

Panama Oct. 12-17, 2014

The Committee of 100 for Economic Development, Inc., in cooperation with the District Export Council and the US Department of Commerce, Commercial Service Office in New Orleans, led a delegation of 57 university and business leaders to Panama October 13-17, 2014. The delegation, including private sector leaders, university executives, Louisiana Port and Airport Authorities and other stakeholders, held meetings with Panama Canal Authority representatives, health care professionals, higher education and high school authorities, and Copa Airlines officials. The week long program included business meetings, networking receptions and media interviews. The Louisiana Seafood Promotion and Marketing Board participated with the Committee to promote Louisiana seafood at a reception featuring the recently crowned 2014 King of Louisiana Seafood, Chef Aaron Burgau of Patois restaurant in New Orleans.

Four meeting tracks focused on international business development, collaboration with higher education and health care entities, port and canal authority engagement and seeking an international air route by Copa Airlines. The Maritime & Transportation track was comprised of Dupre' Logistics, LA International Gulf Transfer Terminal, Plaquemines Port, Harbor & Terminal District, Port of New Orleans, Port of South Louisiana, Technology Associates, Inc. , The Port of Caddo-Bossier, Magnolia LNG and SCT&E LNG. Education & Healthcare was represented by Louisiana State University, Loyola University, Northwestern State University, Ochsner Health Systems Pennington Biomedical Research Center, Southeastern Louisiana University, Tulane University, University of Louisiana at Lafayette, and University of New Orleans. Also supporting the effort was Adams & Reese LLP and Jones Walker LLP, GNO, Inc., Pan American Life Insurance Group, Southwest LA Economic Development Alliance, the City of New Orleans, the Louis Armstrong International Airport, the LA District Export Council, the New Orleans U.S. Export Assistance Center, and the Louisiana Seafood Promotion & Marketing Board.

Maritime sector- At a meeting on Tuesday, October 14th with CEO Jorge Quijano of the **Panama Canal Authority**, an MOU was signed with the **Port of South Louisiana** (a substantial portion of canal revenues coming from grain shipped via the 11 grain elevators within the port limits). These MOUs are joint marketing and information-sharing ventures (23 similar MOUs signed with ports on the East Coast, Gulf Coast and West Coast). But with the new locks, larger Suezmax/Capesize vessels can be used coming down the Mississippi River, carrying about 25% more grain, reducing the transport cost per bushel. Because these larger ships have a lower profile, they would have no problem negotiating the 153 foot air draft of the Huey P Long Bridge upriver of New Orleans. This could double the overall "draw area" in the three grain-producing states of Minnesota, Iowa and Missouri. Estimates are this draw area will comprise 15% of total corn and soybean acres in the U.S., up from 8% currently. U.S. grain exports from the Gulf region is expected to rise to 72% of total grain exports. This increase will come mainly from a rise in U.S. grain exports overall, rather than from cannibalization from shipments moving to Asia *via* Pacific Northwest gateways.

Mr. Quijano thought there could be some real synergies between **LIGTT** and the Canal Authority. No one can predict with certainty what the expansion will bring, but the Canal Authority wants to be prepared and has drawn up a master plan to use some of the fallow land along the canal (including an old U.S. firing range that has been rehabilitated of UXO-

unexploded ordinance), for a possible new container terminal, roll on-roll off facility, industrial park, LNG bunkering facility, etc. Quijano was interested in the transfer vessels LIGTT anticipates employing to move containers to other points from the site off the mouth of the river. He envisions a similar scenario at the Canal to handle transfers to other points in the Caribbean and Central America. **Magnolia LNG** (\$2.2 billion Phase 1 investment) and **SCT&E LNG** (\$10 billion investment) from Lake Charles were also at the meeting . Of course, LNG was never really envisioned at the start of the canal expansion. But now with the U.S. natural gas boom, the tables have turned. It was noted that only 21 of the existing global fleet of 370 LNG tankers can currently fit through the Panama Canal. None are currently using the Canal. However, more than 89% of the tankers will be able to make the passage through the Canal once the widening is complete, decreasing the distance from the Gulf Coast of the United States to Asia by 9,000 miles. For shippers from Gulf Coast LNG projects such as Sabine Pass, Cameron LNG and Freeport LNG the attractiveness of the Panama Canal is clear. The trip from the US Gulf Coast to Japan and back through Panama will take around 49 days, shaving 26 days off the round trip voyage compared to going through Suez. For the near term, Japan will require LNG supplies to replace shut down nuclear plants, resulting from the Fukushima Daiichi Nuclear Power Station melt down.

Mr. Quijano's staff noted that presently the Canal handles 7 million TEU transits per *annum* and estimates that would go to 14 million TEUs per *annum* once the new locks are opened. However others at the meeting thought that was a very conservative estimate and more likely we would see 21 million TEU transits annually.

At the **Manzanillo International Terminal (MIT)** run by **Stevedoring Services of America (SSA)**, Stacy Hatfield, Manager of the facility gave a tour to mission participants on the Maritime & Transportation track. Some of the hardier participants took the elevator to the top of the post-Panamax crane (280 feet high, equivalent to a 10 story building). Moving around on the catwalks that far above the ground is not for the faint of heart. Because **MIT** is operating the same kind of facility that LIGTT envisions, it was thought be prudent to bring in **SSA** as a consultant in the initial terminal planning phase to make sure the facility is laid out as efficiently as possible. Also, Anil Raj of **Technology Associates, Inc.** was on the mission. That firm was brought on as consultants to the Canal at the time of the 1999 turnover, providing much input regarding implementation of efficiencies. Mr. Raj will be consulting the canal on shipbuilding/ship repair facilities at both ends for post-Panamax vessels. **Technology Associates, Inc.** has been actively involved in developing LNG fueling technology, as due to EPA requirements, the current diesel bunker fuel will eventually be phased out. Raj has a DOT-approved LNG bunkering technology that employs ISO tanks on barge. Future fueling of commercial vessels may involve transferring such tanks on deck, using a closed system where the natural LNG "boil off" will be maintained in a closed system for optimum fuel utilization. When current bunkering prices equate to 45% of the cost of transporting a container, the much lower cost LNG option is very attractive. It makes sense that **Technology Associates, Inc.** should also be brought in to the initial terminal planning for **LIGTT**.

The **Maritime University of Panama** and the **Maritime Port Authority of Panama** offered some interesting opportunities for collaboration. Bhaskar Kura, **University of New Orleans** Associate Dean for Program Development/Civil & Environmental Engineering specializes in a

"green" shipbuilding/repair curriculum and could see a partnering with the **Maritime University of Panama** whose mission is to train deck officers in the operation of commercial vessels.

However, **Panama Ports** is a "horse of a different color". It is a subdivision of **Hutchinson Whampoa**/Hong Kong, a Chinese controlled entity. **Panama Ports** expressed concern upon learning about the Canal's master plan. They insinuated they could "fold their tent" and take it to Nicaragua where a Chinese "private" investor is looking to build a competing canal at a cost of \$40 to \$60 billion (some say \$100 billion), with no known rate of return. This is a geopolitical statement. Also this canal will be traversing 8 active volcanoes, plus Lake Nicaragua as part of the route, a fresh water lake supplying the country's potable water -- a definite challenge.

Report submitted by John Hyatt- LIGTT

During the luncheon briefing with members of the Maritime Chamber of Panama hosted by the Louisiana Maritime Delegation, each participating port (3 deep water ports & one Inland port) gave a brief presentation of their operations; starting with the Port of Plaquemines, Port of New Orleans, Port of South Louisiana, The Port of Caddo-Bossier.

Due to the unplanned departure of Sandy Sanders, Port Executive of The Port of Plaquemines, Paul Aucoin, Executive Director of South Louisiana gave Plaquemines' presentation. Plaquemines' presentation focused on their position to service oil & gas, coal and grain products and the vast amount of land area available for development.

The Port of New Orleans presentation was done by Ana Menes, Commercial Manager, Latin America/Caribbean. The presentation focused on the Port of New Orleans' capability and capacity to handle containerized, break-bulk, project, refrigerated & passenger cargoes. Connected to major inland markets and Canada via 6 class-1 railroads, 23,335 KM of inland waterway and interstate highway system.

Paul Aucoin, Executive Director for Port of South Louisiana focused his presentation on the port's bulk handling capabilities such as grain, energy transfer facilities; four major oil refineries & eight crude oil storage terminals and a FTZ ranked 2nd in the world. The port connects to over 26 million people through the inland river system and has access to the 6 class-1 railroads. Ted Knight, Director of Operational Services for the Port of Caddo-Bossier focused his presentation on this inland port handling international and domestic cargoes such as aggregates, liquid petrochemicals, coal, fertilizer, steel, petrochemicals, over dimensional vessels and project cargo, via the Mississippi River and the U.S. Gulf Intracoastal Waterway. Ana Mendes- Port of New Orleans

Higher Education sector- Overall, the seven universities (LSU, Tulane, Loyola, SLU, Northwestern State, UNO, and ULL) and two medical research institutions (Oschner and Pennington Biomedical Research Institute) returned from Panama with prospective teacher ESL and student exchange program opportunities, research programs, interest in seeking opportunities through the 100K Strong in the Americas Project and medical/biomedical research projects including telemedicine.

The four institutions (LSU, Tulane, ULL, and Pennington) present at the meeting with the Universidad de Panamá, Facultad de Medicina (University of Panama Medical School) discussed signing an MOU for collaboration and exchange regarding medical research, clinical trials, and medical student training. Pennington was particularly interested due to the matching of its top-tier diabetes and obesity clinical research projects with that of the UdP medical school – as those diseases are two of the school’s top areas of study. Randy Duran from LSU is leading on the drafting of the MOU.

LSU is very enthusiastic about partnering with the Universidad Latina de Panamá and SENACYT to establish strong programs in STEM education. LSU has offered to meet with the important Panamanian decision makers and will send a delegation from LSU in the near term to clarify what can be accomplished and position LSU to initiate a program in Panama for the spring. LSU proposes to bring two or more experts from their center with the goal of having a day-long series of focused discussions around strengths, needs, and the government’s priorities in the context of LSU’s corresponding STEM Literacy programs, then rapidly develop a plan for the spring and an initial white paper before December. LSU’s Gordon A. Cain Center for STEM Literacy has a variety of teacher training programs that range from Master’s degrees with a focus in math and science content for in-service teachers, to teacher workshops, curriculum development, and dual enrollment (courses valid for both high school and LSU credit) instruction. More is at <http://www.cain.lsu.edu>. A collaboration with Panama would be an exciting and fruitful endeavor.

Universidad Católica Santa María la Antigua was one of ten Latin American universities – and the only Panamanian university - this year to win a competitive \$25,000 grant for capacity building to foster study abroad exchanges from President Obama’s *100,000 Strong in the Americas* initiative. The goal of the initiative is to reach 100,000 student exchanges each year between the United States and the countries of the Americas. This platform provides an excellent opportunity for exchange with the Louisiana Universities on the mission, and many of them are beginning a dialogue to work out exchange programs under this initiative.

The Louisiana Universities were also inspired by Florida State University’s presence at the Ciudad del Saber/City of Knowledge campus, and were able to discuss with the local FSU rep what that investment entailed. The City of Knowledge is an international community established to foster collaboration between business, academic, scientific, and humanistic instructions. The City of Knowledge is a not-for-profit platform, and does not look to develop into a higher education institution; rather, its objective is human and sustainable development based on knowledge through close collaboration and sharing of ideas. FSU offers a liberal arts education with a focused study in a particular field from Computer Science Environmental Studies, Information Studies, International Affairs, Latin American and Caribbean Studies, and Social Sciences at the City of Knowledge. FSU also offers a “2+2 Scholarships” for students from Latin

America to study for 2 years at the FSU City of Knowledge Campus, then 2 years at the main campus in Florida, paying in-state tuition. This set up was very attractive to the Louisiana Universities, who would like to develop similar and competitive ways of attracting Panamanian high school students to their universities.

Lastly, the Louisiana Universities participated in high school recruiting fairs at the Panamerican School, International School of Panamá, Academia Interamericana de Panamá, and Balboa Academy; and were able to use free time to meet with their alumni to discuss recruiting efforts. All of the universities found this a success, as the four high schools and local alumni were incredibly enthusiastic about sending students to Louisiana.-- Brittany Banta-Commercial Services Office and Dr. Randy Duran-LSU

Louisiana Seafood Promotion and Marketing Board – Representatives of Panama have indicated there is an interest in importing shellfish from Louisiana. To give contacts in Panama an opportunity to try Louisiana seafood a Taste of Louisiana dinner was planned for local dignitaries, the mission attendees and members of the culinary community. On October 14 Chef Aaron Burgau worked along Chef Masaki Ayuma and Chef Raul Dominguez at Restaurant Sake to prepare dishes for the gathering that included Louisiana oysters, shrimp, and crab. The chefs did an outstanding job of blending the flavors of Panama, Asia and Louisiana into creations the guests truly enjoyed.

The next night a smaller gathering was held at the Waldorf Astoria featuring seafood gumbo, crab cakes, oyster dressing empanadas and seafood jambalaya. Chef Masaki was very interested in learning more about Cajun cooking and came to the hotel to assist Chef Burgau. Media was in attendance and conducted an interview with Aura Alessandria of the United States Embassy serving as an interpreter.

Both nights Gerardo C Maucci of Frangaly, S.A attended the events. Gerardo is an importer and assisted us with getting the seafood into Panama. He expressed an interest in learning more about importing Louisiana Seafood in the future. His needs include shrimp in the Panama off seasons which aligns well with open seasons in Louisiana. Oysters in gallon containers would be of more interest than those on the shell. He mentioned crawfish are not a familiar delicacy but could be introduced to the market. Gerardo also indicated that they have difficulty securing enough sardines for bait. He was not familiar with menhaden but would be willing to look at it as an alternative to sardines.

While the exporting process did provide some challenges we feel the experience has prepared us for future shipments. Oysters in the shell were the most difficult to ship and still offer some challenges. Should Copa airlines begin offering direct service this would be less of an issue. The mission was a valuable opportunity for us to make valuable connections, give a tasting of our product, and gain exposure in the market. Thank you for including the Louisiana Seafood Promotion and Marketing Board in the mission to Panama.—Karen Profita-LSPMB

Copa Airlines- The Louis Armstrong International Airport along with representatives from the City of New Orleans, GNO, Inc. and Committee of 100 met with the CEO of Copa Airlines, Pedro Heilbronn, at Copa headquarters for a high level discussion on the opportunity to launch a nonstop route between New Orleans and Panama City, Panama. The CEO expressed interest but said that he would defer to his network planners and support their recommendation.

In a separate meeting, representatives from the Airport, City of New Orleans and GNO, Inc. met with Copa Airlines network planners in a technical meeting to thoroughly discuss the economic viability of New Orleans through a comprehensive business case, including current passenger and fare data. This data, through a revenue forecast created by The Boyd Group, depicts a profitable nonstop flight on Boeing 737, four times per week between New Orleans and Panama City, Panama. The Airport and Copa will continue to run updated passenger figures as they are released and further adjust connection time windows to maximize the number of connecting passengers flying through their gateway hub in Panama City. The challenges presented are other cities competing for this same service that also have strong passenger figures.