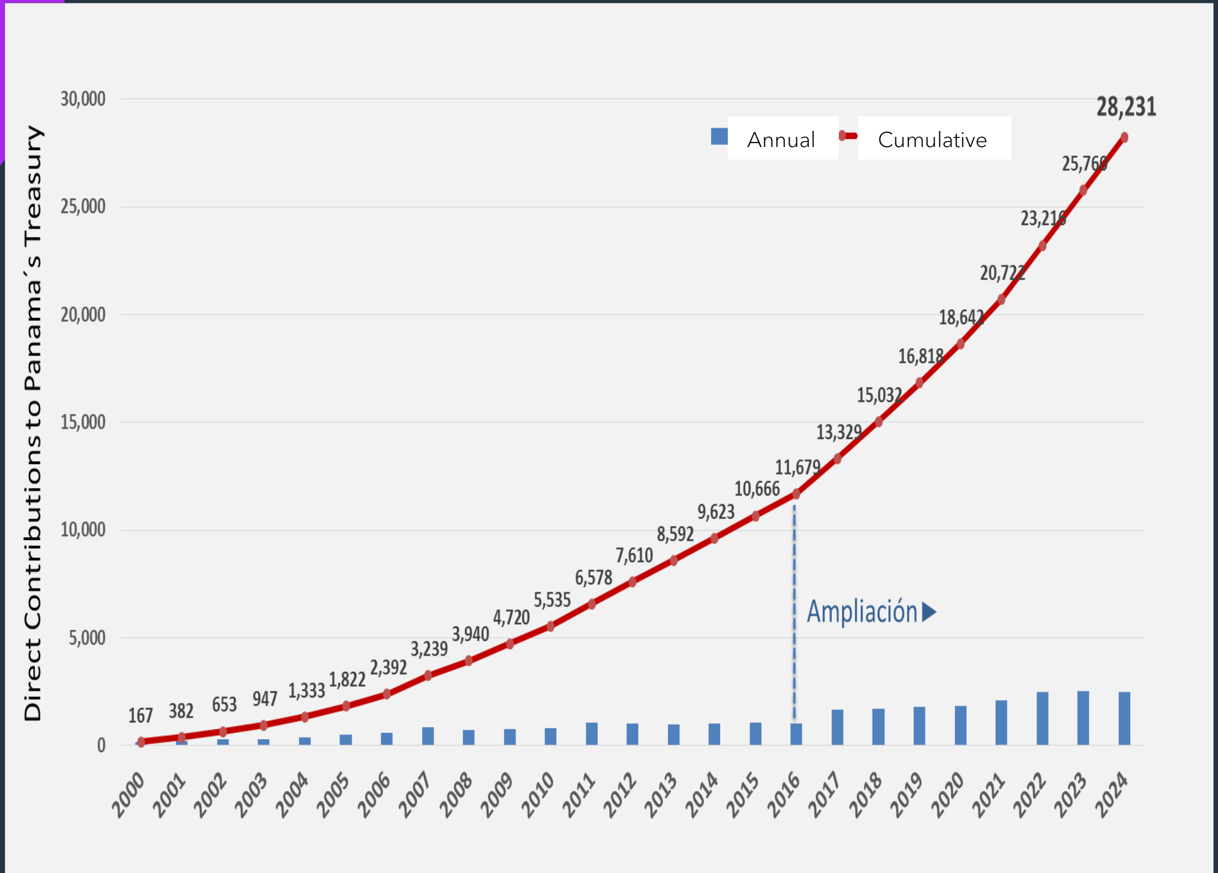
- Integration and development of all territories and facilities
- Transfer of all economic activities to Panama
- Further development of ports, airports, rail and roads
- Development of ancillary services
- Creation of Special Zones (Panama Pacífico, City of Knowledge, urban and commercial development (Albrook Mall), mass transit system.
- Construction of important infrastructure (Puente Centenario, third bridge accross the Canal in the Atlantic, expansion of Panamericana and Transistmica
- Panama Canal Authority – Special regime, investment, third set of locks
- Contributions to Panama´s Economy

PANAMA´S EXPANDED CANAL AND TRANSSHIPMENT HINTERLAND



AFTER

USD 28,231



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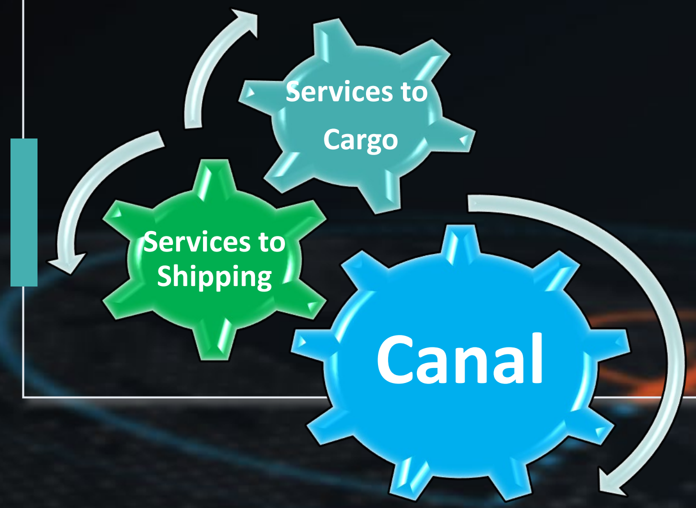
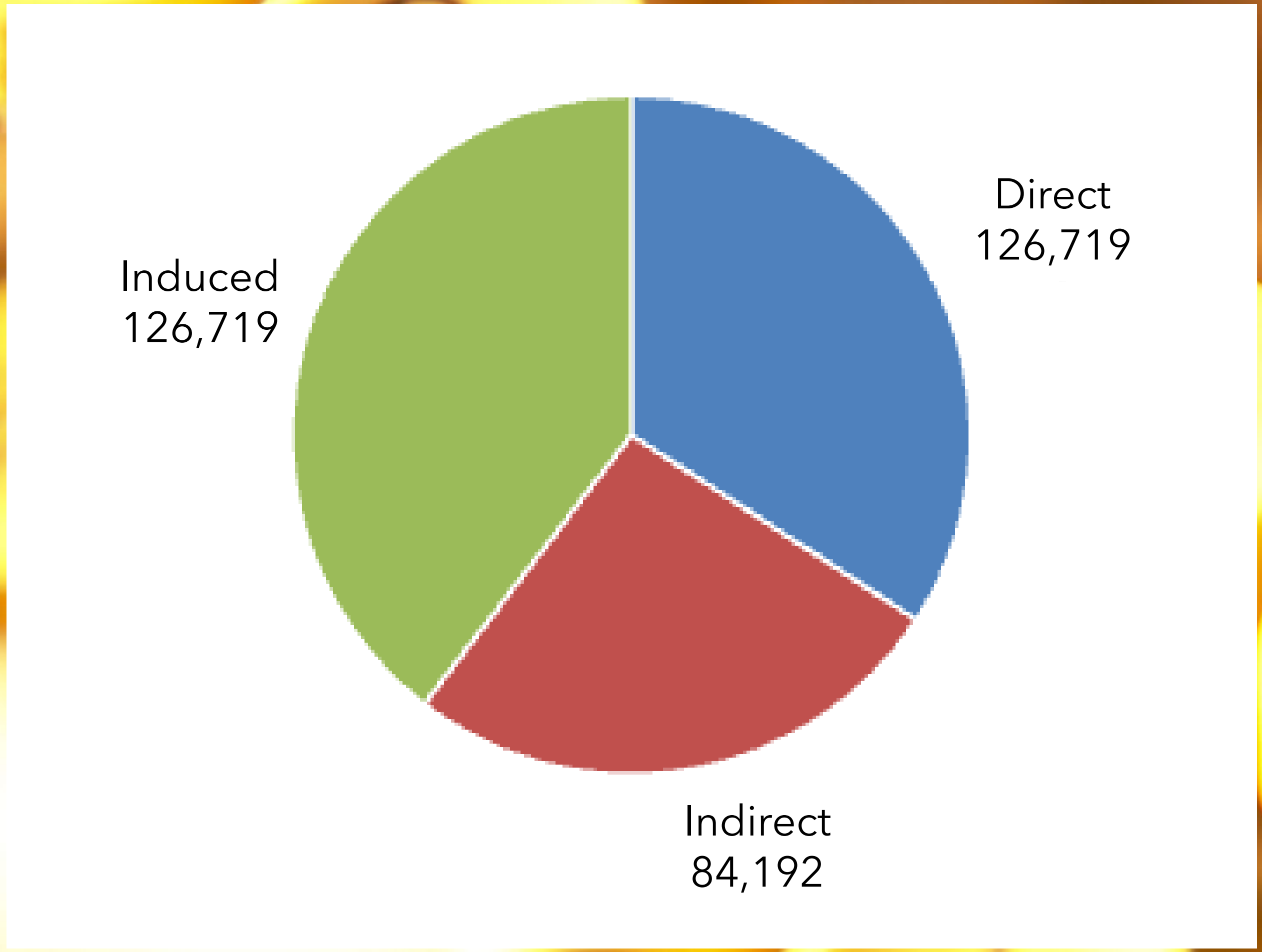


- Maritime and Logistics Clusters represent 109,406 direct employment
- Total employment, including indirect: 320, 317 (approx. 30% of Panama´s formal employment)



TITLE XIV OF PANAMA´S CONSTITUTION

Article 315. The Panama Canal constitutes an inalienable patrimony of the Panamanian Nation; it shall remain open to the peaceful and uninterrupted transit of ships of all nations, and its use shall be subject to the requirements and conditions established by this constitution, the Law, and its Administration.

Article 317. The Panama Canal Authority, and all other institutions and authorities of the Republic related to the maritime sector shall be included in the **national maritime strategy**. The Executive Branch shall propose to the Legislative Branch the Law to coordinate all these institutions in order to promote the country's social and economic development.

Overall Scope of Panama´s National Logistics Strategy

Evolution in Value Add Services

Supply Chain – VAS

Coordinate Procurement, Delivery, After-Sales Service, Distributed Production and Linking Sales with Production, Finances, Air-Sea, E-Commerce

MODERN LOGISTICS – IG

Order Processing, Inventory Management, Transloading, Distribution, Reverse Logistics, Customization

TRADITIONAL LOGISTICS – PHYSICAL

Transport, Consolidation, Storage, Forwarding, Clearance, Transshipment, Packaging

Opportunities

BlackRock/TIL/MSC announcement to acquire CK Hutchison Port Holdings. The transaction exclues Hutchison ports in Hong Kong and in South China.

Press Re

BlackRock Inc., Global Infrastructure Partners and Terminal Investment Limited
(the "BlackRock-TiL Consortium")
and
CK Hutchison Holdings Limited ("CK Hutchison")

Announcement of "in Principle" Agreements Regarding Certain Ports Owned and Operated by Hutchison Port Holdings ("HPH") (the "Transaction")

(4 March 2025) The BlackRock-TiL Consortium and CK Hutchison are pleased to announce that they have reached in principle agreements whereby the BlackRock-TiL Consortium will acquire:

1. HPH's 90% interests in Panama Ports Company (the "PPC Transaction"), which owns and operates the ports of Balboa and Cristobal in Panama (the "Panama Terminals"); and
2. CK Hutchison's 80% effective and controlling interest in subsidiary and associated companies (the "HPH Transaction") owning, operating and developing a total of 43 ports comprising 199 berths in 23 countries, together with all HPH's management resources, operations, terminal operating systems, IT and other systems, and other assets appertaining to control and operations of those ports (the "HPH Ports Sale Perimeter"). The HPH Ports Sale Perimeter does not include any inter[illegible] operates ports in Hong Kong, Shenzhen and [illegible], or any other ports in China.

The PPC Transaction will proceed separately on confirmation by the Government of Panama of the proposed terms of the purchase and sale.

Acquisition of the HPH Ports Sale Perimeter will proceed on an expedited basis subject to the BlackRock-TiL Consortium conducting normal and usual confirmatory due diligence, settlement of definitive documentation, receipt of any necessary regulatory approvals, amongst others.

The aggregate Enterprise Value for 100% of HPH Ports Sale Perimeter including the Panama Ports has been agreed at US$22.8 Billion. The allocation of transaction proceeds between the PPC Transaction and the HPH Transaction has also been agreed in principle. Fundamental and Essential Terms of the PPC Transaction and the HPH Transaction have also been agreed in principle, subject to definitive documentation. The PPC Transaction definitive documentation is expected to be signed on or before 2nd April 2025. Pending signature of the definitive documents CK Hutchison and HPH have entered into exclusive negotiation and non-disclosure arrangements with the BlackRock-TiL Consortium which will be given full access to information and documentation for purposes of conducting confirmatory due diligence.

Speaking on behalf of BlackRock, Chairman and Chief Executive Officer Larry Fink said:
"This agreement is a powerful illustration of BlackRock and GIP's combined platform and our ability to deliver differentiated investments for clients. These world-class ports facilitate global growth. Through our deep connectivity to organizations like Hutchison and MSC/TIL and governments around the world, we are increasingly the first call for partners seeking patient, long-term capital. We are thrilled our clients can participate in this investment."

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Ranking 2023	Ranking 2022	Operator	2023 T'put (mteu)	2023 share (%)	2022 T'put (mteu)	2022 share (%)	Growth/ decline (mteu)	Growth/ decline (%)
1	1	PSA International	62.6	7.2%	59.9	6.9%	2.8	4.6%
2	3	China Merchants Ports	55.0	6.4%	50.6	5.9%	4.4	8.7%
3	2	China Cosco Shipping	53.8	6.2%	53.1	6.2%	0.7	1.4%
4	4	APM Terminals	48.9	5.6%	49.5	5.7%	-0.6	-1.2%
5	5	DP World	44.3	5.1%	46.5	5.4%	-2.2	-4.7%
6	6	Hutchison Ports	43.0	5.0%	45.1	5.2%	-2.1	-4.6%
7	7	MSC Group (incl. TIL & AGL)	42.3	4.9%	38.3	4.4%	4.0	10.3%
8	8	ICTSI	11.6	1.3%	11.7	1.4%	-0.1	-0.9%

Source: Drewry

MSC set to rocket to top of terminal operator table Drewry is expecting the $22.8bn BlackRock-TiL-CK Hutchison deal to trigger divestments to meet needs of regulators.

https://www.logupdateafrica.com/shipping/msc-set-to-rocket-to-top-of-terminal-operator-table-1354665

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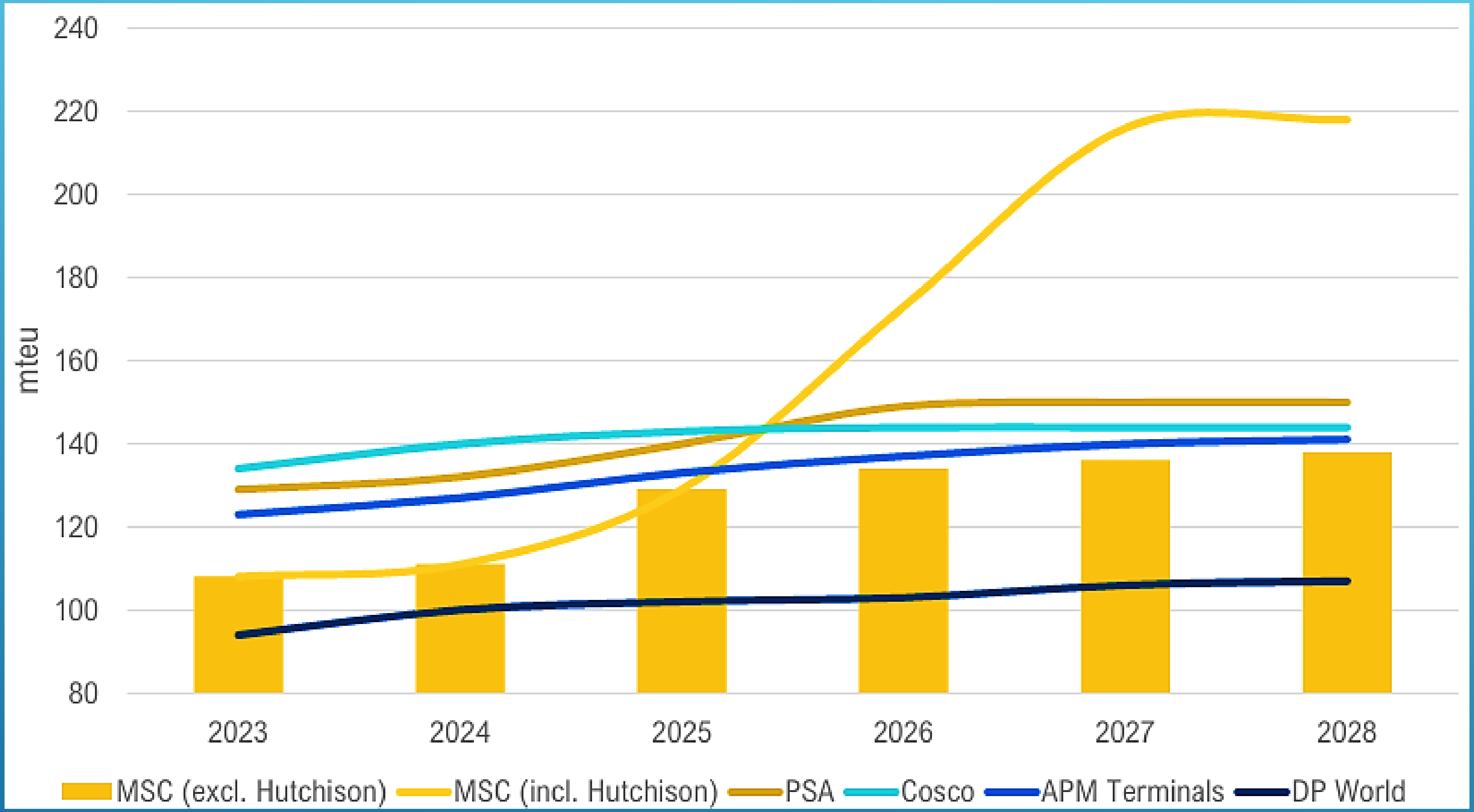

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Experts warn of MSC's growing influence

The acquisition significantly expands MSC's control over global port operations.

Lars Jensen, a leading shipping industry analyst, noted that the deal "could propel MSC to the top, or close to the top, of the largest container terminal operators."

He added that the acquisition **"provides MSC with the possibility to get a much larger level of operational control over many of the key gateway ports and transshipment hubs in their network."**

Similarly, **Thomas Cullen** of Ti Insight pointed out that MSC's expansion **"could make it one of the most influential players in global shipping,"** especially if the acquired terminals are fully integrated into its existing operations.

Diego Aponte, Chairman of TiL and President of MSC Group, welcomed the deal, stating:
"We have a very high regard for the Hutchison Ports management team, and once this transaction closes, we look forward to welcoming them into our larger family."

MSC tightens its grip on global shipping with acquisition of 43 ports worldwide

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CK Hutchison is stuck as a geopolitical pawn

Reuters

By Ka Sing Chan

March 17, 2025

Now Beijing is making its displeasure over the deal known. That means CK Hutchison is, for now, stuck as a geopolitical pawn.

Beijing was initially silent on the deal, even though it was unveiled on the same day, China kicked off its annual legislative session in the country's capital – with **CK Hutch Chair Victor Li attending as a key adviser**. That changed in the past few days with the People's Republic authorities reposting commentaries, opens new tab condemning the sale to "ill-intentioned U.S. forces" as a **betrayal of all Chinese people**…

Granted, the government run by President Xi Jinping **may have no regulatory authority to veto the deal**, which excludes all of CK Hutchison's ports in Hong Kong and China. But **it could make it harder for the company to renew contracts to run both the ports and electricity infrastructure in Hong Kong**. And it could pile **political pressure on the Li family**, much as it did to Alibaba founder Jack Ma.

Threats

The United States plans to charge fees to any ship that is part of a fleet that includes Chinese-built or Chinese-flagged vessels to dock in US ports, and will pressure allies to act similarly or face retaliation, according to a draft executive order. LONDON, March 6 (Reuters)

According to the Center for Strategic and International Studies, Chinese shipbuilders account for more than 50% of all merchant ship carrying capacity produced worldwide each year, up from just 5% in 1999.

The draft executive order, dated February 27 and reviewed by Reuters, proposes imposing fees on any vessel entering a U.S. port, "regardless of where it was built or flagged, if that vessel is part of a fleet that includes vessels built or flagged in the PRC (People's Republic of China)."

https://www.mundomaritimo.cl/noticias/ceo-de-msc-advierte-que-gravamenes-a-buques-construidos-en-china-obligaria-a-redisenar-rutas-en-ee-uu

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MSC CEO Soren Toft warned that the U.S.-proposed levies on Chinese-built vessels and the shipping lines that own them could boost container shipping rates by **25% if implemented, Bloomberg reported**.

"If it goes ahead in its current form, it will have significant consequences," he added, adding that in that case, "Either we will have **to review our network and withdraw coverage, or we will have to add that cost.**"

"Ultimately, **the consumer will have to pay**," Toft said in Long Beach, California, during TPM 25, a conference on ocean freight and supply chains organized by S&P Global.

https://www.mundomaritimo.cl/noticias/ceo-de-msc-advierte-que-gravamenes-a-buques-construidos-en-china-obligaria-a-redisenar-rutas-en-ee-uu

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Route Redesign Is Likely

Shipping lines typically call at several ports when unloading goods in the United States. **If they are charged a fee of $1 million per call, Toft said they would likely redesign routes to make fewer calls, eliminating smaller ports.**

“I mean, here we are in California today. You normally call at Los Angeles-Long Beach and then proceed to Oakland. But we can't proceed to Oakland if that costs another million dollars,” he warned.

“**Outlying ports will be at risk**,” he said. Smaller locations, including the Port of Oakland, have been vital to U.S. agricultural exports and other commodities, he noted.

Toft cited a **World Maritime Council assessment of the USTR proposal and estimated that the total impact on the industry would likely be more than $20 billion**, potentially translating to an additional **$600 to $800 per container**.

Opportunity

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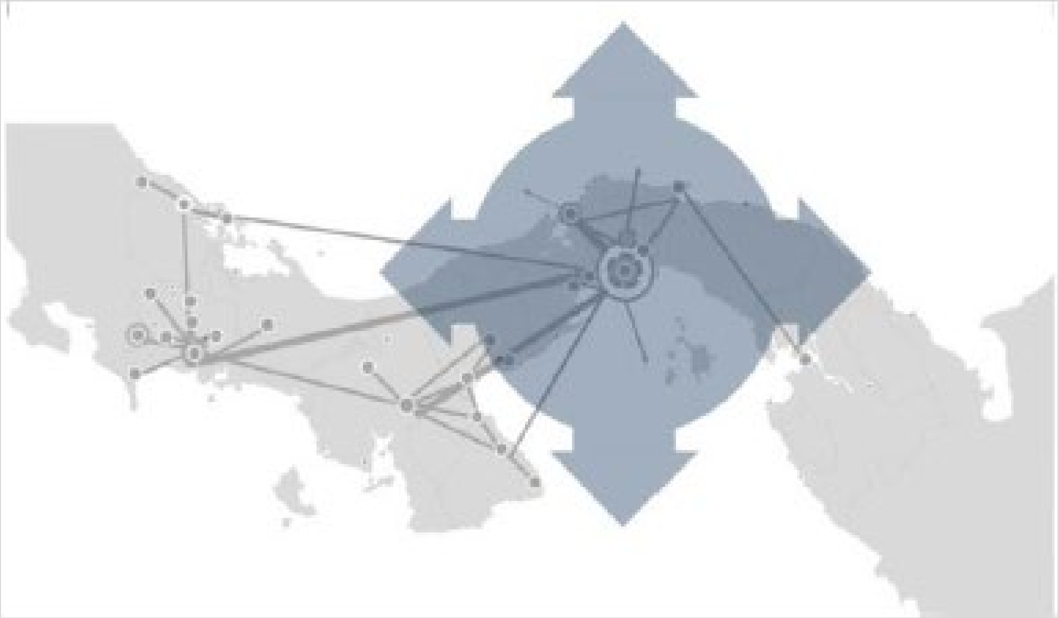
Increase in transshipment overseas to avoid calling US ports with cargo that is not destined to the US. Panama´s Maritime and Logistics Cluster can grow exponentially to handle cargo not destined to the US.

It can become a fulfillment center for e-commerce for cargo not destined to the US.

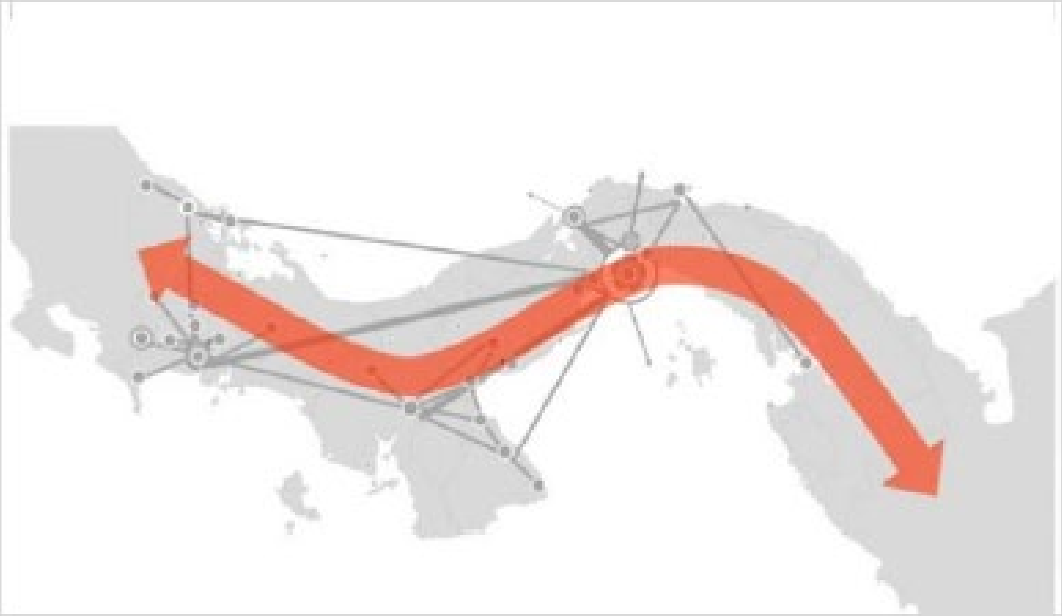
NATIONAL LOGISTICS STRATEGY 2030
June 2017

Integral Strategic Vision

Strenghten Panama´s Interoceanic Maritime and Logistics Clusters to become leaders in global connectivity, innovation, and value-add services

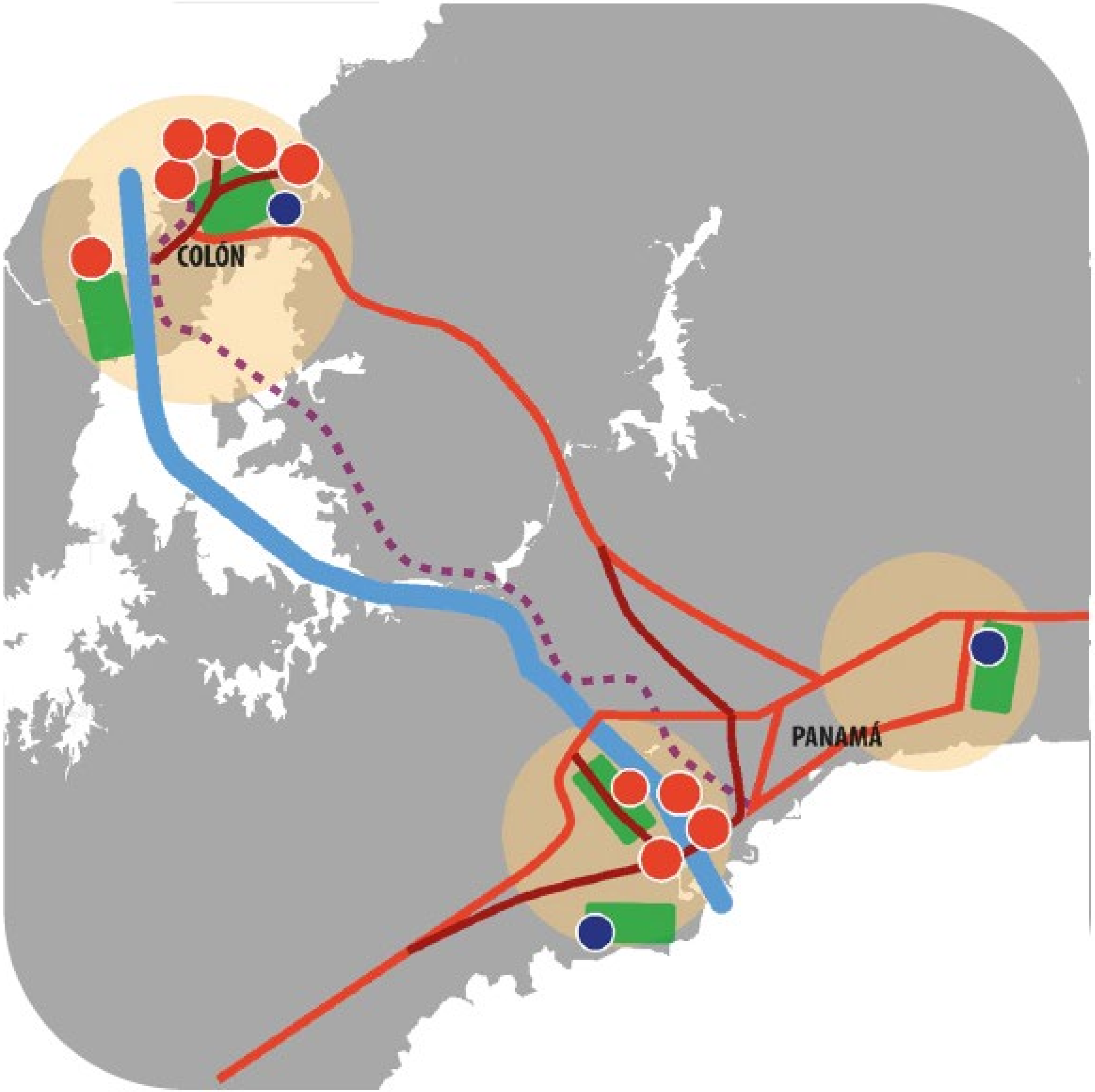


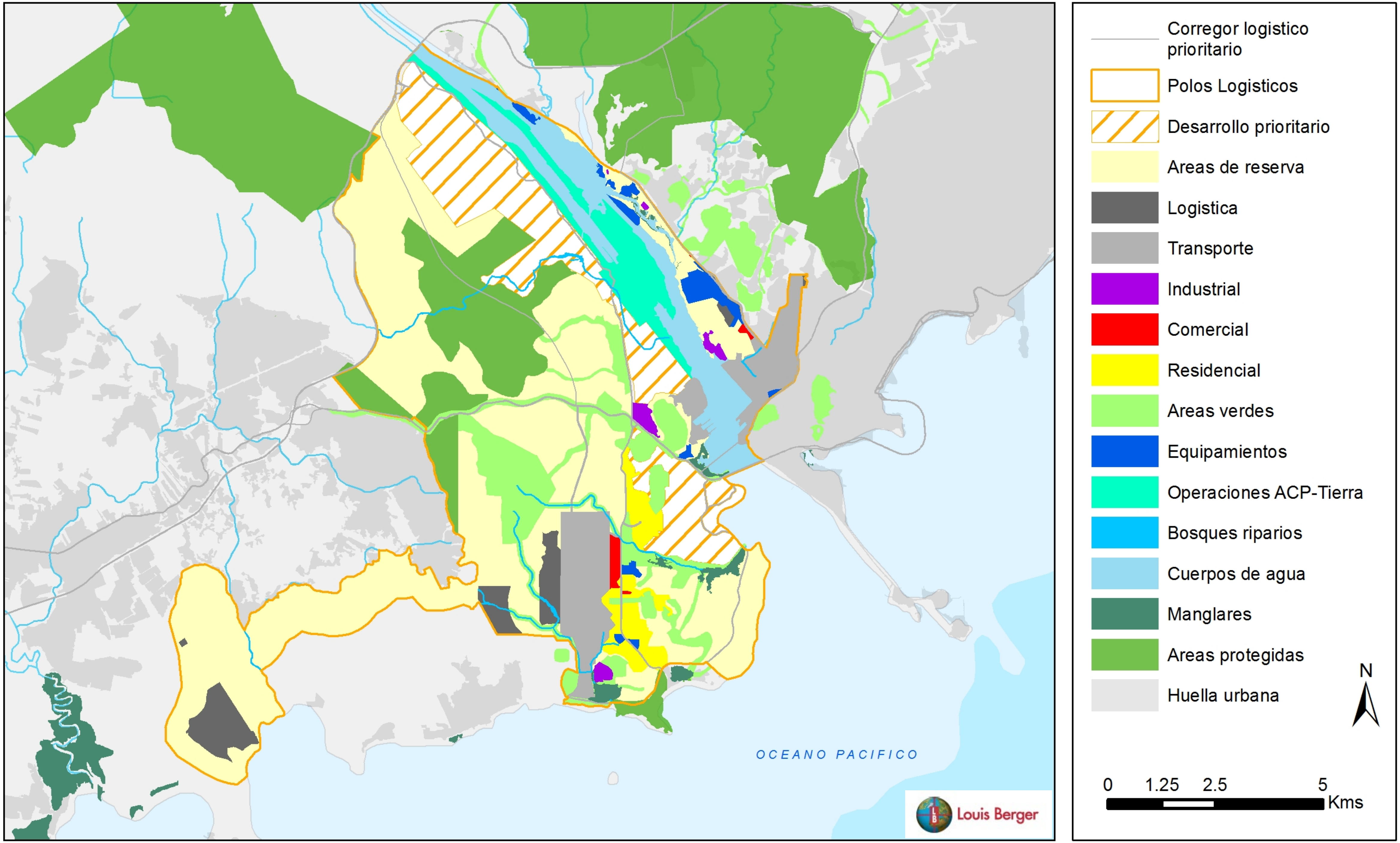
Promote integration transportation and logistics projects with the rest of the territory to improve economic and social development in the Country.



PRIORITIES

1. Increase port terminal capacity, mainly in the Pacific Side, and later in the Atlantic
2. Improve road and rail capacity to connect both the East and West Banks of the Canal with other important transportation nodes (Tocumen, Panama Pacifico, Colon)
3. Digitize processes and use all technological advances to facilitate and streamline transactions
4. Eliminate silos through the development of Single Window for business development and cargo movement
5. Integrate Canal Traffic Management System to include all maritime and logistics activities
6. Develop a multi-pursposе terminal, with dedicated peers for ancillary services in both ends of the Canal.




OCEANO PACIFICO
Louis Berger
Corregor logistico prioritario
Polos Logisticos
Desarrollo prioritario
Areas de reserva
Logistica
Transporte
Industrial
Comercial
Residencial
Areas verdes
Equipamientos
Operaciones ACP-Tierra
Bosques riparios
Cuerpos de agua
Manglares
Areas protegidas
Huella urbana
N
0 1.25 2.5 5
Kms

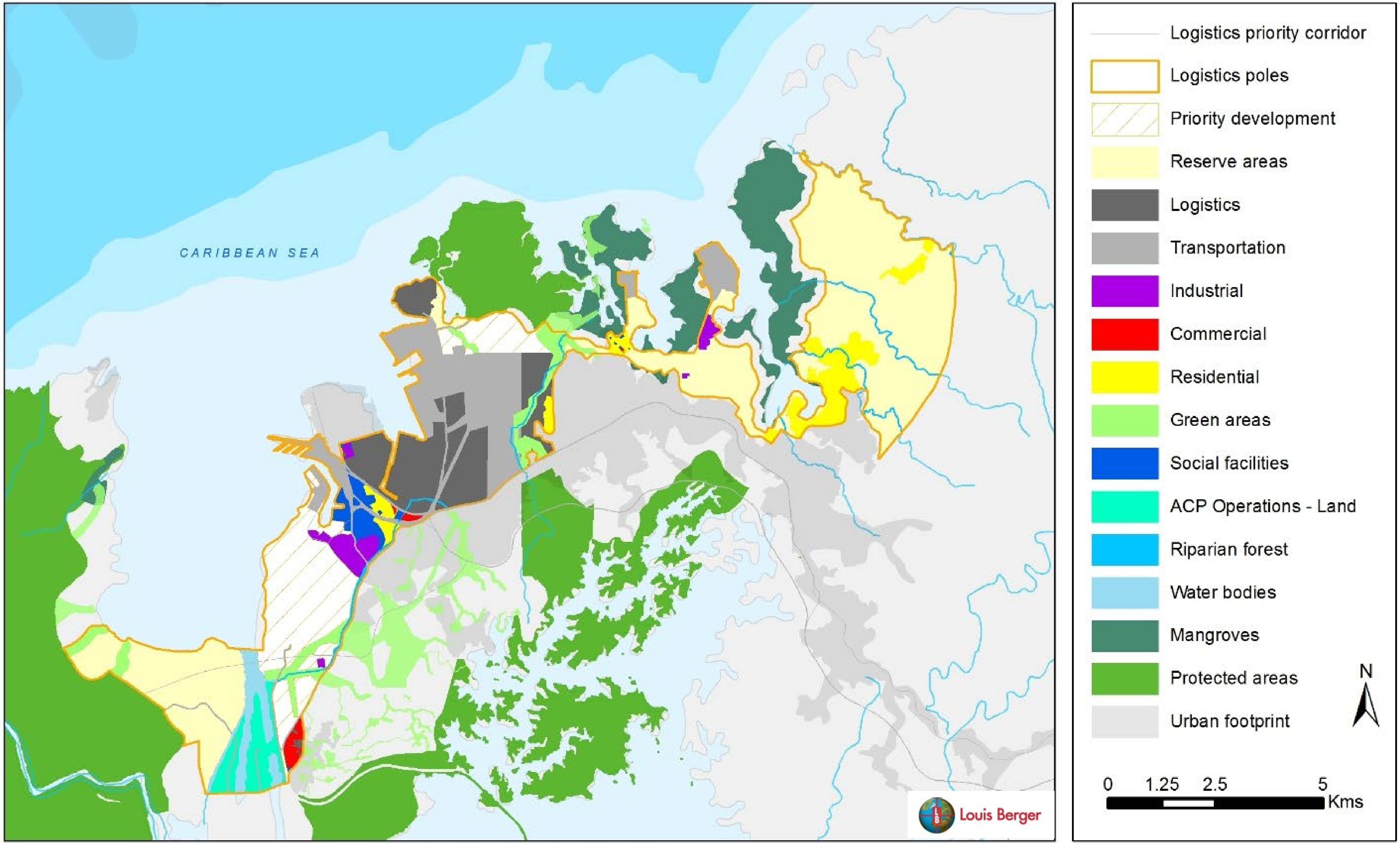

CARIBBEAN SEA
Logistics priority corridor
Logistics poles
Priority development
Reserve areas
Logistics
Transportation
Industrial
Commercial
Residential
Green areas
Social facilities
ACP Operations - Land
Riparian forest
Water bodies
Mangroves
Protected areas
Urban footprint
N
0 1.25 2.5 5
Kms
Louis Berger

Figure 4 Proposed Logistics Poles

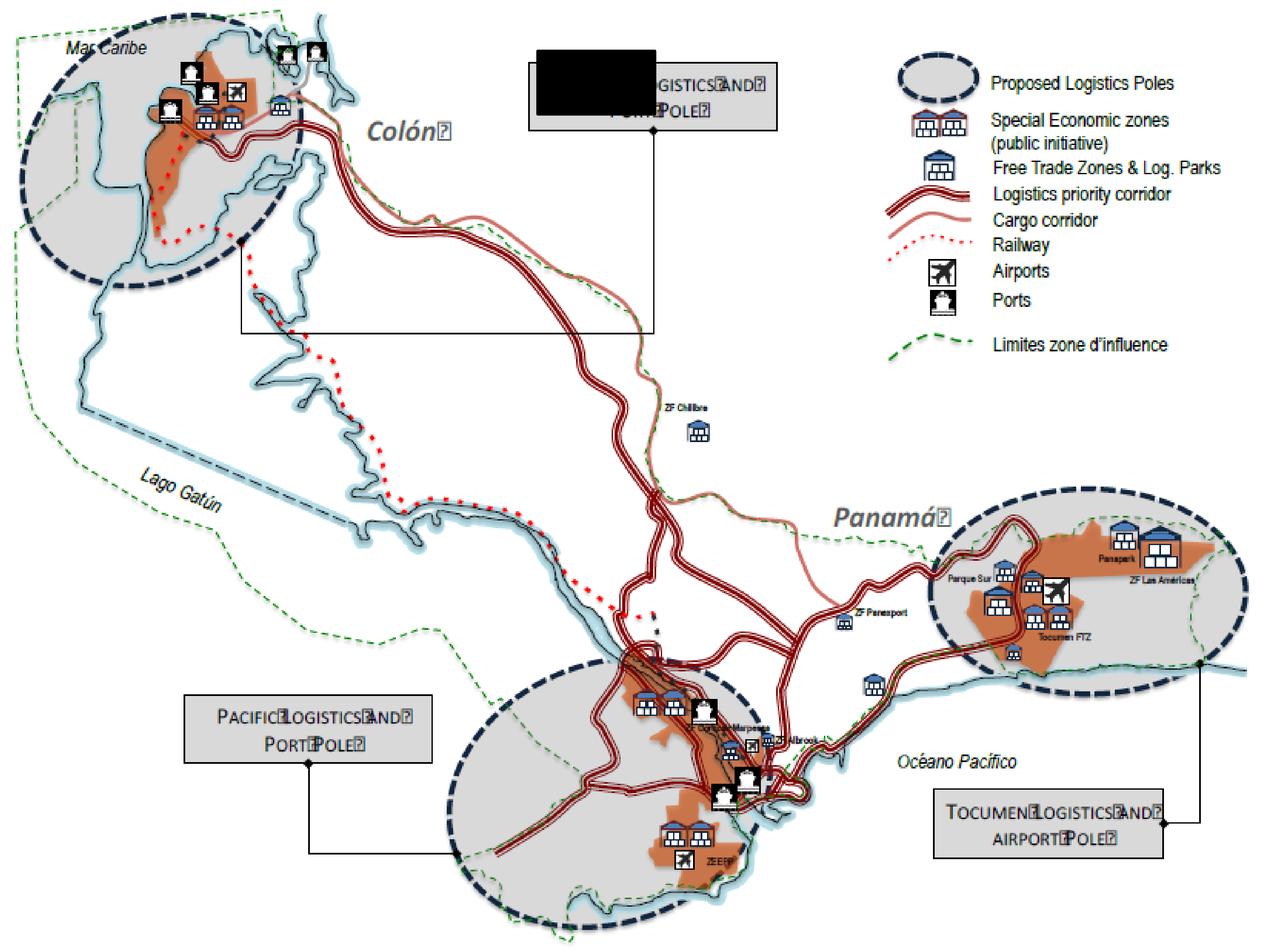


Table 3 Roads included in the logistics priority corridor

Panama	KM
Corredor Norte*	58.9
Corredor Sur*	37.8
Omar Torrijos	9.7
Carretera Panamericana*	59.5
Hichway Arraijan – La Chorrera*	7.2
Via Centenario*	43.7
Highway Panama-Colon*	118.3
Boyd Roosevelt* (Transistmica)	96.9
Av Bolivar	9.3
Carretera Telfers	3
Vía Randolf	11.6

Source: Transportation Infrastructure and Cargo Logistics Master Plan for the Interoceanic Zone of the Panama Canal (PM-ZIC) – Background and International Benchmarking of VALS Hubs report

Overall Scope of Panama´s National Logistics Strategy

PRIORITIES

- Examine new geopolitical landscape and its impact on trade and transport
- Explore risks and opportunities driven by the new realities
- Solve Panama Canal water problem
- Plan port capacity expansión in the Pacific side first and revise concession model
- Develop land infrastructure plan to connect main hubs in the interoceanic región

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