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## Update on Panama Canal project

*Tuesday, 30 Jun, 2009*

Houston Chronicle reported that the economic downturn has stalled big construction projects across the globe but in Panama, smoke-belching steam shovels and dredges work around the clock on what people here call simply la ampliacion or the expansion.

As per report officials will soon award the principal contract for the USD 5.25 billion expansion of the landmark Panama Canal, a project that will probably alter global shipping patterns and cement this Central American nation's place as a center of global logistics.

Mr Alberto Aleman CEO of Panama Canal Authority while addressing rumors the global recession could cause the project to miss its 2014 scheduled completion date said that "This is a financial crisis and there has been a decline in ship traffic but we are very much on time and on target."

The authority is on the verge of choosing among three international consortia, including one led by San Francisco-based Bechtel, to build 2 sets of locks to accommodate massive container cargo ships. Dubbed post-Panamax, the supersized vessels are capable of carrying 3 times more cargo than ships now transiting the canal.

The construction of the 2 new locks, one at the waterway's Caribbean entrance, and the other on the Pacific Ocean will cost USD 3 billion or more take 5 years to complete and require an army of 5,000 construction workers.

The winning consortium is expected to use the contract's marquee value as one of the world's highest-profile construction endeavors as a calling card to bid on other major infrastructure projects around the globe. The canal authority maintains the expanded canal will make Panama an even more important transit hub by attracting a bigger share of Asian container freight destined for the eastern US.

Panama's Mr Aleman said that the expansion project is moving forward and will not be deterred said that despite the recession gripping the US and other destination countries, the 9% drop in global container traffic forecast for 2009 and a financing scheme that assumes rising traffic and tolls. He said that "We factored in a margin of error and we are ahead of the projections."

A new 4 mile access channel on the Pacific side is 85% excavated and dredging is under way. The new segment will be much deeper than the existing canal, allowing passage of quarter mile long ships carrying 14,000 cargo containers, compared with maximum 4,500 container ships that now transit the 50 mile waterway.

The winning contractor will be awarded a USD 50 million bonus if the expansion is done by 2014, the 100th anniversary of the Panama Canal's completion by the US Army Corps of Engineers. But global shipping companies are wary of the rising tolls the canal is charging to fund the expansion.

(Sourced from Houston Chronicle)

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