

PANAMANIAN VOTE ON A BIGGER CANAL

A proposal to expand the canal to accommodate bigger cargo ships goes before voters Sunday.

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PANAMA CITY, PANAMA – Here at the capital's landmark Cafe Coca-Cola, the regulars are discussing events of the day. And the topic today, as yesterday and the day before, is the expansion of the Panama Canal. Almost a century after its opening put this small Central American nation at the hub of world trade, the canal is getting set for a facelift. And the nation is weighing in.

The \$5.25 billion plan - building a new set of locks at each entrance and digging a new channel - was unveiled in April by President Martin Torrijos and is expected to be completed by 2014.

But before even one crane is brought in or one hydraulic dredge lowered, the people of Panama need to give the project the go-ahead. On Sunday, citizens went to the polls to vote on in national referendum on the new canal. Results are expected Monday.

"This is a critical decision before us," says Amabel Herrera, vice president of the Panamanian Federation of Retirees, who has sat at the same corner table at Cafe Coca-Cola playing dominos since 1946. "This is as historical as it gets in Panama."

The canal was completed by the US in 1914 at a cost of \$352 million, and only after two French firms went bankrupt and about 22,000 workers died of tropical diseases. The "path between the seas" linked the Pacific and Atlantic oceans, lifting ships through a system of locks, manmade lakes, and cuts, and saving them the long trip around South America.

The US controlled the canal until 1999, when, in accord with a deal in the 1970s between President Torrijos's father, dictator Gen. Omar Torrijos, and President Carter, it was turned over to Panama.

Operated now by the Panama Canal Authority (ACP), the 50-mile canal gives passage to about 40 toll-paying ships daily. Last year, Panama earned \$1.2 billion in fees and services. But while the canal has boosted efficiency, safety, and profit, says ACP administrator Alberto Alemán Zubieta, it runs at 94 percent capacity. That causes delays and losses to other routes - docking at California ports and moving goods to the East Coast by rail, for example.

Ships with reservations can get through in about 16 hours, but the wait for those without them has doubled over the past two years to an average of four days. Sometimes there is a logjam of 100 vessels. Reservations are more costly (In May, two cargo ships paid a record \$246,666 to cross) and six-month advance bookings are the norm.

More critically, bigger ships can't fit through. At first, ships called Panamex were built to canal specifications. But "post-Panamex" vessels can carry twice as many containers, up to 10,000, and cannot get through the locks, which are 110 feet wide and 1,000 feet long. The new locks would be 40 percent longer and 64 percent wider.

"The maritime world is changing," says Mr. Zubieta. In his plush office overlooking the old US military barracks here, Zubieta says the expansion - to be paid for through tolls - would nearly double cargo capacity and ensure competitiveness until at least the end of the century. "It's a solid plan and I hope the people go for it," he says.

The latest poll for La Prensa newspaper here shows 68 percent of Panamanians support the expansion proposal. That's up from 56 percent in a CID-Gallup poll in May.

Administrators can't even go out to dinner, he says, without being approached by dozens of Panamanians who want to weigh in.



OPPOSITION: Protesters shout slogans against the expansion of the Panama Canal during a demonstration in Panama City, Panama, on Friday. ALEXANDRE MENEGHINI/AP

Miguel Antonio Bernal, a constitutional lawyer, is among those who vehemently oppose the idea. A founder of the new "Frente del No," the anti-expansion movement, Bernal says that the ACP has shut the public out of the debate, presented it with a done model, and spent millions to "sell" the idea. "Most of us don't understand the high-tech jargon the ACP uses to explain what they are doing," he says. "But we deserve not to be bamboozled by highly paid officials. This is our decision."

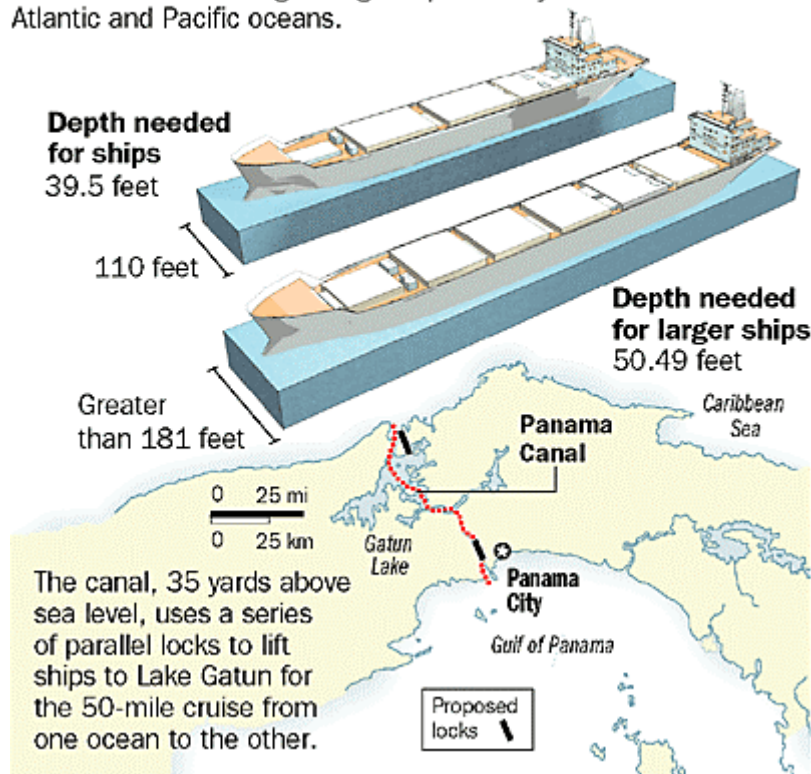
The plan, he maintains, is too expensive and risky for a country whose entire annual budget is not much higher than the projected cost of expansion. "Why don't we invest in schools or health instead?" he asks, pointing out that the IMF has estimated a bill of as much as \$7.5 billion. "All megaprojects go over budget," he says. "We are embarking on a very risky endeavor."

Fernando Manfredo, the first Panamanian canal administrator, has also voiced concern about the price tag, and has launched a group looking at less expensive options.

At a cafe here, Mr. Herrera holds firm in his support of the idea. "Canal expansion is like the Internet," he explains to two skeptical gents. "We can't be stuck 100 years ago." It is, he later admits, "an uphill battle" to convince his retiree federation. Half a dozen men launch into a philosophical discussion about change. Then everyone quiets down and orders the last coffee of the day.

Bigger vessels, larger locks

Voters in Panama will decide whether their government should spend nearly \$6 billion to finance a third set of locks to accommodate newer and larger cargo ships as they travel between the Atlantic and Pacific oceans.



SOURCE: PANAMA CANAL COMMISSION; AP