

## **LAW DECREE No. 8**

**“WHEREBY WORK AT SEA AND IN NAVIGABLE  
WATERWAYS IS REGULATED, AND OTHER  
MEASURES ARE DICTATED”  
(of FEBRUARY 26, 1998)**

### **NOTICE**

The English translation of Law Decree No. 8 is intended solely for the purpose of facilitating an overall understanding of the content of the original Spanish version. In those cases where differences may be found between the two, the Spanish document must be considered as the authoritative version.

# 1. THE NATIONAL EXECUTIVE BRANCH

## LAW DECREE No. 8 (Of February 26, 1998)

**“WHEREBY WORK AT SEA AND IN NAVIGABLE WATERWAYS IS  
REGULATED, AND OTHER MEASURES ARE DICTATED”**

### THE PRESIDENT OF THE REPUBLIC

In the exercise of his Constitutional faculties, and particularly those conferred by Ordinal 7 of Article 1 of Law No. 1 of January 2, 1998 having heard the favorable concept of the Cabinet Council

### DECREES:

#### CHAPTER ONE GENERAL PROVISIONS

**ARTICLE 1.** This Law Decree relates to the public order and regulates in its entirety the relations between capital and labor on board Panamanian registered vessels. The relations between employers and workers on board ships engaged in international trade, domestic trade, the exploitation of living or non-living resources and other activities in the navigable waterways shall be regulated by the general provisions of this Law Decree and, in particular, by the provisions of each section regulating the corresponding activity.

This Law Decree shall not apply in the following cases:

- a. When the service provided on board bears no direct relationship to the vessel's operation, functioning and exploitation, such as is the case with stevedoring and other services which are only provided by virtue of the vessel's temporary stay in port, or when transiting through canals, rivers or navigable waterways.
- b. When the service provided does not require the worker's presence on board by virtue of the nature of the service to which the vessel is dedicated, in such a way that the worker is therefore not separated on a regular and normal basis from his inland residence for prolonged periods of time, and because the worker does not have as his working center a place different and separate from his home or usual residence.
- c. In those labor relations subject to the special labor regulations of the Panama Canal Authority, pursuant to Article No. 316 of the Political Constitution.

- d. When the service is rendered by students training on board the vessel as part of their professional training, which requires that they follow a specific program under the supervision of the Nautical School of Panama or of any institution authorized to that effect by the Panama Maritime Authority, and in accordance with the requirements and conditions provided for in the pertinent international conventions ratified by the Republic of Panama.

**ARTICLE 2.** Situations or events not foreseen in this Law Decree, nor in international conventions ratified by the Republic of Panama, nor in complementary legal provisions shall be resolved according to the generally accepted norms, uses, and practices of the shipping and the maritime trade.

**ARTICLE 3.** To the effects of this Law Decree, the terms listed below shall have the following meaning:

- a. **Shipowner:** Any natural or legal person who receives services or labor from the worker or crewmember.
- b. **Crewmember:** Any person at the service of the shipowner who works on board a vessel and shares the risks of work at sea, and whose duties are related to the navigation, operation, services, and economic exploitation of the vessel.

Persons who work for companies having their own other economic organization, or those who normally provide to shipowners ancillary services different from the exploitation of the ship, shall not have the status of crewmembers of a specific vessel.

- c. **Vessel:** Any vessel used for the transportation of cargo or passengers. These include pontoons, dredges, floating docks or any other hull made from wood, cement, iron, steel, or a combination of materials, or any other material that is or may be used to provide shipping services.
- d. **Domestic Service Vessel:** Any vessel that navigates along the coast between Panamanian ports.
- e. **International Service Vessel:** Any vessel regarded as such based on its navigational license, issued in accordance with Law 8 of January 12, 1925 and Law 2 of January 17, 1980.
- f. **Fishing Vessel:** Any vessel used to fish, process, store, or transport fishing resources.

Nevertheless, a merchant vessel transporting those resources as part of its cargo does not fall under the category of fishing vessel.

- g. **International Service Vessel in Cabotage Trade:** A vessel that cruises beyond the Panamanian borders and into nearby ports in neighboring countries, within the geographical limits clearly defined by Panamanian laws.
- h. **Vessel's Crew:** It is made up of the personnel enrolled to provide services, who are given the status of crewmembers.

- i. **Captain:** The person who has command of the vessel, as appointed by the shipowner and who possesses the corresponding title, issued in accordance with the regulations approved by the Panama Maritime Authority and who, as the shipowner's representative, has the technical, administrative, commercial, disciplinary, and legal rights and obligations contained in the pertinent laws.
- j. **Officers:** These are persons who perform duties requiring professional merchant marine certification issued in accordance with the regulations approved by the Panama Maritime Authority, in compliance with the pertinent laws.
- k. **Boatswains:** These are mid-level personnel, subordinated to the vessel's officers but ranked above the subordinates, and who exercise functions or carry out duties requiring special qualifications and expertise in the specific deck, engine or catering departments.
- l. **Subordinates:** These are personnel, different from the captain or officers, who carry out duties on board the vessel that require a particular knowledge and practical skill, at a level of expertise below that of boatswains.

**ARTICLE 4.** All shipowners of Panamanian vessels in international service shall try, in the presence of equal conditions and capacity, to give preference to Panamanian crewmembers and to foreigner crewmembers with Panamanian spouses or with Panamanian children who reside in Panama.

Panamanian shipowners associations shall provide scholarships and opportunities to take training courses to Panamanian crewmembers or future crewmembers or to foreigner crewmembers with Panamanian spouses or Panamanian children.

Competent authorities both in Panama and abroad shall ensure strict compliance with the provisions of this article.

**ARTICLE 5.** This Law Decree guarantees the principle of equal salary. The same salary shall be paid for the same job, performed for the same shipowner under comparable conditions of efficiency and ability and of equal time of service aboard the same ship.

Bonuses and incentives for special services or tasks, years of service, or individual productivity are allowed.

## **CHAPTER TWO VESSELS' CREWS**

**ARTICLE 6.** The Panama Maritime Authority is the competent authority in charge of carrying out the duties of enforcing strict compliance and effective implementation of the standards of training, certification and watchkeeping of seafarers, as stipulated in international conventions ratified by the Republic of Panama; of issuing the regulations concerning seafarer's qualifications; of issuing Certificates of Competency, Seamen's Identification Cards and other identification documents necessary to work on board Panamanian Registry vessels; and of sanctioning the violation of, or the noncompliance with, such norms.

The Panama Maritime Authority shall likewise enforce strict compliance with, and effective implementation of, the norms contained in this Law Decree and in the international maritime labor law conventions on board vessels registered in the National Merchant Marine, wherever they may be, and of recommending sanctions for the violation of, or non-compliance with, such norms.

**ARTICLE 7.** Any crewmember who works on board a Panamanian vessel shall possess a certificate of competency issued by the Panama Maritime Authority in accordance with national laws and international conventions ratified by Panama, which authorizes the bearer to carry out the duties pertaining to the job specified in the aforementioned certificate.

**ARTICLE 8.** All vessels to which this Law Decree applies shall be efficiently and sufficiently manned in order to:

- a. Guarantee the safety of life at sea;
- b. Prevent the excessive fatigue of crewmembers by limiting working hours as much as possible, in a manner such that the number of hours worked does not exceed the limits established in the international conventions ratified by Panama.

**ARTICLE 9.** Personnel covered by this Law Decree is classified under the following groups: Captain, officers, boatswains and subordinates, in the respective deck, engine, radiocommunications, and catering departments.

**ARTICLE 10.** The Panama Maritime Authority shall determine the further classification of personnel within the ranks of officers, boatswains and subordinates, based on the specific requirements of experience, training for the particular vessel type, the type of navigation and of propulsion, pursuant to the national laws and international conventions ratified by Panama.

**ARTICLE 11.** No one may be employed on board a Panamanian vessel without a Medical Certificate recognized by the Panama Maritime Authority and issued in accordance with the national laws and international conventions ratified by Panama, to confirm that he is in an excellent health condition for the work he is intended to perform.

**ARTICLE 12.** The Panama Maritime Authority shall regulate the treatment of officers who have suspend their professional activities on board vessels.

### **CHAPTER THREE EMPLOYMENT OF SEAFARERS**

**ARTICLE 13.** Upon the enactment of this Law Decree, individuals in the national territory who are engaged in, or wish to, mediate in the hiring of crewmembers shall be authorized to do so and they shall be subject to the control, supervision and regulation of the Executive Branch, through the Ministry of Labor and Labor Development, in accordance with the guidelines established in this chapter.

**ARTICLE 14.** In reference to this Law Decree, the hiring of seamen or the signing of crewmembers shall be interpreted to mean any actions or activities conducted directly or indirectly in the Republic of Panama with the aim of hiring or placing crewmembers on board vessels.

**ARTICLE 15.** The manning agencies established in accordance with this Law Decree shall preferably hire Panamanian crewmembers or foreigner crewmembers married to Panamanian citizens, or who have Panamanian children, and who have their legal and usual residence in the national territory.

The percentage of foreign seamen that are and may be employed through such agencies shall be established in the regulations approved to that effect by the Ministry of Labor and Labor Development, in coordination with the Panama Maritime Authority, so that under no circumstance shall the proportion be unfavorable to the nationals.

**ARTICLE 16.** Only individuals or corporations authorized by the Ministry of Labor and Labor Development, in coordination with the Panama Maritime Authority, to mediate in the hiring of seamen shall be entitled to use the term "Manning Agency for Seamen" or "Signing-on Agency" or any similar term, in any language, as part of its name, partnership agreement, name of the firm, or description of its activities.

This article shall not apply to the social organizations of seamen duly established and registered at the Ministry of Labor and Labor Development.

**ARTICLE 17.** The definitive license granted by the Ministry of Labor and Labor Development to conduct mediation activities for the hiring of crewmembers shall cover an indefinite period of time, unless the plan or plans of the person requesting it are limited to a specific period.

**ARTICLE 18.** The manning agencies shall notify the Ministry of Labor and Labor Development immediately of any change with respect to their Legal Representative or General Agent in the Republic of Panama, their partnership agreement, their directors and officers, their shareholders and their addresses, and the agency's telephone and fax numbers and mailing address.

Foreign manning agencies that operate or wish to operate in Panama shall appoint at least one general agent, who should be a Panamanian citizen residing in the national territory,

whose mandate is duly registered in the Mercantile Registry and who has sufficient powers to represent the business in all legal, extrajudicial, and administrative matters that may arise, and state the address, telephone and fax numbers and mailing address of its general agent in Panama.

**ARTICLE 19.** In order to operate or continue operating in the country, the manning or employment agencies shall present a warranty in favor of the Ministry of Labor and Labor Development for no less than fifty thousand Balboas (B/.50,000.00) and not more than one hundred thousand Balboas (B/. 100,000.00), as determined by the Ministry in each specific case.

The deposit or warranty requested of the manning agencies may be provided in cash at the Banco Nacional de Panama, or through a surety bond issued by an insurance company or banking institution duly authorized in accordance with the laws of the Republic of Panama.

**ARTICLE 20.** The deposit or consignment of warranties mentioned in the previous article shall not be withdrawn until the agency that made the deposit proves to the Ministry of labor and Labor Development that it has suspended operations and that the society has been dissolved, and after it is confirmed that it has paid all its debts related to maritime activities in the national territory.

**ARTICLE 21.** The warranty deposits may not be garnished and they shall be available to cover the crewmember's repatriation, lodging and food expenses, as applicable to the employment agency in the Republic of Panama, or to guarantee the payment of fines incurred by the depositing agency, in accordance with the provisions of this Law Decree.

**ARTICLE 22.** Whenever the deposit or warranty is used up, the depositing agency must replace or replenish it, as the case may be, within the period of time established by the Ministry of Labor and Labor Development.

**ARTICLE 23.** Manning agencies shall keep an authenticated copy of the shipping articles or contracts as part of their records, as well as any other documents pertaining to the conditions under which the hiring was made, as may be required by the Ministry of Labor and Labor Development.

**ARTICLE 24.** Manning agencies shall request from the Ministry of Commerce and Industry the respective Type "A" Commercial License, given the prior authorization of the Ministry of Labor and Labor Development.

**ARTICLE 25.** Activities done to mediate in the hiring or recruitment of seafarers shall not be charged to the crewmember. A sworn statement is required from the legal representative and the secretary of the corporation or from the individual himself, to the effect that the company commits itself not to charge the crewmember or person being hired any fees, commissions, administrative costs, paperwork, research or verification of documents, or for any other reason.

**ARTICLE 26.** Pursuant to the national laws and international agreements ratified by Panama, when hiring or recruiting crewmembers it is strictly forbidden for manning agencies, seafarers or shipowners to discriminate against anyone on account of union

membership. There shall likewise be no discrimination on account of religion, race, or political affiliation.

**ARTICLE 27.** Both seamen and employers organizations shall have adequate protection against any intervention of one against the other with respect to their organization, functioning or administration, be it directly or through their agents or members.

**ARTICLE 28.** Manning agencies may accomplish their activities of hiring or recruiting crewmembers in accordance with current regulations, and based on current shipping practices.

Such agencies may request from shipowners the payment of fees for the services rendered, and shall be entitled to sign the respective shipping articles or contracts directly with the crewmembers, as long as they are duly authorized by a shipowner to that effect.

**ARTICLE 29.** The Ministry of Labor and Labor Development shall cancel the authorization or operational permit granted for carrying out mediating activities to hire seafarers, should the agencies fail to comply with the corresponding regulations.

**ARTICLE 30.** Whenever the authorization or operational permit and commercial license to carry out activities as a manning agency is cancelled because of immorality, fraud, falsehood or bankruptcy, that agency shall be unable to obtain a new license.

In the case of fraudulent bankruptcy, the provisions set forth in Article 1633 of the Code of Commerce shall apply.

## **CHAPTER FOUR EMPLOYMENT CONTRACT**

**ARTICLE 31.** All Panamanian-flag vessels shall carry on board the document entitled "Crew List," which should contain the following information:

1. Name of the ship and call sign.
2. Name and address of the shipowner.
3. Place and date on which the Crew List was opened.
4. Name of the captain, officers, boatswain, crewmembers, with an indication of their age, nationality, address, and name and address of next of kin.
5. Cargo on board.
6. Number of the Identification card, seaman's identification card, or certificate of competency of each crewmember.
7. Basic salary or additional income, if any.

8. Place and date of employment.
9. Place and date of enrollment.
10. Time and duration of the contract.
11. Captain's signature at the time of boarding or disembarking the vessel.
12. Place and date of disembarkation.
13. Signature of the respective officer or crewmember.
14. Sum paid at the time of disembarkation.
15. Captain's signature at the time of disembarkation or cancellation of enrollment.

**ARTICLE 32.** The crewmember's Shipping Articles or Employment Contract shall be issued for an indefinite period of time, for a definite period of time, or per voyage.

**ARTICLE 33.** The Employment Contract, which may be individual or collective, shall be transcribed or annexed to the Crew List, so that each crewmember appears duly registered as a member of the crew. The shipowner shall supply a copy of the document at the request of competent authorities.

**ARTICLE 34.** The Employment Contract shall be signed by the shipowner, or his representative, and the crewmember. The crewmember and his advisers shall be allowed to review the articles or contract before he signs it.

**ARTICLE 35.** The Employment Contract shall contain the following information:

- a. The crewmember's name and surname, his date and place of birth, his nationality, the number of his identification card or seaman's identification card or certificate of competency, and his passport number;
- b. The shipowner's name and legal address;
- c. The place and date of the Articles or Employment Contract;
- d. The ship to which the crewmember has been assigned to work on;
- e. The trip or trips he will be making, if known at the time of the contract;
- f. The position the crewmember will hold on board the ship;
- g. If possible, the place and date on which the crewmember must board the ship to start working;
- h. The accommodations and food on board;
- i. The amount of salary, the currency in which it shall be paid, and the method and place of payment;

- j. The termination date for the contract shall be:
  - 1. If the contract is signed for a definite period of time, the date determined for its expiration;
  - 2. If the contract is signed per voyage, upon arrival at the port of destination plus the time that must elapse after arrival before the interested party is allowed to leave;
  - 3. If the contract is signed for an indefinite period of time, the conditions that shall determine the conditions for either each party to terminate it, as well as the amount of advance notice required;
- k. Annual leave granted to the crewmember;
- l. The shipowner's obligations in case of accident, sickness, and death of the crewmember. Additionally, the name and address of the club or insurance company that covers the crew's workmen compensation and the limits of coverage at the port at which the shipowner acquired such policy; also, the names of the beneficiaries named by the crewmember in the respective policy.

**ARTICLE 36.** Before ending the employment contract and regardless of its type, it is always the shipowner's duty to repatriate the seafarer, at his request, either to the place or port where the contract was signed, or to the port of embarkation.

**ARTICLE 37.** In addition to the provisions set forth in the previous article, the repatriation expenses shall be paid by the shipowner if the employment relationship ends due to any of the following reasons:

- a. shipwreck
- b. dismissal without justification

The repatriation expenses shall also be paid by the shipowner if the employment relationship is suspended due to an accident occurring while the crewmember is serving on board the ship, or due to illness for which the crewmember cannot be blamed by virtue of his own fault or accident.

The repatriation expenses of a seaman after he disembarks shall be shared equally by both sides when the employment relationship ends by mutual agreement.

The crewmember shall pay for the repatriation expenses when he ends the employment relationship without the approval of the shipowner or his representative.

**ARTICLE 38.** Repatriation expenses shall include everything related to the crewmember's transportation, lodging, wages, and maintenance during his trip to the port where his contract was signed or to the port of embarkation. Expenses for the crewmember's maintenance until the time stipulated for his departure shall also be included.

**ARTICLE 39.** The salary shall be paid from the day the crewmember begins his service on board the ship. Nevertheless, should the crewmember have to travel from the place where his contract was signed in order to board the ship, his wages shall be paid from the date he begins to travel or from the date specified in the contract.

**ARTICLE 40.** The salary shall be paid in the currency agreed upon in the Shipping Articles or Employment Contract.

**ARTICLE 41.** Unless proven otherwise, it is presumed or understood that the wages earned by the crewmember as agreed on the basis of any type of contract established in this Law Decree will cover each and every surcharge resulting from overtime work.

For the purposes of this article, overtime shall be limited to the number of hours per month agreed upon in the Shipping Articles or Employment Contract, in accordance with the ship's specialty and type of service.

**ARTICLE 42.** The wages, benefits, and rights derived from the Shipping Articles or Employment Contract owed to crewmembers working in Panamanian-registry vessels shall enjoy the preference and privileges granted by navigation laws.

**ARTICLE 43.** Crewmembers hired per voyage shall be entitled to an additional, proportional wage payment, in case the trip is extended or delayed. There shall be no reduction in wages if the trip is shortened for any reason.

**ARTICLE 44.** In the case of contracts mentioned in the previous article, if the agreed voyage does not take place due to the decision of the shipowners, the captain or the charterers, the crewmembers shall be entitled to retain any advance payments, regardless of the amount received, plus the wages due.

If the agreed voyage is definitely canceled, the shipowner shall pay the crewmember an additional sum equivalent to one third of the total amount of the contract.

**ARTICLE 45.** If the voyage is suspended before it begins due to *force majeure*, the crewmembers shall only be entitled to the wages and advance payments already received.

**ARTICLE 46.** If the voyage is interrupted after the ship has sailed from the port of origin, the crewmembers signed up for the trip shall receive the wages they would have earned had the voyage not been interrupted, i.e., the total value of the contract for the agreed voyage.

**ARTICLE 47.** Only the following deductions may be made from the crewmember's wages:

- a. Social Security dues, should the crewmember be affiliated to the Panamanian Social Security System;
- b. Payment of debts acquired by the crewmember with the shipowner, by way of advance wages and excess payments, but in no case shall such discounts be of over fifteen percent (15%) of the wages earned during the respective pay period;

- c. Monthly housing mortgage payments made to the real estate company or credit institution, or the rent to be paid for housing, up to thirty percent (30%) of the salary;
- d. Family allotments;
- e. Regular and special union dues for seamen's organizations;
- f. Attachments or garnishments of 15% of the surplus over and above the amount of the wages that may not be garnished;
- g. Deductions established by law.

Under no circumstance shall the total deductions and retentions authorized in this article exceed a fifty percent (50%) of the crewmember's basic wages, except for the provision stipulated in literal (d) of this article.

**ARTICLE 48.** The Shipping Articles or Employment Contract signed per voyage, for a definite or for an indefinite period of time, may be cancelled in the following cases:

- a. By mutual agreement of the parties who signed it;
- b. By unilateral decision of the shipowner or his representative, pursuant to the provisions of this Law Decree;
- c. Because of the crewmember's resignation, as long as it does not imply the relinquishing of his rights and as long as it is made in writing before a labor or consular authority or, in their absence, in the presence of two of the ship's crewmembers, who shall act as witnesses;
- d. Upon death of the crewmember;
- e. Because of loss of the ship or unseaworthiness, be it real or presumed, as defined by the insurance contracts or charter parties in force;
- f. Because of the suspension of the ship's services due to lay-up, as long as the suspension does not last less than 90 days.
- g. When the crewmember disembarks due to illness or injury. Termination of the labor relationships for this reason shall not go into force until the period of disability ends, without prejudice to the corresponding rights under workmen compensation schemes. In the case of passenger ships, the termination shall be effective no later than thirty (30) days after the illness or injury began;
- h. Due to transfer of the ship's registry;
- i. Due to change of the ship's ownership;
- j. Upon expiration of the contract or end of the voyage for which the contract was signed.

**ARTICLE 49.** In case of loss of a vessel as a result of a shipwreck, the shipowner or his representative shall pay each crewmember employed on board that ship an indemnification to help him face the unemployment resulting from the loss of the ship.

Said indemnification shall be paid for all the days during which the crewmembers are unemployed, based on the wage rate payable by virtue of the contract. However, the shipowner shall limit the total indemnification be paid to each crewmember by virtue of this article, to a sum equivalent to not less than three months of basic wages or its equivalent.

The shipowner shall be obliged to reimburse the crewmember in cash for the value of his personal effects lost or deteriorated during a shipwreck.

The captain or shipowner must obtain from the crewmembers a written declaration, listing the personal effects that they will be bringing on board and their corresponding value.

**ARTICLE 50.** The following are just reasons for a shipowner to end the employment relationship, without having to give any advance notice:

- a. Deception on the part of crewmember, through the presentation of false certificates that attribute to him qualifications, aptitudes or skills that he lacks;
- b. Should the crewmember participate in acts of violence, threats or insult against the shipowner or his superiors or other crewmembers while working for the shipowner, unless there is provocation;
- c. The disclosure or publication by the crewmember of technical secrets or reserved administrative matters that could be detrimental to the shipowner;
- d. Should the crewmember incur in serious dishonesty or lack of integrity, or should he commit crimes against the shipowner's property, the ship, or anyone on board the ship, or the charterer.
- e. Should the crewmember intentionally cause serious damage to the engines, installations, equipment, structure, or operation of the ship or the cargo being transported, while performing his duties or as a result of his work.
- f. Should the crewmember endanger the security of the ship, the cargo, or the persons on board the ship through his imprudence or inexcusable negligence.

This reason may be invoked when the crewmember's imprudence or negligence results in the violation of operational regulations or navigational safety requirements, as contemplated in generally accepted international shipping conventions;

- g. Should the crewmember openly and repeatedly refuse to adopt measures and procedures prescribed to prevent occupational hazards or material damage;
- h. Should the crewmember disobey orders received from his superiors, without justified cause and to the detriment of the shipowner.

- i. Should the crewmember be found in possession of illegal drugs, or should he present himself to work under their influence, or should he present himself to work in a drunken state.
- j. The crewmember's immoral or criminal conduct during the life of the contract, including participation in, complicity, and cover-up of illegal drugs, narcotics, and contraband; helping a stowaway board the ship, or allowing an unauthorized person to embark or disembark;
- k. Should the crewmember abandon his work, including his leaving the ship without authorization or refusing to work without a justified reason;
- l. Should the crewmember not be ready to board the ship at the time of departure, for which there should be a visible sign posted on board;
- m. For failing to assist the captain in case of an attack or disaster that could endanger the ship or the cargo, regardless of the nature of such attack or disaster;
- n. Being regularly unable or manifestly inefficient in the performance of his duties and in complying with his assigned tasks.

**ARTICLE 51.** A shipowner's right to end the employment contract with a crewmember for the reasons specified in Article 50 shall expire three months after the date when the invoked cause took place.

**ARTICLE 52.** A crewmember dismissed by virtue of Article 50 shall only be entitled to receive wages for the services rendered, for proportional annual leave, and for his repatriation.

**ARTICLE 53.** The crewmember may terminate the employment relationship and be entitled to receive the indemnifications stipulated in this Law Decree:

- a. When the ship is unseaworthy, as determined by the pertinent local, national or foreign authorities; or when the accommodation, food, and water given to the crewmembers are deficient or unsanitary and the captain fails to take the necessary measures to remedy those deficiencies within a reasonable period of time;
- b. Because of duly confirmed mistreatment or abuse on the part of the captain;
- c. Due to the shipowner's noncompliance with current laws and regulations relating to safety, health and sanitary measures, provided that the captain is aware or has been advised of the deficiencies and refuses to adopt the measures necessary to remedy them within a reasonable period of time;
- d. When salaries are not paid in the manner prescribed by law or in the contract;
- e. When the shipowner's imprudence or negligence seriously endangers the safety of the ship and those on board;

- f. Due to any action on the part of the shipowner or his representative to induce the crewmember to commit a crime;
- g. Should the crewmember have signed a contract for a specific trip which is later substantially modified.

**ARTICLE 54.** A crewmember's right to end the contract for the reasons specified in the previous article shall expire three months after the date when he first had notice of the occurrence.

**ARTICLE 55.** A shipowner may end an employment relationship established for an indefinite period of time without any justified cause provided for in to the law, by notifying the crewmember of the unjustified dismissal with thirty day's advance notice and by paying him the wages for his services, his proportional annual leave, the repatriation expenses, and the indemnification established by law. The period of advance notice shall be counted beginning on the first day after the notification of dismissal. Whenever the shipowner fails to notify the crewmember of an unjustified dismissal with a 30-day advance notice, he shall pay the crewmember the sum equivalent to the period of the advance notice.

**ARTICLE 56.** In the case of an Employment Contract for an indefinite period of time which ends with a dismissal without a justified reason, the crewmember shall be entitled to receive indemnification according to the following, uncombinable scale:

- a. For time in service from one (1) to five (5) months, 20% of the monthly wages.
- b. For time in service of more than five (5) and up to eleven (11) months, 30% of the monthly wages.
- c. For time in service of more than eleven (11) and up to twenty-three (23) months, 100% of the monthly wages.
- d. For time in service of more than twenty-three (23) and up to thirty-five (35) months, 300% of the monthly wages.
- e. For time in service of more than thirty-five (35) and up to sixty (60) months, 400% of the monthly wages.
- f. For time in service of more than sixty (60) months, 600% of the monthly wages.

For the purposes of this article, the term monthly wages shall mean the sum that is most favorable for the crewmember between the average wages earned during the past six (6) months and the last monthly wages earned.

**ARTICLE 57.** When the Employment Contract is for a definite period of time, the shipowner who ends the contract without a justified cause before its expiration date shall pay the crewmember the basic wages he would earn during the remainder of the contract as indemnification.

**ARTICLE 58.** The following rules shall apply to prescription:

- a. All actions not having a special expiration date in this Law Decree shall prescribe in one (1) year.
- b. Actions derived from occupational hazards shall prescribe in two (2) years. Nevertheless, they shall prescribe in three (3) years when a crewmember not protected by the Social Security against occupational hazards continues to work for the same shipowner without claiming the corresponding indemnification, or when the shipowner continues to recognize all or part of the wages to the victim or his beneficiaries;
- c. The prescription period shall begin on the date of the dismissal or termination of the employment relationship, except in cases involving occupational hazards, when it shall begin on the date that the incident occurred.

## **CHAPTER FIVE ACCOMODATION AND FOOD**

**ARTICLE 59.** The shipowner shall provide the crewmembers on board the ship accommodation facilities that are conveniently installed, ventilated and illuminated, as well as in proportion to the number of occupants and reserved exclusively for their use.

The Panama Maritime Authority shall determine the conditions for those accommodation facilities, pursuant to the international agreements ratified by Panama or the national laws on the subject.

**ARTICLE 60.** Inspections to ensure compliance with the provisions mentioned in the previous article shall be conducted in accordance with instructions issued by the Panama Maritime Authority.

**ARTICLE 61.** The food for crewmembers shall be varied, sufficient, healthy and, in each case, shall be appropriate to the ship's trade, and it shall follow the guidelines set forth in the ship's internal regulations.

**ARTICLE 62.** The Panama Maritime Authority shall establish the guidelines for an inspection system with respect to the following:

- a. Water and food supply;
- b. All facilities and areas used to store and handle food and water;
- c. The kitchen and other facilities used to prepare and serve food; and
- d. The certificates of competency of the vessel's catering staff, pursuant to national laws and international agreements ratified by Panama.

**ARTICLE 63.** Any crewmember who finds that the international agreements or national laws regarding the subject matter regulated in this chapter are not being complied with, is entitled to present his complaint in writing to the Panama Maritime Authority.

**ARTICLE 64.** Throughout the journey, the captain or an officer especially appointed by the captain for this purpose, accompanied by a responsible member of the catering staff, shall conduct periodic inspections of the following:

- a. Water and food supplies.
- b. All the areas and facilities used for storing and handling food and water, as well as the kitchens and any other installation used to prepare and serve food. The results of each inspection shall be registered in writing in the Official Log.

**ARTICLE 65.** The Panama Maritime Authority or its duly authorized representative shall conduct special inspections whenever written complaints are received from the majority of the crewmembers or from a reputable organization of shipowners or seafarers.

In order to prevent delays in the ship's departure, complaints must be presented as far in advance as possible, and at least forty-eight hours prior to the ship's scheduled departure time. If the inspection is not carried out, the ship may not be detained for that reason.

**ARTICLE 66.** The Panama Maritime Authority or its duly authorized representative may make recommendations to the shipowner, the ship's captain, or any other responsible person in order to improve the ship's catering service.

**ARTICLE 67.** The Panama Maritime Authority shall prepare an annual report containing the information collected on accommodation and food, which report shall be available to all interested organizations and individuals.

## **CHAPTER SIX WORK ON BOARD**

**ARTICLE 68.** The normal working hours on board the ship should be agreed upon in the Employment Contract.

Working hours that exceed the daily limits established in the contract shall be considered overtime and the interested person is entitled to compensation that must be defined in the collective or individual employment contract; however, under no circumstance should this hourly compensation rate be less than the basic hourly wage rate increased by twenty five percent (25%).

Instead of cash payment for overtime, collective or individual employment contracts may provide for a compensation consisting of an exemption from service and presence on board or another form of compensation.

**ARTICLE 69.** The guidelines established in the previous article shall not apply to the following personnel:

- a. The Captain;
- b. The Chief Engineer;
- c. The Steward, Purser;
- d. Any other officer in charge of a service but with no watchkeeping duties;
- e. Any person who is basically self-employed;
- f. Any person who is only paid a commission or mainly through participation in the profit.

**ARTICLE 70.** For the purposes of this Law Decree, the time used to carry out the following tasks shall not be included in the normal working hours and shall be regarded as overtime:

- a. Emergency work when the safety of the ship, cargo or persons on board is in danger;
- b. Work demanded by the captain to help other ships or persons in danger;
- c. Roll calling, fire and search and rescue drills and other exercises similar to those determined by the International Convention on the Safety of Life at Sea in effect at the time;
- d. Special work demanded by customs, quarantine or other sanitary formalities;
- e. Normal and indispensable work that officers must carry out in order to determine the ship's location and for celestial navigation or weather observations;
- f. The extra time required for the normal relief of personnel on watchkeeping duty.

**ARTICLE 71.** None of the guidelines established in this Law Decree shall be interpreted to go against the captain's right and duty to demand the carrying out of work that he deems necessary to guarantee the safe and efficient operation of the ship, or against the duty of an officer or subordinate member to carry out such work.

**ARTICLE 72.** Work of such a nature that it poses risk additional to that involved in normal work shall be paid in accordance with the employment contract signed between the seafarer and the employer, or in accordance with the guidelines established in the collective agreements.

**ARTICLE 73.** Crewmembers are entitled to annual paid leave, as agreed in the employment contract and international agreements, and according to the ship's trade.

**ARTICLE 74.** Remuneration for the annual leave may include payment for food, with due respect paid to existing norms and practices.

**ARTICLE 75.** The shipowner's and seamen's organizations may sign collective agreements.

**ARTICLE 76.** Before taking a collective conflict before the Maritime Labor Courts, either side may request the assistance of a mediation official from the Panama Maritime Authority or his authorized representative, in order to seek a mediated solution to the conflict.

**ARTICLE 77.** Seamen's organizations should file the petitions, aspirations and complaints they deem convenient.

In the absence of such organizations, any crewmember on board the ship may file his own petitions, aspirations and complaints in writing to the shipowner or his representative.

**ARTICLE 78.** In solving collective conflicts, either of a legal or financial nature, the parties involved shall follow the guidelines established in article 2 of this Law Decree.

**ARTICLE 79.** The laws and regulations established in the National Constitution and the international conventions signed by Panama shall apply when hiring minors to work on board ships under the Panamanian registry.

## **CHAPTER SEVEN THE SHIPOWNER'S OBLIGATIONS IN CASE OF SICKNESS OR ACCIDENT**

### **TITLE I OCCUPATIONAL HAZARDS IN CASE OF ACCIDENT**

**ARTICLE 80.** Occupational hazards are accidents that seamen are exposed to as a result of the work they perform for the shipowner.

**ARTICLE 81.** For the purposes of this Law Decree, an occupational accident is any bodily injury or functional disorder that the worker may suffer, be it while performing his duties or as a result of his work, and whenever the accident is caused by an outside sudden or violent action or because of the effort exercised.

**ARTICLE 82.** The Panama Maritime Authority shall approve a minimum compensation table for occupational hazards to which seafarers are exposed due to the type of work they undertake on behalf of the shipowner.

**ARTICLE 83.** When applying the table for compensation of occupational hazards to which seafarers are exposed to as a result of the work they perform for the shipowner, the following shall not be regarded as occupational accidents:

1. Those intentionally caused by the worker;

2. Those resulting from a serious fault committed by the worker, such as proven disobedience of express orders, willful or obvious noncompliance with guidelines established in the Regulations to Prevent Occupational, Safety and Industrial Hygiene Hazards, as well as voluntary drunkenness, save in the case where the employer or his representative have authorized the worker to carry out his duties in such condition or to be in any other way under the influence of illegal drugs.

## **TITLE II OCCUPATIONAL HAZARDS IN CASE OF ILLNESS**

**ARTICLE 84.** The shipowner shall provide insurance coverage for health risks resulting from any illness that ensues during the period that lapses between the date stipulated in the Employment Contract to begin working and the contract's date of expiration.

**ARTICLE 85.** The shipowner is relieved of any responsibility with respect to illness should it be fully confirmed that the crewmember refused to undergo a medical exam and when this is duly confirmed by the corresponding authorities of the Panama Maritime Authority.

**ARTICLE 86.** The assistance that shipowners should provide crewmembers must include:

- a. The cost of medical, surgical and hospital expenses, and the supply of medication and other therapeutic means of good quality and in the amount required by the crewmember.
- b. The cost of food and accommodation while receiving the aforementioned medical treatment.

**ARTICLE 87.** The shipowner shall be responsible for providing assistance to the crewmember until he fully recovers from his illness or injury, or until the permanent nature of the illness or disability is confirmed.

**ARTICLE 88.** In the case of workers covered by the Social Security system, the special laws of the Caja de Seguro Social and the laws on occupational hazards shall apply.

**ARTICLE 89.** When illness results in the crewmember's disability, the shipowner shall pay him his full wages during the time the sick crewmember is on board, or while he is on land until his complete recovery, or until the permanent nature of his illness is confirmed, or until the respective contract expires.

However, in the case of a person who has disembarked, the shipowner's liability for wages shall be limited to a period of up to twelve months, counted from the time when the crewmember's illness began. In the case of international passenger ships, this period shall not exceed thirty (30) days.

**ARTICLE 90.** The shipowner shall pay the usual burial expenses in the event the crewmember dies after disembarking, if at the time of death he was still receiving assistance from the shipowner as a result of illness.

**ARTICLE 91.** The shipowner or his representative shall take all measures to protect the personal belongings left behind by the sick, injured, or deceased crewmember.

**ARTICLE 92.** Lawsuits with respect to the shipowner's obligations under this chapter shall be settled quickly and inexpensively, using an abbreviated or similar process before the respective Maritime Labor Courts in the Republic of Panama, to the exclusion of any other court, except when agreed in writing between the shipowner and the crewmember as part of the Employment Contract.

## **CHAPTER EIGHT FISHING AND DOMESTIC SERVICE SHIPS**

**ARTICLE 93.** Employment relations between the shipowner and crewmembers of ships in domestic service and commercial fishing ships shall be regulated by the special rules contained in this chapter and by other general provisions of this Law Decree which are not to the contrary.

The special rules contained in this chapter shall not apply to fishing vessels in international service.

**ARTICLE 94.** Fishermen shall only be paid in the following manner:

- a. By establishing guaranteed wages, composed of basic wages that will not be lower than the legal minimum wage plus a percentage of the product caught per trip, which shall not be less than three percent (3%) of such product, prorated amongst the crewmembers, and deducting only the direct expenses caused by the trip on board the ship where the crewmember works.
- b. By establishing wages based on production, as represented by a percentage of the proceeds from the fish caught in each trip, and deducting only the expenses directly related to the trip. The percentage of the proceeds shall be distributed amongst all the crewmembers, and shall only be agreed upon when the shipowner can guarantee to each crewmember that the wages resulting from that percentage shall in no case be less than the guaranteed wages mentioned in clause a) of this article.

Only those expenses for fuel, lubricants, food, refrigeration, and bait shall be considered directly as being related to the trip.

The basic wages corresponding to the guaranteed wages should include:

1. Remuneration for the weekly days of rest, and remuneration for holidays or national days of mourning when the crewmember works on board the ship, which will be paid with a fifty percent (50%) surcharge over the regular daily wages.

2. Remuneration of one (1) additional day of rest for each eight (8) days of service on board the ship, as compensation for the overtime worked during the trip.

**PARAGRAPH:** The provisions of Article 45 of this Decree Law shall apply to fishing and domestic service vessels.

**ARTICLE 95:** It is understood that along with the salary based on production that is mentioned in clause b, of the previous article, the crewmember is being paid for his weekly days of rest, national holidays or national days of mourning worked during the trip, as well as for the additional day of rest that the crewmember is entitled to for each eight (8) days of service on board the ship, as compensation for the overtime worked during the trip.

**ARTICLE 96.** The crewmember should be paid his wages as soon as the proceeds from the catch have been calculated, but in all cases, payment should be made within the three (3) working days immediately following the termination of the trip.

**ARTICLE 97.** The shipowner shall provide the accommodation and food for the crewmembers during the trip and these shall not be regarded as part of their wages. Likewise, proceeds from any extra catch given by the shipowner to the crewmembers shall not be considered part of the wages.

Accommodation facilities shall be installed with proper lighting and ventilation and protected against the weather.

Food shall be varied, sufficient and healthy, and there should be sufficient drinking water that is free of any contamination.

**ARTICLE 98.** In the case of fishing vessels and according to tradition, the employer may advance wages to the worker before each trip. The sums paid in advance may be deducted from the crewmember's salary when he is paid for the trip, after the employer has made the first compulsory deductions from his wages.

**ARTICLE 99.** For each weekly day of rest and holiday worked during the trip, the worker shall be entitled to receive, as compensation, one (1) day off ashore. That day off shall be granted at least before the third trip begins.

In addition, each crewmember shall enjoy one (1) additional day off ashore for each eight (8) days worked on board, as compensation for the total number of overtime hours worked during the trip. The days off shall be granted prior to the third trip.

**ARTICLE 100.** Crewmembers of fishing and domestic service vessels shall be hired through an employment contract. In addition to the crewmember's general information and classification, the contract should include all the details concerning time, route, working conditions, wages and the process for ending contracts, as established in subsequent articles.

**ARTICLE 101.** Labor contracts per trip or per season shall be allowed, provided that such a condition is clearly stated in the written contract.

For that purpose, a season is defined as the time that elapses between the end of a closed fishing season and the beginning of a new one, as decreed by the Executive Branch.

When four (4) or more contracts per trip are signed consecutively to work on board one fishing vessel, the employment relationship shall be extended for the rest of the season. When a crewmember works on a fishing vessel for three (3) or more consecutive seasons, the employment relationship shall become indefinite.

**ARTICLE 102.** In the case of employment relationships on fishing and domestic service vessels, the shipowner may end a relationship for a season or for a definite period of time before its natural date of expiration, or the employment relationship for an indefinite period of time without a justified cause established by law and without having to give the worker any advance notice, by paying the crewmember the indemnification stipulated in Article 56 of this Law Decree.

To determine the amount of the indemnification, the monthly wages shall be the average wages received during the last six (6) trips, or during all the previous trips, if fewer than six.

If the crewmember is hired by trip and the trip is canceled before it begins due to *force majeure*, the shipowner may end the employment relationship without any responsibility whatsoever on his part.

**ARTICLE 103.** In addition to the general grounds foreseen in Article 50 of this Law Decree, the following are special grounds for the justified dismissal of crewmembers working on fishing vessels:

- a. A serious delay or absence by the worker at the ship's time of departure, or his refusal to board the ship without justified reason, provided the worker was notified in writing of the date and time of the ship's next departure when he was paid for the previous trip.
- b. The approval or unauthorized delivery to third parties, for any reason, of the fishing products or of the ship's cargo or equipment.
- c. Should the crewmember intentionally cause damage to the ship's engines, installations, equipment or structure.
- d. Should the crewmember, out of imprudence or inexcusable negligence, endanger the safety of the ship's equipment or the quality and overall condition of the catch.
- e. Shipwreck or loss of the vessel, provided it be caused by the crewmember's negligence.

**ARTICLE 104.** The crewmember may end the employment contract for an indefinite period of time without a justified reason, provided he does so while in port and that he gives the shipowner an advance notice at least equivalent to the duration of the previous trip.

**ARTICLE 105.** The following are grounds for a temporary suspension of the employment relationship:

- a. Due to a closed season for particular species that may be voluntarily established, in accordance with the generally accepted practices of the respective fisheries.
- b. A closed season for particular species decreed by the competent authority; in such cases, the suspension shall not require a declaration from the administrative labor authority.
- c. Material or mechanical damage that prevents the ship's commercial activities.
- d. Illness or accident not related to the worker's occupation, which temporarily disables the worker, when it exceeds the amount of sick leave accrued, and for a period not to exceed six (6) months. This suspension shall be effective on the date the worker becomes disabled, as specified in the certification issued by a doctor working for the State or for the Social Security (Caja de Seguro Social).
- e. Should the worker be disabled by an accident or a sickness related to his occupation, provided his condition is not absolutely permanent.
- f. Should the worker be granted a temporary license or permit by his employer, at the former's request.
- g. Due to force majeure, when it has the necessary, immediate and direct consequence of temporarily extending the ship's activities.

The employer must prove the grounds for the suspension before the General or Regional Labor Directorate, within the five (5) days following the date of the suspension, except in the cases foreseen in letter b. above.

**ARTICLE 106.** Regardless of the type of contract, it is always the shipowner's duty to disembark the fisherman at the port of origin, or at any other port within the national territory before ending the employment relationship.

Should the fisherman disembark at a port different from the port of origin, the shipowner shall pay him for the usual transportation cost from the port where he disembarks to the port of origin. This obligation shall not apply when the fisherman decides to board another ship, while at the port of disembarkation. This regulation shall not apply in case the worker resigns, except when the resignation is based upon justified reasons, or if the worker abandons work.

**ARTICLE 107.** The signing of rental or other contracts with crewmembers in order to evade liability for labor benefits is prohibited.

**ARTICLE 108.** The Ministry of Labor and Labor Development shall fine fishing and domestic and national service ships not complying with the guidelines of this Law Decree.

The fines shall not be less than fifty Balboas (B/.50.00) and shall not exceed two hundred and fifty Balboas (B/.250.00).

In the case of contempt or second offense, the fine shall be two hundred and fifty Balboas (B/.250.00) to one thousand five hundred Balboas (B/.1,500.00).

These fines shall be imposed taking into account the seriousness of the fault and the economic condition of the infractor.

**ARTICLE 109.** The Ministry of Labor and Labor Development shall authorize the hiring of foreign crewmembers to work within the national territory, given the certification of the Panama Maritime Authority that there are no qualified professionals available to perform the type of work required. In that case, the shipowner or his representative shall be entitled to a period of three (3) months in which to start training a Panamanian crewmember.

**PARAGRAPH:** The wages earned by a crewmember during his training period shall not be less than the wages earned by the assistant to the position for which he is being trained.

## **CHAPTER NINE PREVENTION OF SEAFARER'S LABOR ACCIDENTS**

**ARTICLE 110.** The Panama Maritime Authority shall issue regulations concerning safety and the prevention of accidents on board ships.

**ARTICLE 111.** The regulations mentioned in the previous article shall cover the prevention of occupational hazards, and they shall refer to all general regulations for accident prevention and health protection while on the job that are applicable to the crewmember's work, as well as establish measures to prevent accidents related to maritime work.

**ARTICLE 112.** The regulations shall include those related to industrial security that may affect the work carried out on board ship.

**ARTICLE 113.** The shipowner, the captain and his crew shall strive to prevent accidents, in accordance with the pertinent international and national regulations.

## **CHAPTER TEN INSPECTIONS**

**ARTICLE 114.** An essential mission of the Panama Maritime Authority or its representative is to ensure the implementation of this Law Decree and of other laws and regulations relating to the working conditions of crewmembers on National Merchant Marine ships.

**ARTICLE 115.** Pursuant to applicable international conventions, the Panama Maritime Authority or the person it designates shall, in coordination with the corresponding port authorities or their representatives holding documents that prove their condition, be authorized to:

- a. Inspect any Panamanian-flag ship. It is understood that the time and circumstances for such visits shall be determined so as to prevent, as much as possible, any serious inconvenience to the ship's trade;
- b. Conduct the necessary investigations and interrogate the ship's personnel, as well as any other person whose territory could be useful; request submission of all ship documents required under Panamanian laws and international agreements with respect to the subject of the inspection;
- c. Prepare a written report, noting the irregularities or violations the ship may be committing, or confirming its compliance, in accordance with current regulations and the international agreements ratified by Panama.

**ARTICLE 116.** The Panama Maritime Authority or its duly authorized representatives shall not disclose secret commercial matters they may be privy to while exercising their duties. Any violation of this rule shall be subject to penal and/or administrative actions according to the law.

**ARTICLE 117.** In case of violations of current regulations or international agreements on health and labor conditions that have been ratified by Panama, the Panama Maritime Authority shall take the measures it deems necessary to correct those deficiencies, including detention of the respective ship.

**ARTICLE 118.** Whenever possible, labor and maritime safety inspections shall be coordinated and carried out simultaneously in order to avoid unnecessary prejudice to maritime navigation and trade.

**ARTICLE 119.** On the basis of its own investigations or of those conducted by a designated entity, the Panama Maritime Authority shall file a written report before the corresponding authorities, in which report it shall note the irregularities or violations discovered during the inspections and recommend appropriate penalty.

**ARTICLE 120.** The Executive Branch shall also earmark a sum equivalent to the amount collected in fines imposed as a result of violations to this Law Decree, to be used for labor inspections on board and for trade union educational programs.

# **CHAPTER ELEVEN**

## **SECTION I – OF COURT RULES**

### **GENERAL GUIDELINES**

**ARTICLE 121.** Two (2) Maritime Labor Courts are hereby created within the special labor jurisdiction, to be exclusively authorized to settle controversies in connection with work at sea and in navigable waterways, as follows:

A Maritime Labor Court for the Pacific Coast, with headquarters in the District of Panama, which shall have jurisdiction within the areas comprising the First, Third, Fourth, and Sixth Labor Sections, as established in current labor laws.

A Maritime Labor Court for the Atlantic Coast, with headquarters in the District of Colon, which shall have jurisdiction within the areas comprising the Second and Fifth Labor Sections, as established in current labor laws.

**ARTICLE 122.** Maritime Labor Judges and their alternates shall be appointed by the plenum of the Superior Labor Court, in accordance with the rules that regulate the Judicial Career Service.

**ARTICLE 123.** Maritime Labor Judges must meet the following qualifications:

1. Be a Panamanian citizen;
2. Be over 30 years of age;
3. Hold a university degree in law and have proven experience of not less than five (5) years in matters related to labor at sea and in navigable waterways;
4. Hold a certificate of professional competency issued by the Supreme Court of Justice;
5. Not to have been convicted for any fault or crime implying dishonesty, lack of probity, perjury, or violation of professional ethics.

**ARTICLE 124.** Maritime Labor Judges shall have the same duties, rights, and prerogatives as Sectional Labor Judges.

Subordinate personnel in these courts shall be appointed by the respective Judge, in accordance with the regulations of the Judicial Career Service.

The salaries of Maritime Labor Court personnel, as well as the expenses related to the administration of justice in those courts, shall be paid by the State.

**ARTICLE 125.** The provisions of Article 991 of Cabinet Decree No. 252, of December 30, 1971, shall regulate the way in which controversies resulting from the implementation of this Law Decree should be settled, except when the lawsuit is transferred, which should be done within ten (10) days.

Any vacuum in the rules of procedure applicable in accordance with the guidelines set forth in the previous paragraph shall be solved in accordance with the provisions of Book IV of the current Labor Code.

**ARTICLE 126.** An appeal may be filed before the Superior Labor Court against first instance resolutions issued by the Maritime Labor Courts, which put an end to the process or prevent its continuation, when the amount in question exceeds five hundred Balboas (B/.500.00).

**ARTICLE 127.** An appeal for reversal of a labor ruling may be filed against second instance resolutions issued by the Superior Labor Court to settle disputes resulting from the application of this Law Decree, within the limits established in Article 925 of the Labor Code.

**ARTICLE 128.** The provisions set forth in this chapter shall not prejudice the crewmember's right to resort to the regular maritime jurisdiction in order to obtain compensation for damages he may have suffered as a result of sickness or occupational accident.

## **SECTION II INTERNATIONAL PRIVATE MARITIME LABOR LAW NORMS**

**ARTICLE 129.** The labor relation will be based on the Ship Registration law regulating the ship where the crewmember works.

In the absence of international agreements, Panamanian Court Laws shall regulate the acceptance of evidence. Foreign laws on this subject shall be applied provided they do not violate the Panamanian public order.

Collective labor relations and incidental rights shall be regulated by the Law of the Flag State.

**ARTICLE 130.** The Court exclusively competent to try actions derived from the labor contract or labor relation shall be:

1. That of the Flag State of the vessel where the crewmember works.
2. The Court shall also retain its jurisdiction when the worker sequesters the ship, in compliance with the procedural requirements under Panamanian law.
3. The Maritime Court of Panama shall be authorized to settle complaints derived from non-contractual civil liability resulting from the employment relationship.

Judicial Cooperation may be allowed in order to obtain evidence requested by a foreign Court; however, the acceptance of such judicial cooperation does not imply recognition of the foreign court's competence, nor the duty to enforce the foreign sentence.

**PARAGRAPH:** Labor problems involving ships under foreign registry, as well as the complaints derived from non-contractual liability resulting from labor relations, shall be handled by the Maritime Court of Panama.

**ARTICLE 131.** All sentences issued by a foreign Court which are related to a claim under Maritime Labor Law, when certified as such by a Panamanian judge, shall be enforced provided they meet the following requirements:

1. The Court be competent to pronounce the sentence and the sentence does not violate the rules of judicial competence within our Maritime Labor Procedural System;
2. The sentence does not infringe Public Order regulations;
3. The parties have been personally notified; in other words, the sentence has not have been issued by default;
4. The sentence has been formerly adjudicated; and
5. The sentence has been duly authenticated and translated into Spanish, if necessary.

**ARTICLE 132.** The Exequatur Process should be formalized before the Fourth Court of General Transactions of the Supreme Court of Justice. Based on the nature of the claim, a period for the presentation of evidence, counter-evidence, and allegations shall be opened at that instance, until the process reaches a point where a decision can be made on whether or not to enforce the foreign sentence.

The foreign sentence may be invoked within a process when it is invoked as an exception or as a simple fact, without any need to go through the exequatur process for its confirmation.

**ARTICLE 133.** Foreign laws may be proven through an authenticated copy of the pertinent regulations, court decisions, doctrinal studies and rulings rendered by qualified lawyers, without detriment to the judge's right to investigate and submit ex officio evidence of the current foreign law.

## **CHAPTER TWELVE NATIONAL TRUSTEESHIP FOR NAUTICAL EDUCATION**

**ARTICLE 134.** A National Trusteeship for Nautical Education is hereby created as a technical institution under the Panama Maritime Authority. Its objective is to promote nautical education in the country, to provide necessary economic resources to grant loans or scholarships to nationals who wish to receive training that will qualify them to work at sea and in navigable waterways and, in general, to defray the costs and expenditures associated with promoting nautical education at all levels. This Trusteeship shall be responsible for managing and providing financial assistance for nautical education.

**ARTICLE 135.** The National Trusteeship for Nautical Education shall be composed of the following members:

- a. The Director General of Seafarers of the Panama Maritime Authority, or the official he appoints, who shall chair it;
- b. The Director of the Nautical School of Panama, who shall act as its Secretary General;
- c. A representative of the social organizations of seafarers duly registered at the Labor Ministry, to be selected from amongst lists of three candidates sent by each of those organizations to the Directorate General of Seafarers of the Panama Maritime Authority.
- d. A representative of the associations of merchant marine officers, to be selected from amongst lists of three candidates sent by each of those associations to the Directorate General of Seafarers of the Panama Maritime Authority.
- e. A representative of the shipowners, to be selected from amongst lists of three candidates sent by their associations to the Directorate General of Seafarers of the Panama Maritime Authority.
- f. An Executive Administrator, who has the right to speak but no to vote.

**ARTICLE 136.** A Nautical Education Assistance Fund is hereby created to fulfill the main objectives of the National Trusteeship for Nautical Education; it will operate with the following contributions:

- a. Three percent (3%) of the Educational Tax.
- b. Fifty percent (50%) of the money collected through fines imposed in accordance with this Law Decree.
- c. Budgetary allocations established by the State to this effect, which shall under no circumstances be less than the expenses for personnel administration, furniture, and an office for the trusteeship; and
- d. Any other contributions provided by other public institutions or private sources.
- e. This Fund shall be handled through a special account to be opened at the Banco Nacional de Panama.

**ARTICLE 137.** The Nautical Education Assistance Fund shall be managed by a Technical Committee, which shall have the following members:

- a. The Director General of Seafarers of the Panama Maritime Authority or the person he appoints, who shall chair it;
- b. The Director of the Nautical School of Panama or the person he appoints;
- c. The Executive Administrator of the National Trusteeship for Nautical Education.

**ARTICLE 138.** The members of the Technical Committee are authorized to sign for up to three thousand Balboas (B/.3,000.00) against the special account mentioned in Article 136 of this Law Decree.

**ARTICLE 139.** When expenditures exceed three thousand Balboas (B/.3,000.00), they shall require the approval of the absolute majority of the members of the National Trusteeship for Nautical Education, who shall authorize the expenditure in accordance with the regulations established by the Trusteeship to that effect.

**ARTICLE 140.** The Office of the Comptroller General of the Republic shall supervise the management of the Trusteeship in accordance with the pertinent legal provisions.

**ARTICLE 141.** The Executive Branch shall regulate the operation, internal organization, and other aspects of the Nautical Education Assistance Fund.

**ARTICLE 142.** Loans and scholarships granted by the National Trusteeship for Nautical Education shall be approved by the absolute majority of members of the Trusteeship, according to the regulations established to that effect. Approved loans shall be signed in accordance with the terms and conditions usually required by the Institute for the Development and Promotion of Human Resources (I.F.A.R.H.U.) of its borrowers, except with respect to the amount of the loan.

Interest accrued through loans granted by the Trusteeship shall enjoy the same fiscal privileges as loans granted by the I.F.A.R.H.U., and may, therefore, be deducted from the borrower's income tax.

Overdue payments for these loans shall be collected through the National Trusteeship for Nautical Education.

**ARTICLE 143.** This Law Decree repeals Articles 251 through 278 of Cabinet Decree No. 252, of December 30, 1971, and any other regulation contrary to it.

**ARTICLE 144.** This Law Decree shall go into force sixty (60) days after its promulgation in the Official Gazette.