

Panama Expects Canal Expansion to Be Completed in 2015



Davos, January 24 (RHC-NNN-MERCOPRESS) — Work to enlarge the Panama Canal will be completed in 2015 no matter what, Panamanian Finance Minister Frank De Lima said on Thursday, despite the continuing feud over cost overruns with contractor GUPC.

The Panama Canal authority “has strongly affirmed that the canal would be completed in 2015, with or without” the GUPC consortium, the minister told the media on the sidelines of the World Economic Forum in Davos.

The consortium Grupo Unidos por el Canal (GUPC), led by Spanish builder Sacyr, has threatened to shut down the project unless the government agreed to pay the unforeseen costs.

But on Tuesday, the consortium proposed that local authorities help pay the US\$1.6 billion in overspending that has threatened progress on the project. The minister acknowledged that the proposal was made, but said Panama was exploring “other alternatives” in case the GUPC abandoned the project, though he refused to say whether other builders had been approached.

The overall canal upgrade was supposed to cost US\$5.2 billion. Already facing delays, the project aims to make the 80-kilometre waterway, which handles five per cent of global maritime trade, big enough to handle new cargo ships that can carry 12,000 containers.

Work on the canal began in 2009 with the goal of being done by 2014 to coincide with the waterway's 100th birthday. But completion was pushed back to 2015 after a first disagreement between the canal authority and GUPC over cement quality.

In the current dispute, GUPC says it ran into costly overruns because the canal authority gave the builders the wrong information regarding the area's geology.

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