

Environmental Examination Report

(1) Project Name: Canal Expansion Project

(2) Project Site: Republic of Panama

(3) Project Outline:

The project consists of constructing 2 locks for a new channel, as well as widening and dredging the present channels.

(4) Category: A

(5) Reasons for Category Classification:

The project has sensitive characteristics and is located in sensitive areas as listed in the JBIC Environmental Guidelines.

(6) Environmental Permits and Approvals:

The EIA was conducted in accordance with the national environment impact assessment methodology, and the EIA report has been approved by the relevant environmental authorities without any conditions attached.

(7) Pollution Mitigation Measures:

It has been confirmed that the planned quality of air and water from construction activities will comply with the local standards. The silt from dredging will be disposed of mainly in the designated land disposal sites, while it is planned to take pollution prevention measures, including placement of silt curtains, in the designated sea dumping area.

(8) Natural Environmental Consideration:

All the land areas where the project is implemented is owned by the project executor. There is no protected area affected by the project.

(9) Social Considerations:

Resettlement has been underway in accordance with the plan based on the resettlement plan prepared by the project executor.

(10) Others and Monitoring:

Environmental impacts regarding such items as the quality of air and water, noise, ecosystems and mudslide risk will be monitored.

Screening Form

Name of Project : Panama Canal Expansion Program

Name of Project Execution Organization : Autoridad del Canal de Panama

Name of Borrower : Autoridad del Canal de Panama

Please provide the name, department, job title, and contact details for the person who is responsible for filling out this form.

Name Daniel Muschett

Department and title : Seccion de Manejo y Seguimiento Ambiental, Supervisor Especialista de Manejo y Seguimiento Ambiental

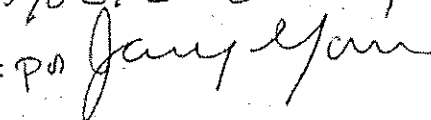
Name of Company or Organization : Autoridad del Canal de Panama

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E-Mail address : dmuschett@pancanal.com

Date : 27/02/2008

Signature : 

(Matters to be noted)

1. Please note that JBIC may provide the information concerning the environmental assessment (including that in writing or orally; hereinafter referred to as the "Environmental Information") provided by the Borrower, etc. in considering the financing, investments or guarantee for a project as part of JBIC's international financial operations to the financial institutions in Japan, which also consider financing, investments or guarantee for the same project jointly or separately with JBIC (hereinafter referred to as the "Cofinancing Institutions"), whether or not any confidentiality agreement has been entered into by and between JBIC and the Borrower, etc. JBIC provides the Environmental Information to the Cofinancing Institutions for their conducting the confirmation of environmental and social consideration with respect to the project. In providing the Environmental Information, JBIC requires the Cofinancing Institutions (i) not to use the Environmental Information for any purpose other than the internal confirmation of environmental and social consideration with respect to the project, and (ii) not to disclose the Environmental Information to any third party.
2. Please note that this Screening Form or the contents thereof may be made public.

Questions

Q1. Please provide the address of the project site.

Address of the project site : The Project's activities and the required temporary work areas, as well as the dredged and excavated material disposal sites are within designated Panama Canal operating areas. These lands are used for activities related to Canal operations

Q2. Please provide brief explanation of the project.

**Brief Project Description and Development Area**

In summary, the Panama Canal Expansion Project – Third Set of Locks consists of three major components:

- i) The construction of two locks facilities, one at each end of the Canal. Each facility will include three consecutive chambers and three lateral water saving basins per chamber. The Atlantic locks complex will be located east of the existing Gatun Locks; the Pacific locks complex will be located southwest of the existing Miraflores Locks. The location of both locks complexes make use of an extensive section of the

excavations performed by the U.S. Government for the third set of locks project started in 1939. The new locks chambers will be 427 m (1,400 ft) long, 55 m (180 ft) wide and 18.3m (60 ft) deep.

- ii) The excavation of new navigational channels to allow access between the new locks and the existing channels and the deepening and widening of the existing channels. Widening the existing channels to 218 m (715 ft) will allow navigation of post-Panamax vessels through these channels in one direction at a time. Gaillard's Cut and the Gatun Lake's navigation channels will be deepened by 1.2 m (4 ft), to a PLD level of 9.2 m (30 ft); and
- iii) Raising the maximum operational level of Gatun Lake by 0.45 m (1.5 ft), from its existing 26.7 m (87.5 ft) PLD to 27.1 m (89 ft) PLD. This Project component will increase Gatun Lake's functional water reserve capacity.

Q3. Will JBIC loan be applied to a new project or an executing project? In case of executing project, please inform the presence of strong claims by local residents.

- New Project
- Executing Project (without Claim)
- Executing Project (with Claim)
- Other (Please specify)

Q4. In case of this project, is it necessary to execute Environmental Impact Assessment (EIA) based on the laws or regulations? If necessary, please inform the progress of EIA.

- Required (Completed)
- Not Required
- Required (Under execution or under planning)
- Others (Please specify )

Q5. In case that EIA is already completed, please inform whether EIA report is already approved based on the environmental assessment system or not. If EIA report is already approved, please provide the date and name of authorities of the approval.

- Approved (without condition)
- Under approval process
- Approved (conditional)
- Others (Please specify)

Date of Approval : November 9 2007

Name of Authorities : Autoridad Nacional del Ambiente

Q6. If environmental permit(s) other than EIA is required, please provide the name of required permit(s). Have you obtained required permit(s)?

- Obtained
- Not required
- Required, but not obtained yet
- Others (Please specify)

Name(s) of required permit(s) : \_\_\_\_\_

Q7. Will the loan be used for the undertaking that cannot specify the project at this stage (e.g. export or lease of machinery that has no relation with specific project, or Two Step Loan that cannot specify the project at the time of loan agreement)?

No

If you answered "Yes", it is not necessary to reply to the following questions.  
If you answered "No", please reply to the following questions.

Q8. Are there any environmentally sensitive area shown below in and around project site?

Yes

If you answered "Yes", please select applicable items by marking, and reply to following questions.

If you answered "No", please reply to questions 9 and after.

- (1) National parks, protected areas designated by government (coastal areas, wetlands, habitats of minorities or indigenous populations, heritage sites, etc.)
- X (2) Primeval forests, tropical natural forests
- X (3) Ecologically important habitats (coral reefs, mangrove, tidal flats, etc.)
- (4) Habitats of endangered species of which protection is required under local laws and international agreements.
- (5) Areas that have risks of large scale increase in soil salinity or soil erosion
- (6) Desertification areas
- (7) Areas with special values from archaeological, historical and/or cultural viewpoints
- (8) Habitats of minorities, indigenous populations, nomadic people with traditional life style, or areas with special social value

Q9. Does the project involve following elements?

Yes

If you answered "Yes", please describe the scale of applicable elements, and reply to the questions 10 and after.

If you answered "No", please reply to questions 11 and after.

- X (1) Involuntary resettlement (Number of resettlers: 13houses approximately)
- (2) Pumping of groundwater (Scale: ton/year)
- (3) Land reclamation and/or development (Scale: ha)
- X (4) Deforestation (Scale: 500 ha)

Q10. Please reply to this question only in case that the project involves some of the above (1) to (4) elements. In the country where the project is planned, are there any regulations on a scale of the elements asked in question 9? If the country has such regulation, please answer whether the project satisfies the regulation or not.

- x Regulation is applicable ( satisfied X not satisfied)  No regulation
- Others (Please specify )

Please reply to questions 11 and after.

Q11. Will JBIC share in the project be equal or less than 5% of the total project cost, or the total amount of JBIC loan equal or less than SDR 10 million?

No

If you answered "Yes", it is not necessary to reply to the following questions.

If you answered "No", please reply to questions 12 and after.

Q12. Does the project belong to either of the sectors that impact on the environment is deemed immaterial or is not anticipated under normal conditions (e.g. maintenance of the existing facilities, non-expansionary renovation project, acquisition of rights or interest without additional plant investment)?

No

If you answered "Yes", it is not necessary to reply to following questions.

If you answered "No", please reply to the questions 13 and after.

Q13. Does the project belong to the following sectors?

No

If you answered "Yes", please specify the sector by marking, and reply to questions 14 and after.

If you answered "No", it is not necessary to reply to the following questions.

- (1) Hydro power plant, Dam or water reservoir
- (2) Thermal power plant
- (3) Mines
- (4) Development of oil and gas
- (5) Pipeline
- (6) Steel industry (with large scale furnace)
- (7) Non-ferrous metal refining
- (8) Petrochemical (including manufacturing of raw materials and petrochemical complex)
- (9) Terminal of oil, gas and chemicals
- (10) Petroleum refining
- (11) Paper and pulp
- (12) Manufacturing and/or transportation of hazardous substances (specified by international agreement)
- (13) Road, railway or bridge
- (14) Airport
- (15) Port
- (16) Waste material processing or treatment
- (17) Treatment of sewage and/or waste water that includes hazardous substances or executed at environmentally sensitive area
- (18) Power transmission and/or distribution lines (including large scale involuntary resettlement, large scale deforestation or submarine cable)
- (19) Tourism (Construction of hotel, etc.)
- (20) Forestry or tree planting
- (21) Agriculture (large scale project and/or project including irrigation)

Q14. Please provide information on the scale of the project (project area, area of plants and buildings, production capacity, amounts of power generation, etc.) Further, please explain whether an execution of EIA is required on account of the large scale of the project in the country where the project is implemented.