

# FAIRPLAY

INSIGHTS FOR PROFITABLE SHIPPING

6 January 2011 ▶ Volume 371 Issue 6615 ▶ Price £15.00

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## Shipping in

# 2011

The outlook across the industry for the year ahead



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Fairplay makes its annual assessment of shipping industry prospects in the year ahead, identifying major areas of risk, interest and opportunity. Look out for the 2011 Annual preview stamp throughout the magazine for sector-specific insights



[Cover image: Roberto Filistad]

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## HUGO TORRIJOS

# Farewell to a Pa

**Hugo Torrijos, one of the architects of Panama's maritime boom, has died of**



**H**ugo Torrijos always knew he wanted to be part of the maritime world – “ever since I was a kid going down to [the Panama Canal’s] Miraflores locks to watch the ships,” he once told *Fairplay*.

Torrijos, who passed away in December, certainly fulfilled those childhood dreams. He was a central player in the maritime sector for his entire professional life, leaving an indelible mark on the industry – and he never shied from controversy. “During contentious situations, he would always go forward and never yield to panic, even in the most difficult dis-

putes,” one Panama port boss told *Fairplay*.

Hugo was the nephew of General Omar Torrijos, who became Panama’s ruler after the 1968 military coup. During the late 1970s, Omar put Hugo in charge of the Directorate of Consular Maritime Affairs, which oversaw Panama’s flag. “Omar wanted to close the registry, which had a very bad reputation at that time. He did not see what benefits it could bring to Panama,” Hugo explained. “But I told him that if we clean the registry and comply with international requirements, that could change. And he agreed to let me take up the challenge.”

Hugo began an 11-year campaign that transformed a then-obscure organisation into one of the world’s largest open registries (it has since become the largest). Panama ratified all IMO conventions, introduced a state inspection system and centralised the issuance of seafarers’ licences to reduce then-endemic fraud. The overhaul drastically improved the Panama flag’s status, with registered tonnage rapidly multiplying – along with dividends to the government.

Hugo resigned soon after the US military intervention in December 1989 and formed the law firm Torrijos & Associates with his cousin Santiago. They also launched the ship inspection company Panama Maritime Documentation Services and the Panama Maritime Group. The two cousins would eventually part ways in 2005, splitting one of the country’s largest surveying, documentation and training companies. Hugo went on to create Panama’s first (and only) port outsourcing company, offering stevedoring and port workers to Colon Container Terminal and the ports of Balboa and Cristobal. “He was the most influential international maritime personality in our country,” former Panama Maritime Authority Administrator Fernando Solorzano told *Fairplay*.

[ Photo: Michele Labrut ]

# anama legend

cancer at age 58. Michele Labrut looks back on his life's achievements

When the Democratic Revolutionary Party (founded in 1978 by Omar Torrijos) returned to power in 1994, President Ernesto Perez Balladares designated Hugo as director-general of Panama's National Port Authority. At that post, he presided over Latin America's most successful port privatisation and transshipment programme.

"As head of the Port Authority in the 1990s, he had the vision to promote the privatisation of the ports, which led to unprecedented development in Panama by major port operators such as Hutchison Ports Holdings," Alejandro Kouruklis, general manager of HPH subsidiary Panama Ports Co (which administers Balboa and Cristobal), told *Fairplay*.

The privatisation of Balboa and Cristobal "needed a lot of courage and shrewdness. Both terminals were operating with strong unions and enormous problems with equipment and infrastructure", explained a Panama port executive who declined to be identified. "But Torrijos succeeded – without stoppage of operations. Finally, the government-owned terminals were transferred to the private sector," said the source. Hugo's privatisation push paid off, with Panama's throughput soaring from just 100,000teu in 1995 to over 4M teu in 2009. As the port executive put it: "Panama maritime history is very short, but Panamanian personalities make an even shorter list. Hugo Torrijos definitely ranks first on the list."

A frequent speaker in international maritime conferences around the world, Hugo befriended powerful carrier executives, persuading them to consider Panama as a transshipment hub. He brought in Evergreen's owner and chairman Chang Yung-Fa, convincing him to invest in Colon Container Terminal, built at the Atlantic entrance of the Canal. "I can remember

## In the spotlight

### Hugo Torrijos

**Born:** 11 July 1952

**Died:** 21 December 2010

**Career:** Head of the Department Consulares y Naves, Ministry of Finance for 11 years; Panama's ambassador at the International Maritime Organization; director-general of Panama's Port Authority (1994-98); special advisor to the President of Panama for maritime affairs (2004-09); president of Panama Maritime Group, Panama Documentation Services, Port Outsourcing Services, Port & Cargo Co

**Education:** BA in law and political science from the University of Panama; Master's in international law from the London School of Economics; Master's in political science from Universidad Complutense de Madrid

**Family:** Survived by his wife Magaly Cedenó. Four children: Hugo Alfredo, Arlene Cristina, Gabriel Alejandro and Maria Laura

going to Taipei and looking across the table at Chang Yung-Fa, trying to sell him the idea, and him pushing the plan back across the table, saying: 'No good.' I got up to leave and said I'd better speak to Maersk because they had expressed an interest and he suddenly changed. Advisers were then called to look at what I was proposing," Hugo told *Fairplay*.

When his cousin Martin (son of General Omar) became president of Panama in 2004, Hugo was designated special presidential adviser for maritime affairs. He became a passionate promoter of Panama, marketing it as "a crossroads of shipping routes [whose] position as a regional

distribution centre makes it the best location for the maritime industry to take advantage of future Canal expansion."

During this period, PSA International, (Singapore's port authority) confirmed plans to construct a terminal at the Pacific entrance of the Panama Canal, a decision some observers credit to Hugo. Sadly, he passed away just days before PSA-Panama International Port welcomed its first vessel.

If there was another course that Hugo's life could have taken besides maritime, it probably would have been politics. He was the son of Hugo Torrijos Herrera, deputy of the Panama National Assembly long before his brother Omar would make the family name known worldwide, and of Susana Richa, now 82, who served as a deputy in the Panamanian legislature until 2009. But politics was not to be: as leader of the opposition Democratic Revolutionary Party, he ran unsuccessfully in 1998 to become its presidential candidate.

Hugo's reputation was not entirely blemish-free. He was at the centre of a major political scandal involving bribery accusations in a no-bid, 20-year concession to Ports Engineering Consultants Co (PECC) during his tenure in the late 1990s as director of Panama's Port Authority. A Panamanian inquiry led to a suspension of payments to PECC from 2000-2003, but no indictments were made. However, the US has recently jailed two PECC executives, who claimed in their guilty pleas that they had paid off Hugo, his deputy and then Panama President Balladares.

Hugo passed away on 21 December 2010. He is survived by his wife and four children. His older son, Hugo Alfredo Torrijos Dajer – who launched his own bunker supply company two years ago – will continue the family tradition of entrepreneurship. ■