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The Panama Canal Authority, (Autoridad de Canal de Panama, ACP) released a request for proposal (RFP) the last week of December 2007 on the design-build contract for the new locks that are to be part of the canal's US$5.25 billion expansion. The expansion will create a parallel traffic lane to the existing facility, doubling the canal's capacity and allowing for the passage of post-Panamax ships, the largest in the world. The proposals must be delivered to the ACP by August 2008. In February, the authority will meet with representatives of the consortia expected to bid regarding the details of the construction. According to a statement from the Panama Canal Commission, the ACP will evaluate bids based on a "best value" concept, with 60% emphasis on technical components and 40% on price. The ACP will, according to reports, conduct a thorough review of bids and award the contract in December 2008.

Jorge L. Quijano, ACP executive vice president of engineering and program management, told reporters, "Releasing the RFP for the new locks is a major step forward in creating the new lane, as it is the most significant contract in the expansion program. We have some of the world's most reputable and skilled contractors competing for the opportunity to take part in this prominent project. We're highly confident in their ability, and we're looking forward to receiving their proposals in the third quarter of next year." The winner of the contract will build two locks complexes, which include the basins for water storage.

The new Pacific locks will be southwest of the Miraflores Locks. On the Atlantic side, the new facilities will be to the east of the Gatun Locks. Each will be a three-chamber, gravity-operated set of locks. Each chamber will have three water-saving basins, which will allow 60% of the water used per transit to be reused. The competitors are expected to be Consorcio C.A.N.A.L.; Consorcio Atlantico-Pacifico de Panama; Concortia Bechtel, Taisei, Mitsubishi Corporation; and Consorcio Grupo Unidos por el Canal. The design-construct contract follows the letting, on Nov. 27, of the contract for the dry-excavation phase of the expansion. In this, CILSA-Minera Maria came in with the lowest of eight bids. The company is owned largely by Mexican financier Carlos Slim.

One of the world's richest people, Slim has a fortune estimated at US$67.8 billion, the equivalent of 7.9% of the GDP of Mexico. He owns 33% of the stock of America Mobil, he owns Enitel in Nicaragua, 43% of Telmex, 77% of Grupo Carso, 71% of the bank Inbursa, 72% of the Mexican giant infrastructure firm IDEAL, and some other odd holdings. By most estimates, he is the planet's wealthiest citizen. Slim is no stranger to the Panamanian construction business. He has an 8% interest in Ingenieros Civiles Asociados (ICA), builder of the Corredor Norte toll-road project, and his Carso Infrastructura y Construccion (CICSA), in concert with his IDEAL, have won a US$31.7 million contract for the Bano Mina y Baitun hydroelectric projects in Chiriqui.

The announcement was greeted with positive comments about the fairness of the process by some of the other bidders and by the Consejo Nacional de Trabajadores Organizados (CONATO), whose

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representative said it all went off "with total transparency." On the private-sector side, Javier Cardoze of the Consejo Nacional de la Empresa Privada (CoNEP), said, "We Panamanians should be proud of the way we are handling the expansion contracts." Doubts about the process But not everyone agreed that the process was all that clean and clear. Economist Maribel Gordon cautioned, "First, they choose the lowest bids. The population knows that in Panama this happens so that later profits can be made through add-ons to the contracts, whereby the costs go to two or three times the price of the winning bid. It would not be surprising if on this occasion the same thing happens." The winning bid of US$25.5 million was very significantly under the three others. The Colombian Consorcio Masering Cromas was closest with US$30.6 million. Panamanian-Costa Rican Consorcio M&S MECO Santa Fe offered to do it for US$41 million, and the US International Underground Corp figured they would need US$61.7 million to get the big ditches dug.

Gordon, of the Frente Nacional por los Derechos Economicos y Sociales (FRENADESO), was leery of the participation of Slim in the process. "He has links with interest groups in the country that are benefiting at some level by the great quantity of capital he controls. This has been questioned; the processes have not been completely transparent. To the contrary, there have been indications that the bidding has been compromised by family business relations." Slim has a personal friendship with Panama's President Martin Torrijos. The relationship has aroused suspicion in the past, but there has not been any scandal or indication of wrongdoing connected with it. It is also the case that the contract Slim's firm won was not the first but the second such contract to be awarded. The first, in July 2007, went to the Panamanian firm Constructora Urbana S.A. (CUSA). CUSA's US$41 million bid was the lowest among a field of 10 competitors. There was no appreciable criticism of the criteria at the time. But now, Gordon charges a cozy deal among insiders was involved. "For example," she said, "the Panamanian firm Constructora Urbana S.A., which was awarded the first dry-excavation contract after presenting the lowest bid, has counted among its partners ACP administrator Alberto Aleman Zubieta." Aleman Zubieta sold his 15% interest in the firm in 2005 to make the 52-year-old company eligible to compete, but it is still run by Rogelio Aleman Arias, president, Carlos Jose Febrega Aleman, vice president, and Rodrigo Aleman Arias, secretary.

Gordon charges that the public at large is ignorant of these relationships and that "today the ACP admits that the cost of the expansion is greater [than the projected US$5.25 billion]. In the end it will be the Panamanian public that will finance this project executed by these huge corporations seeking to increase their profit, and this injures the Panamanian nation, insofar as a resource is used to favor private capital. So, the ACP knows of these irregularities and is discharging its responsibility to favor the nation irresponsibly." Alberto Aleman, speaking for the ACP, brushes off the criticism, calling the process it oversees "one more demonstration that Panama is advancing with a firm and sure step toward the execution of a project that is already world renowned and is bringing benefits to the country." Gordon disputes this assertion as well. She recounts the sketchy histories of some of the companies bidding on the canal, including 730 toxic spills for which Bechtel was responsible going back to 1990, accusations that the French firm ALSTOM was involved in human rights abuses in a Sudanese hydroelectric project, and other problems unknown to the Panamanian public. "ACP is aware of the trajectory of these firms, but not of its responsibility to Panamanian society to take precautionary measures against this kind of irregularity and damage to the country. Therefore it seems to us a deliberate policy of the ACP to respond to economic interest groups and not to respond in favor of the country's development."

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