

LAW No. 57

Of 6 August 2008

The General Merchant Marine

THE NATIONAL ASSEMBLY

DECREES:

Title I

Enrollment

Chapter I

Registration of Vessels

Section 1

General Provisions

Article 1. The registration of a vessel is the legal act whereby the Republic of Panama shall admit a vessel to the National Merchant Marine, enabling it to hoist the national flag, on the application of the owner, and upon his compliance with the provisions of this Law.

Any vessel registered with the National Merchant Marine shall comply with Panamanian law regardless of its location.

Panama City shall be recognized as the port of registration for any vessel registered in the Merchant Marine of Panama.

Article 2. The Merchant Marine shall be comprised of vessels engaged in foreign trade and vessels engaged in domestic trade. The General Directorate of the Merchant Marine shall classify vessels registered in the Merchant Marine in accordance with any parameters deemed appropriate, and shall establish the requirements for each specific category.

The Panamanian State, its agencies or public servants, shall not be liable for any actions pertaining to the registration, to any documentation pertaining to the vessel or to any seamen, or for any other acts carried out pursuant to their duties.

Article 3. Any individual or legal entity may, without any special requirement as to nationality or domicile, register one or more vessels owned by it, in the Merchant Marine, upon compliance with the requirements and formalities provided therefor.

Article 4. In order to register a vessel in the Merchant Marine its owner must submit a formal application, pay any applicable fees, rates and taxes, and provide any document required by the General Directorate of the Merchant Marine. The Panama Maritime Authority may use any electronic medium available in the market for such purpose.

Article 5. Notwithstanding the owner's compliance with the requirements mentioned in the preceding article, the General Directorate of the Merchant Marine may refuse to register any vessel in the National Merchant Marine if it considers that said registration would be detrimental to the interests of Panama, or to domestic or foreign shipping, after taking the following considerations into account:

1. Any rules contained in international Conventions, particularly those in relation to maritime safety and security, the prevention of pollution, offenses committed on board vessels, drug trafficking, the trafficking of persons, money laundering, and fishing regulations.
2. The working conditions of any seamen.
3. The vessel's condition, age, previous record and its activities.
4. Any inconvenience caused as a result of political or economic conflict with any other State or groups of States.
5. Any indication that the vessel is being used for illegal activities.
6. On any other grounds provided by the Panama Maritime Authority due to technical or market strategy conditions.

Article 6. Any vessel registered in the Merchant Marine engaged in foreign trade may request a change to domestic trade or vice versa. The General Directorate of the Merchant Marine may authorize vessels to engage in both types of trade. In any of these cases, vessels shall be subject to any of the additional requirements provided for the type of trade in which they wish to engage. These changes do not require the vessel's deletion from its original registry, therefore, no deletion fees shall be payable.

Article 7. Confirmation of payment of the annual corporate tax shall not be required in order to register at the Public Registry, any title deed, discharge of mortgage, mortgage, or any other document relating to any vessel registered in the National Merchant Marine in which a Panamanian corporation may be involved. However, said confirmation of payment shall be delivered to the General Directorate of the Merchant Marine prior to securing a deletion of the vessel from the Panamanian Register.

Article 8. The General Directorate of the Merchant Marine shall regulate the general and special procedures and requirements to be complied with by ships and Merchant Marine users in accordance with, among others, the ship's type and size, its technical condition, the type of trade engaged in, the size of the fleet, its country of origin, the area of operation, and any market conditions. For this reason and pursuant to a considered resolution, it may waive payment of any charges, fees, and rates, to promote the expansion of the Panamanian merchant fleet.

Section 2

Name of the Vessel

Article 9. A vessel to be registered in the Merchant Marine cannot not be registered with the name of any other vessel registered with Panama's Merchant Marine. The name shall be printed on the ship's hull and the vessel shall also be required to hoist the national flag subject to any conditions prescribed by the General Directorate of the Merchant Marine.

Article 10. The prior approval of the General Directorate of the Merchant Marine shall be secured for the change of name of any vessel registered in the Merchant Marine, and the owner shall be obliged to update the vessel's documents in order to record the vessel's new name on the navigation license, radio license, technical certificates and any other document.

Article 11. Once the vessel's change of name has been authorized, the General Directorate of the Merchant Marine shall issue a new certificate of registration with evidence of the vessel's new name and the change shall be notified to the Public Registry of Panama.

Article 12. On the application of any interested party, the General Directorate of the Merchant Marine may reserve any name which may be subsequently used to register a vessel in the Merchant Marine. The General Directorate of the Merchant Marine shall regulate the procedure, the requirements and the cost of this reservation.

Section 3

Vessels engaged in Foreign Trade

Article 13. In the case of vessels engaged in foreign trade, the application for registration shall be submitted through an attorney qualified to practice law in Panama if it is submitted directly to the General Directorate of the Merchant Marine; or it shall be submitted through the owner of the vessel or through his representative if the application is submitted through a Consulate, through any one of Panama's Economic and Commercial Offices, through any other overseas entity authorized therefor by the Panama Maritime Authority, or through any electronic medium allowed by the Panama Maritime Authority.

An application for registration submitted directly to the General Directorate of the Merchant Marine by an attorney qualified to practice law in Panama may include a request for the navigation license and radio license to be issued through the General Directorate of the Merchant Marine, through a Consulate, through any one of Panama's Economic and Commercial Offices, or through any other overseas agency authorized therefor by the Panama Maritime Authority.

Article 14. The General Directorate of the Merchant Marine shall indicate the information or documents required to register a ship, or to renew or amend its registration.

The General Directorate of the Merchant Marine may exempt any of the parties, at their request, from having to submit any of the documents required for enrollment, granting them a term of thirty days within which they shall have to be submitted.

Article 15. The following documents shall be submitted with any application for registration of a vessel engaged in foreign trade in the Merchant Marine:

1. Original copy of the instrument issued by the owner, appointing the resident agent, to be authenticated if issued abroad.
2. *Prima facie* evidence of the vessel's ownership or of the intention to acquire said ownership.
3. Proof of payment of any corresponding taxes, rates and fees.
4. Any additional document required by the General Directorate of the Merchant Marine.

The General Directorate of the Merchant Marine may exempt any of the parties, at their request, from having to submit any of the abovementioned documents required at the time the application for registration is submitted, granting them a term of thirty days within which they shall have to be submitted.

Once the application for registration is accepted and all corresponding fees, rates and taxes are paid, the General Directorate of the Merchant Marine shall issue a certificate of registration containing any of the vessel's particulars deemed appropriate by the General Directorate of the Merchant Marine, as evidence of the vessel's enrollment in Panama's Merchant Marine. Likewise, the General Directorate of the Merchant Marine shall issue the corresponding navigation license and radio license if the vessel is seaworthy.

The General Directorate of the Merchant Marine shall regulate the procedures, formalities and the issue of the certificate of registration.

Any documentation issued by the General Directorate of the Merchant Marine, or on its behalf, to be carried on board ships engaged in foreign trade, shall be printed in Spanish and English.

Article 16. The Panama Maritime Authority may use any of the national emblems of the Republic of Panama on technical documents carried on board Panama-flagged ships.

Section 4

Vessels engaged in Domestic Trade

Article 17. In the case of vessels engaged in domestic trade, the application for registration shall be submitted directly to the General Directorate of the Merchant Marine, to any other agency of the Panama Maritime Authority authorized therefor by the owner of the vessel or

by his representative, without requiring the assistance of an attorney. The General Directorate of the Merchant Marine shall establish a special registration system for vessels trading in domestic waters to include floating equipment used for recreational activities, together with the rates to be charged for this service.

Article 18. The General Directorate of the Merchant Marine shall establish any information or documents required for the registration of a vessel engaged in domestic trade, or for the renewal or amendment of its registration, together with any requirements for the operation of any vessel navigating in waters within the jurisdiction of Panama.

Article 19. The General Directorate of the Merchant Marine may establish a special system of rates for vessels engaged in domestic trade calculated on the basis of their shipping routes, type of operation, rate of renewal of the fleet, and the social nature of the operation.

Article 20. The following documents shall be submitted with the application for registration in the Merchant Marine of a vessel engaged in foreign trade:

1. Tonnage Certificate and Valuation Certificate.
2. *Prima facie* evidence of the vessel's ownership or of the intention to acquire said ownership.
3. Original or authenticated copy of the Builders' Certificate or evidence of deletion from the previous ship register, to be duly authenticated if issued abroad. The General Directorate of the Merchant Marine may exempt any of the parties, at their request, from having to present either of these documents on the date that the application for registration is submitted, granting them a period of thirty days within which they shall have to be submitted.
4. Proof of payment of any import duties or proof that the appropriate bond has been deposited with the General Directorate of Customs, or any document confirming that the vessel is exempt from paying import duties, as applicable.
5. Vessels engaged in activities of a non-commercial nature shall submit an original copy of the Sworn Statement of Private Use stating that the vessel will not be used for commercial purposes, to be duly authenticated if issued abroad.
6. Any other document requested by the General Directorate of the Merchant Marine.

Article 21. Once the application for registration is accepted and all corresponding fees, rates and taxes are paid, the General Directorate of the Merchant Marine shall issue a certificate containing any of the particulars of the vessel deemed appropriate by the General Directorate of the Merchant Marine as evidence of the vessel's enrollment in Panama's Merchant Marine. Likewise, the General Directorate of the Merchant Marine shall issue the corresponding Certificate of Registration and Radio License if the vessel is seaworthy.

Article 22. Any vessel engaged in domestic trade shall possess the applicable maritime safety certificates issued by the General Directorate of the Merchant Marine or by a Recognized Organization, as authorized for such purpose by the Panama Maritime Authority.

Section 5

Navigation License and Radio License for Vessels

Engaged in Foreign and Domestic Trade

Article 23. Once the requirements established for such purpose have been complied with, the General Directorate of the Merchant Marine shall issue a provisional navigation license and a provisional radio license valid for up to six months, during which time all further requirements for securing the statutory navigation license and statutory radio license shall be complied with.

The General Directorate of the Merchant Marine may limit the period of validity of provisional navigation licenses and of provisional radio licenses to periods less than six months, according to the specific circumstances of certain types of vessels or those of any particular vessel.

Article 24. If the vessel has not been issued a statutory navigation license or statutory radio license upon the expiration of the six month term, the General Directorate of the Merchant Marine shall grant an additional six months for the documents required to obtain the statutory navigation license or the statutory radio license, to be submitted. If the statutory navigation license and the radio license have not been issued upon the expiration of this additional term, the General Directorate of the Merchant Marine may grant additional extensions provided it can be proved that the reason for the failure to submit the required documents cannot be attributed to the owner of the vessel.

The General Directorate of the Merchant Marine may limit the period of validity of any extension provided for obtaining a provisional navigation license and a provisional radio license according to the specific circumstances of certain types of vessels or those of any particular vessel.

The General Directorate of the Merchant Marine shall periodically review vessels operating under prolonged extensions with the purpose of determining whether their non-compliance merits the imposition of any of the penalties provided by this law.

Article 25. The Board of Directors of the Panama Maritime Authority shall establish any surcharges payable for additional extensions granted after the second extension.

Article 26. Statutory navigation licenses and statutory radio licenses for vessels engaged in foreign and domestic trade shall be valid for up to five years.

The General Directorate of the Merchant Marine may limit the validity of statutory navigation licenses and statutory radio licenses to periods of less than five years, according to the specific circumstances of certain types of vessels or those of any particular vessel, and according to Panama's best interests.

Article 27. The following documents must be submitted in order to obtain a permanent certificate of registration:

1. Evidence that the vessel's title deed has been registered at the Public Registry of Panama.
2. Original copy of the document issued by the owner appointing the resident agent, to be duly authenticated if issued abroad.
3. Original or authenticated copy of the certificate of deletion from the previous register or builders' certificate in the case of newly built vessels, or any document attesting to the court-ordered sale, to be duly authenticated if issued abroad.
4. Technical and safety certificates and documents requested by the General Directorate of the Merchant Marine in accordance with the vessel's type of operation, its cargo, and any other pertinent considerations.
5. Evidence that the vessel has satisfactorily complied with the General Directorate of the Merchant Marine's inspection requirements.
6. Receipt of payment for any payable fees.
7. Any other requirement prescribed by the General Directorate of the Merchant Marine.

Vessels engaged in domestic trade shall not be required to submit the document appointing a resident agent referred to in paragraph 2 if the application for registration has been submitted directly by the owner.

Article 28. To obtain a statutory radio license, a vessel must be tax-cleared and must be in possession of valid technical certificates, and must provide the following:

1. A duly completed radio license application form.
2. Receipt of payment for any payable fees.
3. Any other document or information required by the General Directorate of the Merchant Marine.

Article 29. To obtain a renewal of its navigation license and radio license, a vessel must be tax-cleared and must be in possession of valid technical certificates.

Article 30. If any of the vessel's particulars as they appear on the navigation license and/or radio license are no longer accurate due to any changes undergone by the vessel, the owner

shall submit an application for a new navigation license and/or radio license including the vessel's accurate particulars.

Article 31. In the case of vessels engaged in domestic trade, this application may be submitted directly by the owner or by his representative to the General Directorate of the Merchant Marine, or at any other agency of the Panama Maritime Authority authorized therefor, or through any electronic medium established by the Panama Maritime Authority, without requiring the assistance of an attorney.

In the case of vessels engaged in foreign trade, the application shall be submitted through an attorney qualified to practice law in Panama or through any electronic medium allowed by the Panama Maritime Authority, notwithstanding the fact that such application may provide that the new navigation license and radio license shall be issued directly by the General Directorate of the Merchant Marine, by a Consulate, by any of Panama's Economic and Commercial Offices, or by any other overseas agency authorized therefor by the Panama Maritime Authority.

Article 32. In the cases provided under Article 30, the General Directorate of the Merchant Marine reserves the right to request any type of certification or document to support any changes in the vessel's particulars.

Article 33. Once the new provisional navigation license and new provisional radio license are obtained, the owner shall submit any documentation required by the General Directorate of the Merchant Marine to obtain the statutory navigation license and statutory radio license. The provisions of this Section shall apply to the issue of these navigation licenses, radio licenses and their extensions.

Section 6

Updating Navigation Documents upon Transfer of Title

Article 34. In order to transfer the title of a vessel registered in the Merchant Marine intending to remain so registered, the owner of the vessel, the buyer or any of their representatives, shall apply for a new provisional navigation license and provisional radio license after the fees for the vessel's new navigation documents have been paid. The vessel shall be tax-cleared in connection with any of its obligations in Panama and shall be in possession of all applicable current technical and safety certificates prior to being issued with any new navigation documents.

Article 35. Any information to be provided or requirements to be met for this procedure shall be established by the General Directorate of the Merchant Marine, who may use any electronic medium for this purpose.

Article 36. The following documents shall be submitted with this application:

1. Original copy of the document issued by the owner appointing the resident agent, to be duly authenticated if issued abroad.
2. *Prima facie* evidence of the vessel's ownership or of the intention to acquire said ownership.
3. Public Registry certificate stating that the vessel is free of encumbrances or mortgagee consent form.
4. Any other document required by the General Directorate of the Merchant Marine.

The General Directorate of the Merchant Marine may exempt any of the parties, at their request, from having to submit any of the documents mentioned in paragraphs 1 and 2 at the time that the application for registration is submitted, granting them a term of thirty days within which they shall have to be submitted.

Article 37. In the case of vessels engaged in domestic trade, this application may be submitted directly by the owner or by his representative to the General Directorate of the Merchant Marine, or at any other agency of the Panama Maritime Authority authorized therefor, or through any electronic medium established by the Panama Maritime Authority, without requiring the assistance of an attorney.

In the case of vessels engaged in foreign trade, the application shall be submitted through an attorney qualified to practice law in Panama or through any electronic medium allowed by the Panama Maritime Authority, notwithstanding the fact that such application may provide that the new navigation license and radio license shall be issued directly by the General Directorate of the Merchant Marine or by a Consulate, by any of Panama's Economic and Commercial Offices, or by any other overseas agency authorized therefor by the Panama Maritime Authority.

Article 38. Once the new provisional navigation license and new provisional radio license are obtained, the owner shall submit any documentation required by the General Directorate of the Merchant Marine to obtain the statutory navigation license and statutory radio license. The provisions of Section 5 shall apply to the issue of these navigation licenses and radio licenses, and to their extensions, renewals and amendments.

Article 39. On the application of the new owner, the General Directorate of the Merchant Marine shall issue an updated certificate of registration for the vessel under Panama's Merchant Marine.

Section 7

Assignment of Particulars of Registration

Article 40. On the application of any of the parties, the General Directorate of the Merchant Marine may issue any vessel under construction and prior to its registration with a provisional navigation license number, a Mobile Maritime Radio Station number, a call

sign, and any other particulars required to identify a vessel and to process its documentation.

The assignment of the particulars referred to above shall have the same effect as registering the vessel in the Merchant Marine, from the date on which the certificate of registration is issued.

Article 41. Any information to be provided or requirements to be met for this procedure shall be established by the General Directorate of the Merchant Marine. The vessel's registration fee shall be paid prior to beginning this procedure.

Article 42. Once the preliminary particulars of registration are assigned, the owner shall have the right to use these particulars on any documentation prepared for the vessel during its construction, financing, or for any other technical and commercial operation which the owner of the vessel may be interested in.

Article 43. The owner of the vessel to whom the preliminary particulars have been assigned shall comply with the following obligations:

1. He shall complete the registration of the vessel in the Merchant Marine prior to the start of any voyage.
2. When the application for the assignment of the preliminary particulars is submitted, he shall notify any change in the vessel's information to the General Directorate of the Merchant Marine.

Article 44. If the owner does not comply with the obligations prescribed in this Section, the General Directorate of the Merchant Marine shall have the right to withhold any amounts received by way of registration fees.

Chapter II

Regulations for Deletion from the Ship Register

Section 1

General Provisions

Article 45. The General Directorate of the Merchant Marine shall, at the request of any of the parties or on its own motion, delete any vessels registered in the Merchant Marine, in accordance with the law. Upon the vessel's deletion from the Panamanian Register, the General Directorate of the Merchant Marine shall issue a certificate of deletion to be registered at the Public Registry, and it will send the appropriate notices to the International Maritime Organization and to any other entity as prescribed by the law.

Section 2

Deletion from the Register at the request of the Owner

Article 46. At the request of the owner, the General Directorate of the Merchant Marine shall delete any vessel from the Merchant Marine provided that:

1. The vessel is tax-cleared.
2. The vessel is free of encumbrances.

3. Deletion fees have been paid.
4. There is evidence of the applicant's name on the title deed. A duly authenticated original copy of the document shall be submitted if the document has been issued abroad.
5. There is evidence of deletion from the previous ship register or Builders' Certificate, as the case may be. If these documents have been issued abroad, then copies duly authenticated abroad shall be submitted.

Paragraph. The requirements listed in paragraphs 4 and 5 shall not apply if this information is already recorded at the General Directorate of the Merchant Marine.

Article 47. The application for deletion shall include:

1. The name of the vessel's buyer in the event of a transfer of title.
2. The vessel's new register following its deletion from the Merchant Marine.
3. The reason for the deletion.
4. Any other information required by the General Directorate of the Merchant Marine.

Article 48. Any vessels which have been granted a consent to deletion in the month of December shall not pay any annual taxes or rates corresponding to the following financial year, provided that the application for deletion is submitted with the General Directorate of the Merchant Marine during the period of validity of the consent to deletion.

Section 3

Ex-Officio Deletion

Article 49. The following are grounds for the ex-officio deletion of a vessel from the register:

1. Any type of action which is contrary to national interests.
2. Any serious violation of Panama's current laws, of any maritime safety, pollution prevention, or maritime security regulations, or of any international convention ratified by the Republic of Panama.
3. The expiration of the provisional navigation license or of the statutory navigation license without having secured a renewal within the five year period, beginning on the date of its expiration, unless reasons are provided in support of the failure to submit the application to renew within the appropriate time.
4. If the vessel is used for smuggling, for illegal or clandestine trade or piracy, or to commit any other offense.
5. If any forged or altered documents are submitted.
6. Abandonment of the vessel.
7. The vessel's registration at another registry, save for its registration in a special bareboat charter register, in accordance with the formalities prescribed by this law.
8. Due to the total loss of the vessel.

9. Due to a high rate of detentions for serious or repeated defects which are detrimental to maritime safety.

10. Any other cases in accordance with the law or international law.

Article 50. The General Directorate of the Merchant Marine may grant an ex-officio deletion pursuant to a considered resolution. This resolution shall state that it has been issued for the internal administrative purposes of the Panama Maritime Authority and shall not be used for any other purpose. If any evidence of the deletion from the Merchant Marine is required, a certificate of deletion shall be issued, provided that the vessel is tax-cleared. This certificate shall not give rise to any rights whatsoever.

Article 51. The vessel's mortgagee, his legal representative or attorney-in-fact shall be notified that the General Directorate of the Merchant Marine has begun the process of deleting the mortgaged vessel from the register, so that he may assert his rights within thirty business days, beginning on the date of notification. Written notification shall be sent by mail, fax, email message, or any other electronic medium to the physical address, post office box or email address, recorded in the mortgage agreement registered at the Public Registry and, in the absence thereof, to any address which the General Directorate of the Merchant Marine is able to ascertain by its own means.

If the General Directorate of the Merchant Marine receives notification from the mortgagee challenging the ex-officio deletion, the process of deletion shall be suspended for the length of time required to evaluate the mortgagee's considerations and to take any steps deemed appropriate by the General Directorate of the Merchant Marine.

The General Directorate of the Merchant Marine shall send a copy of the mortgagee's written notification to the Public Registry to be registered for the purposes of third party publication. This shall not have the same effect as providing notification to the mortgagee.

Notwithstanding the provisions of the preceding paragraph, if any particular conditions exist which prevent Panama from continuing to allow the navigation of a vessel registered in its registry, the General Directorate of the Merchant Marine may, prior to deleting the vessel from the register, suspend the vessel's navigation license, notifying the mortgagee of this fact, so that he may exercise any of his rights over the vessel pursuant to the mortgage agreement.

Article 52. As of 1 January 1993, any arrears of payments of vessels registered in the Merchant Marine shall accrue for a period of five years, only if there is evidence that they have abandoned the Panamanian flag.

For the purposes of this Article and in order for this provision to apply, any failure to renew the vessel's navigation documents or any failure by the vessel's owner, his legal representative or ship agent, to make an application or to begin any procedure at any of the General Directorate of the Merchant Marine's offices in Panama or abroad, at any

Consulate of Panama, or at any technical office entity authorized for this purpose by the Panama Maritime Authority, shall be construed as evidence of the above.

The General Directorate of the Merchant Marine shall not collect the annual fee for any inspection, accident investigation, and international conference attendance if there is evidence that the vessel was not in operation.

Section 4

Automatic Deletion due to a Court-Ordered Sale

Article 53. A court-ordered sale of a vessel automatically extinguishes its registration in the Merchant Marine from the date of the court-ordered sale.

Article 54. Any debts owed by the vessel shall be extinguished after the vessel's court-ordered sale, including any taxes, rates, fees, fines or any other charges pending at the time of court-ordered sale.

Article 55. It shall be up to any interested party to provide sufficient evidence to the General Directorate of the Merchant Marine that the vessel has been the subject of a court-ordered sale in any country as proof of the automatic deletion referred to in the preceding Article. Upon proof of the automatic deletion, the General Directorate of the Merchant Marine shall issue an order recognizing the termination of the registration as of the date of the court-ordered sale, and it shall send a copy of this order to the Public Registry to be processed as appropriate.

Article 56. If the buyer acquiring a vessel pursuant to a court-ordered sale wishes to register it in the Merchant Marine, it shall comply with the requirements and formalities prescribed for any new enrollment, with the exception that the vessel shall not be required to submit a certificate of deletion from its previous register.

Section 5

Consent to Deletion of a Vessel from the Register

Article 57. The General Directorate of the Merchant Marine shall, at the request of any of the parties and as the first step in securing the vessel's deletion, issue the vessel with a certificate of consent to deletion from the Panamanian register.

Article 58. The certificate of consent to deletion may be issued by the General Directorate of the Merchant Marine or by any Consulate; by any of Panama's Economic and Commercial Offices, or by any other overseas agency authorized therefor by the Panama Maritime Authority, after obtaining the authorization of the General Directorate of the Merchant Marine.

Article 59. To be issued with a certificate of consent to deletion, a vessel shall have to comply with the following requirements:

1. The vessel shall be tax-cleared.

2. The vessel shall be free of encumbrances. Otherwise, the issue of said certificate shall be conditional upon the production of the mortgagee's consent or upon the discharge of any encumbrance registered against the vessel at Public Registry.
3. The payment of the fee for the final deletion of the vessel from the Panamanian register.

Article 60. The General Directorate of the Merchant Marine shall set the rates for the issue of the certificate of consent to deletion.

Article 61. The certificate of consent to deletion from the Panamanian register shall be valid for thirty calendar days from date of issue.

Payment of any charge arising within the thirty-day term shall be immediately suspended from the date of issue of the certificate of consent to deletion. If the application for final deletion is not submitted within the term provided herein, any tax, surcharge or charge applicable during this period shall be calculated and collected retroactively.

Paragraph. Any interested party submitting an application during the thirty calendar days in which the certificates of consent to deletion are valid may register these certificates temporarily at the Public Registry, in accordance with the procedure established in the Commercial Code for titles deeds and mortgages, subject to the provisions of this paragraph. Said registration shall have the effect of immediately suspending the registration of any new titles deeds and mortgages from the date of entry in the Journal of the Public Registry until the expiration of the period of validity of the certificates. A fee prescribed for such purpose by the Public Registry shall be payable for the temporary registration of the certificate of consent to deletion.

Upon the expiration of the period of validity of the certificate of consent to deletion, its temporary registration shall expire without further formality, and the Public Registry, on its own motion, shall make the appropriate annotation.

Section 6

Cancellation of Navigation Documents for failure to Complete the Registration of the Vessel in the Merchant Marine

Article 62. The General Directorate of the Merchant Marine may, at the request of any of the parties, cancel any provisional navigation documents issued in connection with the registration or change of ownership of the vessel if there is evidence that the applicant has not obtained the vessel's title and/or if the transaction leading to application for the navigation documents has not taken place.

Article 63. The General Directorate of the Merchant Marine may, at the request of the seller, cancel the provisional navigation documents issued due to a change of ownership and it may restore the validity of the previous navigation documents upon receiving evidence that the vessel's title has not been transferred.

Article 64. The vessel must be tax-cleared to secure the cancellation of provisional documents, and the cancellation shall not give rise to any right of reimbursement or credit for sums paid in connection with any registration, change of ownership, extension or otherwise.

Chapter III

Certificates

Article 65. The General Directorate of the Merchant Marine may, after payment of the corresponding fees, issue an authenticated copy of, or a certificate in connection with, any information which is recorded in its registers, unless the Panama Maritime Authority deems that such information is of a private nature and that its disclosure would not be in the national interest.

Article 66. These certificates shall be issued by the General Directorate of the Merchant Marine or at any Merchant Marine Qualified Consulate, by any of Panama's overseas Economic and Commercial Offices, or by any other agency authorized therefor by the Panama Maritime Authority, with the prior authorization of the General Directorate of the Merchant Marine.

Article 67. The Board of Directors of the Panama Maritime Authority shall establish the rates for the issue of the certificates referred to in the preceding Articles.

Article 68. The General Directorate of the Merchant Marine shall authorize the issue of certificates in any language other than the official language of the Republic of Panama.

Article 69. The General Directorate of the Merchant Marine shall issue certificates solely on the basis of information recorded in its registers, and at the request of any of the parties, if the vessel is tax-cleared, except in the event that a certificate is required to begin legal proceedings, or at the request of the mortgagee, in which case the certificate shall include a statement to the effect that it may only be used for a specific purpose.

Chapter IV

Special Registrations

Section 1

Registration of Foreign Ships under

Bareboat Charter in Panama

Article 70. Any vessel operating pursuant to a bareboat charter-party registered at a foreign register may be registered in the Merchant Marine without leaving the foreign register, provided this is permitted under the legislation of the country of registration. In this case, the interested party shall submit a formal application to the General Directorate of the Merchant Marine through an attorney qualified to practice law in Panama, or to any Consulate, any of Panama's Economic and Commercial Offices or any other overseas organization authorized therefor by the Panama Maritime Authority, or through any electronic medium authorized by this Authority.

The following shall be attached with the application:

1. Copy of the bareboat charter-party.
2. Duly authenticated owners' and mortgagees' consent, if any.
3. Certificate of ownership and encumbrances issued by the vessel's foreign register.
4. Certificate consenting to the registration of the vessel in the special bareboat charter register.
5. Original copy of the document issued by the charterer appointing the resident agent, to be duly authenticated if it has been issued abroad.
6. Any additional information requested by the General Directorate of the Merchant Marine.

Article 71. Once a vessel registered under a foreign register is registered in Panama's special bareboat charter register:

1. It shall be considered part of the Merchant Marine for the purposes of this law, and, therefore, shall be subject to the payment of any taxes, rates and fees prescribed by law.
2. It shall not hoist the flag of any other country.

Article 72. Vessels registered in the special bareboat charter register shall be issued with a certificate of registration by the General Directorate of the Merchant Marine as evidence of their registration in the Merchant Marine, which shall contain the vessel's particulars as specified by the General Directorate of the Merchant Marine.

In addition, this Directorate shall issue a special navigation license and a special radio license due to the bareboat charter.

Article 73. Vessels enrolled in the special bareboat charter register shall be subject to the same technical, labor and safety regulations imposed by Panamanian legislation upon its Merchant Marine.

Article 74. The following information shall be provided in addition to the information generally required for the issue of a navigation license:

1. The name and address of the charterer.
2. The name and address of the vessel's mortgagees under its principal register and the priority and the mortgage amount, if any.
3. The required length of time for the vessel's registration.

Article 75. If the information contained in the special navigation license and/or special radio license changes in any way, the charterer shall apply for a new special navigation license and/or special radio license providing any updated information.

Article 76. The special navigation license and special radio license under the special bareboat charter register shall be valid for the term of the charter-party giving rise to the registration of the vessel. All applicable fees, taxes and rates relating to the term of duration

of the certificate of registration and to the navigation and radio license shall be payable in advance.

Article 77. In the event that the vessel is registered in the special bareboat charter register for a term of duration which is shorter than the term of the charter-party or of any extension of the charter-party, the special navigation license and the special radio license may be extended for a term equivalent to the additional contractual term.

The application for an extension shall be presented together with any supporting documents and shall be submitted prior the expiration date of the special navigation license.

Article 78. The title or encumbrances registered against any vessel enrolled in the special bareboat charter register shall not be registered at the Public Registry.

Article 79. A vessel's special bareboat charter registration in the Merchant Marine shall terminate:

1. Upon the expiration of the vessel's navigation license.
2. Upon the early expiration of the charter-party giving rise to the registration of the vessel in the special bareboat charter register.
3. Upon the charterer's assignment of his rights and obligations under the charter-party.
4. At the request of the vessel's registered owner.

In the event of the early termination referred to in paragraph 2, the application to terminate shall be submitted together with payment of any deletion fees prescribed by the Panama Maritime Authority.

The General Directorate of the Merchant Marine may provide the special technical provisions for this type of special registration as well as for any other special type of register which may be created.

Section 2

Registration of Panamanian Vessels under Foreign Bareboat Charter

Article 80. Vessels registered in Panama engaged in foreign trade operating pursuant to a bareboat charter-party may be temporarily registered in a foreign special bareboat charter register with the prior consent of the General Directorate of the Merchant Marine, and without having to terminate its Panamanian registration.

Article 81. The application for consent shall include the name of the charterer and the country under which the bareboat charter is registered. The certificate of consent shall be issued upon payment of the fees.

Article 82. Panamanian vessels temporarily registered under a foreign special bareboat charter register shall continue to be subject to any legal and fiscal obligations in the Republic of Panama and they shall not register their titles deeds or encumbrances in that foreign register.

The General Directorate of the Merchant Marine may accept any technical and safety certificates issued by the foreign special bareboat charter register and shall establish any special technical provisions for this type of registration.

Article 83. The owner shall be obliged to provide any evidence of the vessel's registration under the foreign special bareboat charter register to the General Directorate of the Merchant Marine.

It shall also give notice of the deletion of the vessel's registration from the foreign special bareboat charter register.

Article 84. The General Directorate of the Merchant Marine's consent to the registration of a vessel under a foreign special bareboat charter register shall be withdrawn if:

1. The vessel terminates its registration under the foreign special bareboat charter register, being the reason for such authorization.
2. The charter-party is terminated for any reason.

Article 85. The General Directorate of the Merchant Marine may revoke its consent to the registration of a vessel under a foreign special bareboat charter:

1. At the request of the vessel's registered owner.
2. If said authorization is prejudicial to Panama's national interests.

Article 86. Once the General Directorate of the Merchant Marine grants its authorization for the registration of a vessel in a foreign special bareboat charter register, the vessel may only hoist the flag of the country of the special register wherein it is registered.

Article 87. The Panama Maritime Authority may create and regulate special time charter registers or any other type of special register, taking into account the needs of the international shipping community and any national interests. The Board of Directors of the Panama Maritime Authority shall approve the creation, regulation and the rates charged for any of these forms of special register.

Section 3

Special Registration for Temporary Navigation

Article 88. Vessels engaged in foreign trade and which are destined for demolition, delivery voyage or any other type of temporary navigation, shall be issued with a special three-month registration.

The General Directorate of the Merchant Marine shall establish the necessary technical provisions for this type of special registration.

Article 89. Vessels that wish to obtain this special registration shall submit the following documents:

1. Original copy of the document appointing the resident agent, to be duly authenticated if issued abroad.
2. Original or certified copy of the document certifying the vessel's title, to be duly authenticated if issued abroad.

3. Duly authenticated original or authenticated copy of the builder's certificate or certificate of deletion from the previous registry.

4. Any other document requested by the General Directorate of the Merchant Marine.

Non-certified originals or copies of these documents may be submitted together with the application for registration. If non-certified copies have been provided, the originals shall be submitted within a period of thirty days.

Article 90. Vessels enrolled in the special register shall be issued with a navigation license and a radio license, both of which shall be valid for three months.

Article 91. The application for special registration shall be submitted through an attorney qualified to practice law in Panama if it is submitted directly to the General Directorate of the Merchant Marine; or, it shall be submitted through the owner of the vessel or through his representative if the application is submitted through a Consulate, through any one of Panama's Economic and Commercial Offices, through any other overseas entity authorized therefor by the Panama Maritime Authority or through any electronic medium allowed by the Panama Maritime Authority.

Article 92. A registration fee shall be payable for this special registration and the amount shall be set by the Board of Directors of the Panama Maritime Authority based on the vessel's tonnage. The registration fee shall be payable in lieu of any other tax, rate, fee, levy or charge of any kind whatsoever.

Article 93. The registration of the pertinent title and of any mortgages at the Public Registry shall be optional for any vessel enrolled under this special register. However, ship mortgages may only be registered against these vessels if the mortgagee has expressly confirmed that he recognizes that the special registration shall terminate automatically on the expiration date of the navigation license.

Article 94. Vessels enrolled under this special register which subsequently apply to the general register for enrollment, shall not be required to pay the special register deletion fees to enroll in the general register.

Article 95. The special registration shall automatically terminate on the expiration date of the navigation license. However, at the request of any interested party, the General Directorate of the Merchant Marine may, at any time, delete the vessel from the special register upon payment of the deletion fees and upon compliance with any legal requirements.

Section 4

Registration of Pleasure Craft

Article 96. Any type of pleasure craft may be registered in the Merchant Marine.

Article 97. To register a pleasure craft, the owner shall submit the documents listed in Articles 15 or 20 of this law to the General Directorate of the Merchant Marine in accordance with the vessel's type of service, together with an original copy of the Sworn

Statement of Non-Commercial Use, stating that the vessel shall not be used for commercial purposes, to be duly legalized by the pertinent consul if the document has been issued abroad.

Article 98. The special system for the registration of pleasure craft shall be established by the General Directorate of the Merchant Marine. The statutory navigation license and the statutory radio license for pleasure craft shall be valid for two years.

The General Directorate of the Merchant Marine shall provide technical regulations governing the construction, equipment, and maintenance of pleasure craft relation to maritime safety and pollution prevention.

Section 5

Navigation Permits

Article 99. Vessels engaged in foreign trade and foreign vessels operating in waters subject to Panama's jurisdiction must carry a navigation permit issued by the General Directorate of the Merchant Marine.

The General Directorate of the Merchant Marine shall establish the technical requirements with which these ships shall comply.

Article 100. The General Directorate of the Merchant Marine shall regulate the procedure and the requirements for securing the navigation permit.

Article 101. The provisions of this Section shall not be applicable to vessels transiting the Panama Canal or in innocent passage; however, in order to navigate, these vessels shall comply with the provisions of international conventions.

Chapter V

The Vessel's Resident Agent

Article 102. The owners of every vessel registered in the Merchant Marine shall appoint as their resident agent an attorney or a firm of attorneys qualified to practice their profession in Panama.

Article 103. The resident agent of a vessel shall have the following duties:

1. It shall submit the vessel's application for registration, and any new navigation and deletion documents required for vessels registered in the Merchant Marine.
2. It shall pay all taxes.
3. It shall pay fines, represent the vessel in disciplinary proceedings, and file any appeals through the appropriate administrative channels, against any penalties imposed upon the vessel.
4. It shall receive notice of any administrative action which must be notified to the vessel, its owner, operator or master.
5. Any other duty assigned to them in the document pursuant to which they have been appointed.

Article 104. Except in the case of the registration of foreign vessels in Panama's special bareboat charter registry, the owner of the vessel shall designate a resident agent in a written document addressed to the General Directorate of the Merchant Marine.

Article 105. The resident agent of every vessel registered in the Merchant Marine shall possess fully updated contact details for the owner or operator to be provided to the General Directorate of the Merchant Marine in the event that the vessel is involved in any accident, or upon the occurrence of any other act which may endanger life or compromise safety at sea, or at any time, at the request of the Directorate.

Article 106. The resident agent shall only be liable to the General Directorate of the Merchant Marine for damages which may be caused as a result of the negligent discharge of its duties.

Article 107. The owner may replace the resident agent at any time, or he may resign his post, whereupon he shall have to provide a document containing a resignation statement to the General Directorate of the Merchant Marine. Notifications delivered to vessels whose resident agent has resigned shall be published once in a newspaper with a national circulation, notice of which shall be posted at the General Directorate of the Merchant Marine.

Article 108. Any procedure relating to vessels registered in the Merchant Marine shall be handled by qualified attorneys with the exception of technical or any other issues, which, in accordance with the law or administrative practice, can be handled by any other person. The General Directorate of the Merchant Marine shall indicate which procedures may be handled directly by any interested party.

Chapter VI

Merchant Marine Qualified Consulates, Panama's overseas Economic and

Commercial Offices and other offices of representation

Article 109. The General Directorate of the Merchant Marine shall confer the title of Merchant Marine Qualified Consulates on consulates and overseas offices which, in the interests of the industry, are required to provide support services to the Merchant Marine, and shall delegate any powers deemed appropriate thereto.

Article 110. The Merchant Marine Qualified Consulates, Panama's Economic and Commercial Offices and any other overseas office of representation have the authority to:

1. Execute any act in connection with the Merchant Marine as specifically delegated to them by the Panama Maritime Authority.
2. Collect taxes, rates and any other obligations payable by vessels registered in the Merchant Marine.
3. Board any vessel registered in Panama as expressly authorized by the Panama Maritime Authority or if the owner or operator voluntarily requests this in writing.

4. Execute any notarial delegated to them by law, as well as any other acts, as set out in the list of consular rates and in any special laws relating to the Merchant Marine.
5. Perform any other functions assigned by law, any regulations, or by virtue of any order issued by a competent authority.

Article 111. The Merchant Marine Qualified Consulates, Panama's Economic and Commercial Offices and any other authorized overseas agencies shall send copies of any confirmation of payment, navigation license, radio license, official receipt, certificate and any other document issued for Panamanian vessels, to the General Directorate of the Merchant Marine as soon as they are issued, using any electronic medium approved by the Panama Maritime Authority. Likewise, they shall comply with any legal provisions relating to the delivery of monthly operation and expense reports.

Article 112. Staff employed in the Merchant Marine Qualified Consulates, Panama's Economic and Commercial Offices, and in any other authorized overseas office of representation may only detain, arrest or delay the departure of a vessel registered in Panama, with the prior express authorization of the General Directorate of the Merchant Marine.

Article 113. Merchant Marine Qualified Consuls, Directors of Panama's overseas Economic and Commercial Offices, and anyone in charge of any other office of representation authorized by the Panama Maritime Authority, shall be liable for any damages caused by their acts or omissions relating to the discharge of their duties, and shall compensate Panama for any damage directly or indirectly caused by their actions.

Any offenses by these officials shall be punishable by the General Directorate of the Merchant Marine according to the seriousness of the offense and pursuant to the regulations provided by the Board of Directors of the Panama Maritime Authority.

Chapter VII

Maritime Safety

Section 1

General Provisions

Article 114. The General Directorate of the Merchant Marine may execute and implement any measures and controls deemed necessary to ensure that vessels registered in Panama regardless of their location, or vessels of any nationality, navigating in waters subject to the jurisdiction of Panama, comply with all maritime safety regulations. In the exercise of this power, it shall be obligatory to provide any information required to comply with any maritime regulations and international conventions ratified by the Republic of Panama.

Any vessel carrying passengers in waters subject to the jurisdiction of Panama or abroad, and carrying more than twelve passengers, shall secure an insurance policy for liability against accidents which shall cover loss of life and loss to property, as well as the risk of

marine pollution. The minimum coverage and the decision as to whether the policy shall be submitted at the time that the vessel is registered shall be determined by the General Directorate of the Merchant Marine.

This Directorate may require similar financial cover for other types of ships operating in waters subject to the jurisdiction of Panama, or operating abroad, with the purpose of covering any damage provided for in international conventions, particularly in connection with pollution, damage suffered, and loss of life at sea.

Article 115. If there is any evidence of a serious violation of safety regulations by vessels registered in the Merchant Marine, the General Directorate of the Merchant Marine may order restrictions, prescribe conditions for navigation, or detain such vessels, until it receives satisfactory evidence that the defects giving rise to the measures have been remedied.

No appeal shall be admissible against any of the adopted measures.

Article 116. If a vessel registered in the Merchant Marine is unable to prove to the General Directorate of the Merchant Marine that it has complied with laws applicable to its operation, or that it possesses the technical certificates as proof thereof, the General Directorate of the Merchant Marine shall assign a license number to the vessel and shall provide evidence of its registration in the Merchant Marine without issuing a navigation license, until it complies with the requirements for obtaining a navigation license corresponding to the number assigned.

Section 2

Safety Inspections

Article 117. Save for any exception prescribed by the General Directorate of the Merchant Marine, each vessel registered with the Merchant Marine shall submit to an annual safety inspection, with the aim of verifying its compliance with international and domestic laws currently in force.

These vessels shall be subject to general and special inspections, or shall be re-inspected as deemed appropriate by the General Directorate of the Merchant Marine.

Article 118. In addition, the General Directorate of the Merchant Marine shall be responsible for inspecting vessels of any nationality navigating in Panama's territorial waters, and may order their detention for violation of any national or international laws pertaining to maritime safety and security and to the prevention of pollution, as well as for violation of any international convention.

Article 119. The General Directorate of the Merchant Marine may hire the services of ship inspectors or any other qualified technical personnel, in or outside Panama, who may be nationals of any country, to carry out the inspections prescribed in the preceding Article, to provide any specialized services, and to investigate any incidents involving ships registered in Panama, or foreign vessels navigating in Panama's territorial waters, in which case the

inspection or investigation report shall be evaluated by the General Directorate of the Merchant Marine. This Directorate shall authorize and/or hire any other national and/or private agencies to carry out these inspections and investigations.

Article 120. The owners of vessels registered in the Merchant Marine, their masters and operators, shall be obliged to allow and shall cooperate with, the safety inspection of their vessels.

The owner, master or operator of a vessel who refuses to allow an inspection referred to in this law, shall be penalized by the General Directorate of the Merchant Marine.

Article 121. The Board of Directors of the Panama Maritime Authority shall prescribe the rates to be paid annually by vessels for any of the inspections and/or investigations referred to in the preceding Articles, together with the remuneration of any person conducting said inspections and investigations.

Article 122. The inspection fees collected shall be deposited in a special fund belonging to the General Directorate of the Merchant Marine, which shall be used by the latter to cover the necessary expenses of the inspections.

Article 123. The General Directorate of the Merchant Marine shall issue any regulations required to effectively carry out the inspections referred to in this law.

Article 124. As soon as the inspection of a vessel is completed, the inspector shall send a copy of the inspection report to the General Directorate of the Merchant Marine, using any medium approved by this Directorate, and a copy shall be delivered to the master of the vessel, to be kept on board.

Article 125. The owner or operator shall be obliged to provide a prompt remedy for any defects reported by the flag or Port State Control inspectors.

Once any defects found during a flag inspection or during any inspection carried out by the Port State Control are remedied, the owner or operator shall send written notice to the General Directorate of the Merchant Marine listing the corrective measures adopted. The Directorate reserves the right to request a re-inspection of the vessel or to request certification from an auxiliary agency stating that the defects have been remedied, or to request additional information in connection with any of the remedies.

Section 3

Marine Accidents and Losses

Article 126. The owner or operator of vessels registered in the Merchant Marine shall be obliged to report any marine accident or loss involving its vessels to the General Directorate of the Merchant Marine. Non-compliance with this obligation shall be punishable by the General Directorate of the Merchant Marine.

Article 127. The General Directorate of the Merchant Marine shall investigate accidents involving vessels registered in Panama regardless of their location, or involving vessels of any nationality navigating in waters subject to the jurisdiction of Panama, and it reserves

the right to require owners, operators or auxiliary agencies directly or indirectly involved in the vessel's operation, maintenance or trade, to provide any information deemed appropriate in connection with the loss, as well as in connection with any prior or later circumstances related thereto.

Chapter VIII

The Register's Auxiliary Agencies

Article 128. The General Directorate of the Merchant Marine may delegate its powers in connection with the verification and certification of compliance with navigation, safety, labor, security and prevention of pollution rules of any vessels registered in the National Merchant Marine, and may limit the powers or the number of auxiliary agencies performing such functions, in order to control or improve the safety standards of its fleet.

The power to delegate is an administrative, exclusive and sovereign act of the State of Panama, as executed by the General Directorate of the Merchant Marine, in compliance with a specific power assigned to it by the State, and it is subject to the laws of the Republic of Panama and to its courts of competent jurisdiction.

These auxiliary agencies shall be subject to the labor laws in force in the place of their domicile.

Article 129. The General Directorate of the Merchant Marine shall issue a considered resolution establishing the powers granted to auxiliary agencies, their rights, and obligations, and, if necessary, it shall sign any agreement deemed appropriate, in which the terms and conditions of its relationship with any auxiliary agencies shall be set out.

Article 130. The General Directorate of the Merchant Marine is the administrative body with the exclusive jurisdiction to assess, supervise and audit auxiliary agencies, for the purpose of guaranteeing strict compliance with their obligations, and to request any report or information deemed necessary from these agencies, in connection with their services. The General Directorate of the Merchant Marine shall have the power to request any information in connection with compliance with maritime rules and with international conventions.

A refusal by any of the register's auxiliary agencies to provide information requested by the Directorate shall be penalized in accordance with the law.

Article 131. Auxiliary agencies violating any rules relating to any delegated power shall be penalized by the General Directorate of the Merchant Marine.

Article 132. Auxiliary agencies shall compensate Panama for any damages suffered as well as for any costs, expenses and other expenditure incurred as a result of any act or omission relating to the performance of their obligations.

Article 133. Auxiliary agencies shall be liable for any damages suffered by third parties due to the negligent performance of their obligations.

For that purpose, they shall be subject to international rules, to the laws of the Republic of Panama, and to its courts of competent jurisdiction.

Chapter IX

Maritime Communications

Article 134. The Panama Maritime Authority, through the General Directorate of the Merchant Marine, shall have exclusive jurisdiction over maritime telecommunications issues linked to vessels registered in Panama, with the aim of guaranteeing that they shall possess the appropriate communications system, and that they comply with national regulations and with rules recommended by the International Telegraphic Union, which regulates maritime telecommunications.

In the exercise of this exclusive jurisdiction, the Panama Maritime Authority may enter into any agreement with other government agencies.

Chapter X

Penalties

Section 1

General Rules

Article 135. The General Directorate of the Merchant Marine may penalize vessels, their owners, operators and masters, as well as any auxiliary agency, inspector, Merchant Marine Qualified Consul, Directors of Panama's overseas Economic and Commercial Offices, and the heads of any other authorized representative office, for violating any of the rules governing the Merchant Marine.

If the penalty imposed by the General Directorate of the Merchant Marine consists of a fine levied upon the owner, operator, or master of a vessel registered in the Merchant Marine, said vessel shall be jointly and severally liable for the fine.

Article 136. The General Directorate of the Merchant Marine shall impose administrative penalties in accordance with the seriousness of the violation, whether it is recurring, whether there are any mitigating factors, and any damage caused to third parties.

Violations without any specific penalty assigned to them shall be penalized by the General Directorate of the Merchant Marine with a written warning and a fine.

The Board of Directors of the Panama Maritime Authority shall regulate the amount to be charged for any fine in accordance with the provisions of this Chapter.

Article 137. A written warning shall be applicable for minor violations.

Article 138. A fine shall be levied for serious violations or for any minor, recurring violations.

For the purposes of this Article, any prompt remedy of the vessel's defect, together with the vessel's record while registered in the Merchant Marine, shall be considered as a mitigating factor.

In order to determine whether any violation is recurring, any prior penalty levied against the vessel for the same defect shall be taken into account.

Section 2

Penalties imposed on Vessels and Auxiliary Agencies

Article 139. In addition to the penalties described in the preceding Articles, the General Directorate of the Merchant Marine may penalize vessels registered in its Merchant Marine with deletion from the register, if their actions constitute grounds for deletion as prescribed under this law.

Article 140. The General Directorate of the Merchant Marine may levy a fine, suspend, or partially or totally revoke the authority of auxiliary agencies to provide services to the Merchant Marine.

The auxiliary agency penalized in such manner may file an appeal, which shall be admitted without the suspension of judgment.

Article 141. If there is evidence that an auxiliary agency is in serious breach of its obligations, the General Directorate of the Merchant Marine may include in the list of charges set out in Section 4 of this Chapter, an order suspending any of the agency's acts, or establishing restrictions or conditions in relation to any services provided to the Merchant Marine, until the final ruling of the disciplinary proceedings is duly enforced.

No appeal shall be admissible against the order contained in the list of charges.

Article 142. The General Directorate of the Merchant Marine shall revoke any authority granted to auxiliary companies under this current system, on the following grounds:

1. For non-compliance with any of their authorized functions, duties or aims.
2. For forgery or for supplying false information at the time that the authority was requested, or after it was granted.
3. For conducting their activities to the detriment of the interests of the Merchant Marine, or if they affect the public interest.
4. For violating any of the regulations provided by the Panama Maritime Authority or of the General Directorate of the Merchant Marine.
5. On the recommendation of the technical evaluation committee appointed for the purpose of assessing their performance.

Section 3

Penalties imposed on Safety Inspectors

Article 143. The General Directorate of the Merchant Marine may penalize safety inspectors with suspension or with the partial or total revocation of their authority to provide services to the Merchant Marine. Upon imposition of the penalties described in this Article, the penalized inspector may submit an appeal which shall be admitted without the suspension of judgment.

Article 144. If there is evidence that a safety inspector is in serious breach of his obligations, the General Directorate of the Merchant Marine may include in the list of charges set out in Section 4 of this Chapter, an order suspending any of the agency's acts or establishing restrictions or conditions on any services provided to the Merchant Marine until the final ruling of the disciplinary proceedings is duly enforced. No appeal shall be admissible against the order contained in the list of charges.

Article 145. The General Directorate of the Merchant Marine shall revoke any authority granted to safety inspectors under this current system, on the following grounds:

1. For non-compliance with any of its authorized functions, duties or aims.
2. For forgery or for supplying false information at the time that the authority was requested or after it was granted.
3. For conducting their activities to the detriment of the interests of the Merchant Marine, or if they affect the public interest.
4. For violating any of the regulations provided by the Panama Maritime Authority or of the General Directorate of the Merchant Marine.
5. On the recommendation of the technical evaluation committee appointed with the purpose of evaluating their performance.

Section 4

Procedure for imposing Penalties

Article 146. The General Directorate of the Merchant Marine shall impose the appropriate penalties after the following procedure has concluded:

1. The administrative procedure shall begin with a Port State Control report, an inspection report, an accident investigation report, a complaint, and an accusation submitted by a party or made ex-officio in accordance with the principles of judicial economy, swiftness, effectiveness, simplification of procedures, informality, publicity of proceedings, and legal fairness, fully respecting the rights of any interested party to bring and to defend any action.

The Director General of the Merchant Marine may order any evidence to be submitted and any action to be taken with the purpose of establishing the facts and determining the corresponding liability and it may delegate these powers to auxiliary officials.

2. Based on whatever steps have been taken, the General Directorate of the Merchant Marine shall draw up a list of charges setting out the alleged facts, which shall be immediately notified to the vessel's resident agent by decree, to be posted for a period of five business days. The resident agent shall be given thirty business days to answer the complaint and to propose and submit any evidence deemed pertinent, as well as to provide any other answer to the charges, all of which shall be included in the same writ answering the complaint.

The list of charges shall be notified to the owner and the master of any vessel using the same process used to notify any penalties to vessels.

The auxiliary agencies and the inspectors appointed by the General Directorate of the Merchant Marine shall immediately be notified of the list of charges at the address recorded in the registers of the General Directorate of the Merchant Marine. Auxiliary agencies and inspectors shall be given thirty business days to answer the complaint and to propose and submit any evidence deemed pertinent, together with any other answer to the charges, all of which shall be included in the same writ answering the complaint.

The Consul shall be notified of the list of charges by certified mail at the business address of the Consulate. The Consul shall have thirty business days to answer the complaint and to propose and submit any evidence deemed pertinent, together with any other answer to the charges, all of which shall be included in the same writ answering the complaint.

If there is any failure to reply, the proceedings will continue and the General Directorate of the Merchant Marine shall impose the appropriate penalty.

3. The General Directorate of the Merchant Marine may grant a term of ten business days to examine any evidence submitted in the answer to the complaint.
4. Upon expiration of this term for examining evidence, if there is any, the General Directorate of the Merchant Marine shall resolve the case within thirty business days, providing a succinct account of the proven facts, of the evidence relating to the liability of the party under investigation, of the legal provisions which have been violated, or of any exemption from liability, as the case may be. The vessel's resident agent shall be notified of this resolution by decree.
5. An appeal against resolutions issued by the Directorate General of the Merchant Marine may be filed before the Administrator of the Panama Maritime Authority which shall be the only remedy available.

If a decision is made to appeal, the interested party shall submit the appeal within ten business days from the date on which the decree is removed. If a fine has been levied, the interested party shall deposit or pay the fine within the term, as a prerequisite to filing the appeal. If the fine is not deposited within the term on which the resolution becomes final and enforceable, the appeal shall be void and the General Directorate of the Merchant Marine shall deny the appeal.

The appeal must be submitted to the General Directorate of the Merchant Marine who shall decide whether or not it is viable, for which it shall determine whether the appellant has legal standing to appeal, whether the disputed resolution or action is subject to appeal, whether it was brought within the appropriate time, and whether the payment of the fine has been guaranteed or paid, as the case may be.

Article 147. Once the Panama Maritime Authority becomes aware of any violation, the interested party may, in its application for a change of ownership or deletion from the registry, request that the penalty be decided in advance on the basis of the *prima facie* evidence available to the General Directorate of the Merchant Marine, and, in the case of a fine, it shall be deposited or paid prior to obtaining authorization for any change requested.

Article 148. These proceedings shall be notified by decree to be posted for five business days on the General Directorate of the Merchant Marine's public board, and the term of enforcement shall begin on the date on which the pertinent decree is removed from the board. Notwithstanding this, the General Directorate of the Merchant Marine shall notify the resident agent at his registered postal address, a necessary procedure if the ship does not have a resident agent.

Any term shall begin on the date on which the decree is removed. If the interested party is notified personally, the term shall begin on the date of receipt of the notification.

Chapter XI

Measures for Optimizing and Maintaining the Fleet

Article 149. The Panama Maritime Authority, through the General Directorate of the Merchant Marine shall apply the following special tariffs to vessels which, on the date of their enrollment in the Panamanian Merchant Marine, meet the following requirements:

1. Newly built vessels with a gross tonnage less than 30,000 GRT shall be given a discount of thirty percent (30%) in relation to the registration fee, annual tax and annual consular rate payable in the first year of their registration in the Merchant Marine; a discount of twenty percent (20%) in relation to the annual tax and annual consular rate payable in the second year; and a discount of ten percent (10%) in relation to the annual and consular tax payable in the third year.
2. Newly built vessels with a gross tonnage equivalent to or greater than 30,000 GRT, but less than 100,000 GRT shall be given a discount of forty percent (40%) in relation to the registration fee, annual tax and annual consular rate payable in the first year of their registration in the Merchant Marine; a discount of twenty five percent (25%) in relation to the annual tax and annual consular rate payable in the second year; and a discount of fifteen percent (15%) in relation to the annual and consular tax payable in the third year.
3. Newly built vessels with a gross tonnage equivalent to or greater than 100,000 GRT, shall be given a discount of fifty percent (50%) in relation to the registration fee, annual tax and annual consular rate payable in the first year of their registration in the Merchant Marine; a discount of thirty five percent (35%) in relation to the annual tax and annual consular rate payable in the second year; and a discount of twenty percent (20%) in relation to the annual and consular tax payable in the third year.

4. Vessels registered in the Merchant Marine within five years from the date of the laying down of the keel and with a gross tonnage less than 30,000 GRT shall be given a discount of twenty percent (20%) in relation to the registration fee, annual tax and annual consular rate payable in the year of their registration in the Merchant Marine; a discount of ten percent (10%) in relation to the annual tax and annual consular rate payable in the second year, and a discount of five percent (5%) in the annual and consular tax payable in the third year.
5. Vessels registered in the Merchant Marine within five years from the date of the laying down of the keel and with a gross tonnage equivalent to or greater than 30,000 GRT but less than 100,000 GRT shall be given a discount of thirty percent (30%) in relation to the registration fee, annual tax and annual consular rate payable in the year of their registration in the Merchant Marine; a discount of fifteen percent (15%) in relation to the annual tax and annual consular rate payable in the second year; and a discount of ten percent (10%) in the annual and consular tax payable in the third year.
6. Vessels registered in the Merchant Marine within five years from the date of the laying down of the keel and with a gross tonnage equivalent to or greater than 100,000 GRT shall be given a discount of forty percent (40%) in relation to the registration fee, annual tax and annual consular rate payable in the year of their registration in the Merchant Marine; a discount of twenty five percent (25%) in the annual tax and annual consular rate payable in the second year; and a discount of fifteen percent (15%) in the annual and consular tax payable in the third year.
7. Any MODUs ships which can show that they have been registered in the Merchant Marine and who re-apply for registration no later than two years after this law comes into effect, shall pay an initial registration fee of two thousand five hundred balboas (B/.2,500.00) and shall be exempt from paying any other tax for two years, with the exception of the annual inspection fee.
8. Vessels registered in the Merchant Marine, regardless of their tonnage, type or year of build which are able to show that they have not been detained for any Port State Control inspection within a twenty-four month period, shall be given a discount of fifteen percent (15%) in relation to the annual tax and annual consular rate payable in the following year, provided that said vessels are not entitled to receive any other or greater discount under this law.

The Administrator of the Panama Maritime Authority shall, at the request of the General Directorate of the Merchant Marine, have the power to change any of the abovementioned percentages in order to retain the register's competitiveness within the international shipping industry.

Likewise, the Board of Directors may, with the prior approval of the Administrator, provide special tariffs for vessels registered in the National Merchant Marine which carry officers in training or any other personnel who are Panamanian citizens, and may provide special incentives in connection with corporate social responsibility programs leading to a reduction in the air and sea pollution caused by Panamanian vessels navigating in international waters, or caused by vessels of any nationality navigating in the Republic of Panama.

Article 150. The Panama Maritime Authority shall, through the Directorate of the Merchant Marine, grant the discounts described in this Article to vessels, which at the time of their enrollment in the Panamanian Merchant Marine, meet the following requirements:

1. Vessels belonging to the same economic group which on the date of the enactment of this law have between five and fifteen vessels registered in the Merchant Marine shall be given a discount of twenty percent (20%) in relation to the registration fee, annual tax and annual consular rate payable for the registration of any new vessels in the year of their registration, provided that such vessels are not entitled to receive any other or greater discount under this law.
2. Vessels belonging to the same economic group which, on the date of the enactment of this law have between sixteen and fifty vessels registered in the Merchant Marine shall be given a discount of thirty five percent (35%) in relation to the registration fee, annual tax and annual consular rate payable for the registration of any new vessels in the year of their registration, provided that such vessels are not entitled to receive any other or greater discount under this law.
3. Vessels belonging to the same economic group which, on the date of the enactment of this law have more than fifty one vessels registered in the Merchant Marine shall be given a discount of sixty percent (60%) in relation to the registration fee, annual tax and annual consular rate payable for the registration of any new vessels in the year of their registration, provided that such are not entitled to receive any other or greater discount under this law.

Article 151. The Panama Maritime Authority, through the Directorate of the Merchant Marine, shall grant the discounts described in this Article to vessels which, on the date of their enrollment in the Panamanian Merchant Marine, meet the following requirements:

1. Three or more vessels belonging to the same economic group that wish to be registered in the Merchant Marine simultaneously, or no later than by the end of the same calendar year in which the first one of these vessels is registered, shall all be given a discount of twenty five percent (25%) in relation to the registration fee, annual tax and annual consular rate payable in the year of their registration, if their gross tonnage is less than 30,000 GRT, provided that said are not entitled to receive any other or greater discount under this law.

2. Three or more vessels belonging to the same economic group that wish to be registered in the Merchant Marine simultaneously, or no later than by the end of the same calendar year in which the first one of these vessels is registered, shall all be given a discount of forty percent (40%) in relation to the registration fee, annual tax and annual consular rate payable in the year of their registration, if their gross tonnage is equivalent to or greater than 30,000 GRT, but less than 100,000 GRT, provided that said vessels are not entitled to receive any other or greater discount under this law.
3. Three or more vessels belonging to the same economic group that wish to be registered in the Merchant Marine simultaneously, or no later than by the end of the same calendar year in which the first one of these vessels is registered, shall all be given a discount of sixty percent (60%) in relation to the registration fee, annual tax and annual consular rate in the year of their registration, if their gross tonnage is equivalent to or greater than 100,000 GRT, provided that said vessels are not entitled to receive any other or greater discount under this law.

Article 152. In order to obtain the benefits conferred by this law on economic groups, the owner, through an attorney-in-fact, shall submit a memorandum proving the existence of the economic group and listing the number of vessels, their gross tonnage, type of trade engaged in, year of build, names, or IMO or hull numbers.

For the purposes of this law, an economic group shall be deemed to exist if the corporations owning each vessel registered or to be registered in the Panamanian Merchant Marine are subsidiaries of the same person, or are affiliated to each other under the joint ownership, directly or indirectly, of a third party, or if they are subject to its administrative control. The attorney-in-fact or the authorized representative of the economic group shall provide a notarized and duly authenticated sworn statement as proof of the existence of the economic group.

In the case of incentives for newly built vessels, the owner, through his attorney-in-fact, shall prove this fact by providing a copy of the builder's certificate or of the document issued by the shipyard certifying the status of the ship's construction.

It is understood that once the legal requirements are met, the builder's certificate for the ship shall be provided at the time of its registration.

The General Directorate of the Merchant Marine may regulate any procedure relating to any application for any of the benefits contained in this law.

Paragraph 1. In special cases where owners and/or operators already have a group of vessels registered in the National Merchant Marine, the Director General of the Merchant Marine of the Panama Maritime Authority may allow them to pay any taxes, annual rates, or any other obligations payable by any vessels already registered in Panama without

surcharge or interest, and in special installments, provided they comply with the following requirements:

1. The vessels shall belong to the same operator or economic group.
2. The group of vessels belonging to the same operator or economic group shall contain more than fifteen vessels or shall have a combined tonnage of more than one hundred and fifty thousand gross registered tons (150,000 GRT).
3. The special term provided for payment of taxes, annual rates and other fiscal obligations shall not exceed the pertinent fiscal year.

Other similar benefits may be granted to operators in general, if a state of economic or financial crisis has been declared by the authorities of any State in which the Republic of Panama may have a Merchant Marine Qualified Consulate, in which case any operators who pay through these consular offices shall submit a reasoned application to the Director General of the Merchant Marine of the Panama Maritime Authority stating this fact.

Paragraph 2. The Director General of the Merchant Marine of the Panama Maritime Authority may agree a settlement of any unpaid amounts owed to the Treasury by vessels registered in Panama, provided that the term granted shall not exceed one year, beginning on the date on which the settlement is signed.

Chapter XII

Administrative and Management Provisions

Article 153. The Panama Maritime Authority, exercising its autonomy, shall establish its own organization, management structure, and departments, and shall choose, appoint, and transfer personnel from one job category or post to another, or shall dismiss any of its personnel, and establish its pay with full independence, in accordance with the management model for each one of its departments and with its internal Human Resources Management Regulations and the institution's Occupational Classification Manual.

The Panama Maritime Authority may contract the professional services of any foreigner to perform any technical functions within their sphere of competence. Foreigners may be hired for a maximum period of four years, which shall be renewable.

Technical and administrative staff of the Panama Maritime Authority shall be entitled to job security and shall not be removed from office unless it can be proved that they have committed a serious breach of the internal Human Resource Management regulations, within the framework of the Administrative Career Service Law.

In addition to the Authority's employees providing services in the territory of Panama, employees dependent on the Authority and providing their services through various overseas international technical offices or regional documentary offices, as well as any employee working in Panama's Permanent Mission to the International Maritime Organization, are deemed members of the Authority's staff irrespective of the source of their remuneration.

The authority is under the obligation to pay a salary to these employees irrespective of the source of their remuneration, and they shall be eligible for social security benefits and medical insurance cover abroad.

The Authority's technical employees shall also be entitled to this type of cover in accordance with their occupational risks.

Article 154. Panamanian public servants employed by the Panama Maritime Authority overseas shall be entitled to the same immigration status granted to administrative public servants employed in overseas consular services. To that end, the Ministry of Foreign Affairs shall endeavor to secure this status from the pertinent government. These public servants shall be entitled to use a diplomatic passport.

The Administrator and Deputy Administrator of the Panama Maritime Authority as well as the Directors of this Authority shall be entitled to use a diplomatic passport.

In exceptional circumstances, Panama Maritime Authority employees traveling abroad to investigate accidents or the discharge of pollutants, to conduct special inspections of vessels registered in Panama as required by other states, evidence of which shall have to be provided to the Ministry of Foreign Affairs, shall also be entitled to use this type of passport.

The Panama Maritime Authority shall cover any ticket costs and travel expenses, as well as the cost of setting up an employee in any overseas country to which they are assigned. Likewise, the Panama Maritime Authority shall cover any repatriation costs upon termination of employment.

These employees shall have a right to receive, a monthly payment called the post adjustment, in addition to their monthly salary, with the purpose of compensating them for the cost of living in the country in which they are to work. They shall not pay any income or any other tax or social security contribution on this amount, and this payment shall be recognized pursuant to a resolution issued by the Administrator of the Authority. The Authority shall include this payment in the institution's expenses budget.

The United Nations Index shall be used as a reference to calculate the cost of living in any given country. The post adjustment shall also be paid while the employee is on vacation, on paid leave, or if he is working on a job assignment in a different location. In the latter case, it shall only be payable for a period of four months. Notwithstanding the foregoing, the right to receive this payment shall end as soon as the employee is permanently transferred to Panama.

Article 155. The services of the Panama Maritime Authority shall be provided using modern and competitive mechanisms to ensure the proper control of documentation and the effectiveness of the service provided. Any services provided in connection with the documentation of ships and of seamen, with fees payable for general services, and with the Authority's accounting system, shall be handled electronically.

Article 156. The Panama Maritime Authority, through the General Directorate of the Merchant Marine, may open overseas offices to provide technical documents to ships in compliance with maritime safety and prevention of pollution regulations.

These offices shall report to the General Directorate of the Merchant Marine and may charge for their services enabling them to finance their own operations, without prejudicing their corresponding budgetary allocation.

These offices shall maintain an operating fund enabling them to pay directly for any goods and services required to deal with marine accidents, to investigate accidents, and to conduct maritime safety inspections; to pay for travel allowances, transportation costs, and to purchase equipment; to pay for consultancy, training and advisory services in connection with maritime safety and pollution prevention; to pay for sending representatives to international maritime safety conferences, and to pay for any emergency endangering human life at sea, any vessel, or the environment.

Article 157. A Director-General together with a Deputy Director-General shall be in charge of the General Directorate of the Merchant Marine.

The Director General and Deputy Director General of the Merchant Marine shall be required to hold a law degree or a degree in any maritime subject, such as naval engineering, naval architecture, or any other naval subject, as well as a minimum of three years' employment in any of these fields; or, they shall be required to hold any professional degree, as well as a minimum of seven years' employment in the merchant marine sector.

In addition, the Director General of the Merchant Marine and the Deputy Director General must have detailed knowledge of the rules prescribed under international conventions, and of maritime law and national law; as well as knowledge of the workings and operation of ships, and of the maritime industry.

Article 158. In the event of any serious devaluation in our national currency in comparison with the currency of the country in which any services are provided, the Panama Maritime Authority and the Ministry of Economy and Finance may authorize a different exchange rate with the purpose of compensating for any fall in any amounts charged due to the devaluation of the national currency.

Consulates shall be obliged to report any income from the authorized exchange rate, both in the corresponding settlement and the monthly income and expenses report.

Article 159. Authorization is hereby granted to create the Panamanian Shipowners' Association. It shall be a non-profit organization and its purpose shall be to represent and coordinate the interests of local and foreign shipowners who use the Panamanian Merchant Marine Register in any of their dealings with government bodies.

For the purposes of ensuring compliance with international conventions, a representative of the Panama Maritime Authority shall have a seat on the Board of Directors of the abovementioned Association.

Article 160. Passenger ships imported into Panama which are no more than five years old and which are to be used for transport and coastal navigation in national waters shall not pay any import duties. Likewise, any of these ships' activities shall be exempt from income tax or dividends tax for a period of five years, from the date on which this law enters into force.

The Board of Directors of the Authority shall regulate the navigation system for pleasure craft as well as the collection of taxes and rates for navigation services provided in waters subject to the jurisdiction of Panama.

Article 161. For the purpose of ensuring compliance with international conventions dealing with labor issues and ratified by the Republic of Panama, the social security system for seamen shall apply to ships operating in waters subject to the jurisdiction of the Republic of Panama.

Article 162. The expenses budget belonging to every Consulate shall be included in the General State Budget. The General State Expenses Budget shall allocate a general budget to the Panama Maritime Authority for this purpose, which shall be assessed annually by the Inter-Agency Commission, whose members are the Ministry of Economy and Finance, the Foreign Ministry, the Administrator of the Panama Maritime Authority, the General Comptroller of the Republic, or any officers appointed by them. The Commission shall authorize any confirmed expenses of Panama's Consulates and of any specialized technical offices in accordance with regulations approved by the Inter-Agency Commission for such purpose, taking into account the services provided by these offices and the need to protect revenue sources.

This general budget allocation shall take into account the Authority's revenue budget and it shall not affect the Authority's contribution to the Treasury, nor the amount allocated to it under the expenses budget.

Expenses authorized under consular budgets shall be financed by consular revenue and shall therefore be deducted in the corresponding month. A transfer of funds may be authorized to meet the authorized expenses of any particular consular office or Panama Maritime Authority office.

Any recruitment undertaken by Panamanian Consulates overseas or by the Authority's technical offices overseas shall be contracted directly, and shall be included in the expenses budget, and shall comply with any requirements prescribed by the Inter-Agency Commission.

Similarly, Consular Missions shall have the authority to hold reserve funds in their accounts to finance their monthly operations or any authorized expenses; however, these reserves shall be included in the corresponding statements of account and consular reports.

The Inter-Agency Commission shall approve each Consulate's monthly expenses on an annual basis, and these shall be charged to the appropriate general budget assignment to meet any extraordinary expenses authorized during the fiscal year.

If the general authorized budget expenses and the extraordinary expenses of any Consulate exceed their general budget allocation, the Authority and the Ministry of Foreign Affairs shall endeavor to obtain an extraordinary payment from the Ministry of Economy and Finance and from any other departments, to meet any outstanding expenses.

In any case, any unused balance in the amount allocated monthly may be used during the same month for items which have registered an increase, with the exception of personal services or rent, without exceeding the authorized amount.

The Inter-Agency Commission may establish special control regulations in accordance with the particular circumstances of each country.

The Authority shall introduce an electronic billing system in connection with services provided by Consulates in order to control consular operations.

Each year, the Panama Maritime Authority shall issue a technical report which shall report, among other things, on the performance of the Merchant Marine's international market, the profitability of Panamanian Consulates and of any offices abroad, the general status of the Panamanian fleet, any revenue received, the market strategy for attracting new vessels to the fleet and for retaining current users, the impact of the Maritime Sector on the national economy, and, in general, shall provide any information required to assess the performance of the National Merchant Marine.

The Panama Maritime Authority and the Ministry of Foreign Affairs shall create an Advisory Council to assess any joint decisions taken in connection with the consular system of the Republic of Panama, its services, and the profitability of the Consulates.

Article 163. The Board of Directors of the Maritime Authority shall designate Merchant Marine Qualified Consulates by means of resolutions, and it shall have the power to add or remove these functions from any particular Consulate, in accordance with the needs of the National Merchant Marine.

Article 164. Taxes, rates, fees and any interest owed to the Panamanian Register by ships declared inactive pursuant to a considered resolution issued by the General Directorate of the Merchant Marine, shall lapse within fifteen years.

Article 165. The Panama Maritime Authority, Panama's Consulates, its technical offices abroad, and any other agency authorized to provide services connected to the Merchant Marine shall be recognized as database storage facilities as provided by the law.

The General Directorate of the Merchant Marine shall regulate the procedure for providing any services in this capacity.

Merchant Marine services provided pursuant to this special capacity by any agency other than those listed above shall be able subject to additional processing and recognition charges.

The General Directorate of the Merchant Marine shall establish any processing requirements in accordance with this legislation.

Chapter XIII

Miscellaneous Provisions

Article 166. The Panama Maritime Authority shall issue the necessary directives required for compliance with the provisions of this law.

Article 167. In accordance with the international character of the Panamanian Merchant Marine's foreign operation, and in order to ensure its competitiveness:

1. By virtue of this law and unless otherwise expressly provided, a non-certified copy of any document required to support an application may be submitted to the General Directorate of the Merchant Marine without requiring any form of notarization or legalization, even if the document is issued abroad.
2. The General Directorate of the Merchant Marine may, at its own discretion, accept any document submitted in English, without requiring any official translation. For such purpose, the General Directorate of the Merchant Marine shall state which documents may be submitted without translation.
3. The General Directorate of the Merchant Marine, with the consent of the Public Registry of Panama, shall accept any document submitted in English for the purpose of the registration of vessels and any encumbrances in the National Merchant Marine.

Article 168. For the purposes of this law, the following terms shall have the following meaning:

1. *Resident agent.* An attorney or law firm appointed in writing by the owner of the vessel to process any matter before the General Directorate of the Merchant Marine.
2. *Panama Maritime Authority.* The Panama Maritime Authority.
3. *Certificate of registration.* A document providing evidence of the registration of the vessel in the Merchant Marine of the Republic of Panama.
4. *General Directorate of the Merchant Marine.* The General Directorate of the Merchant Marine of the Panama Maritime Authority.
5. *Auxiliary agencies.* Any public or private agency duly authorized by the Panama Maritime Authority to ascertain compliance with the navigation and safety rules of the Merchant Marine, of any Recognized Organizations, Security Organizations, Radio Account Authorities and Inmarsat service providers, among others.

6. *Merchant Marine*. Any vessel registered in the Republic of Panama.
7. *Vessel*. Any vessel engaged in the transportation of cargo or persons; pontoons, dredgers, floating docks, oil drilling platforms or any other hulls engaged in or which may engage in maritime trade, as well as any other structure recognized as a vessel by the Panama Maritime Authority.
8. *Vessels engaged in foreign trade*. Merchant Marine vessels regularly navigating in waters which are not subject to the jurisdiction of the Republic of Panama.
9. *Vessels engaged in domestic trade*. Merchant Marine vessels navigating exclusively in waters which are subject to the jurisdiction of the Republic of Panama.
10. *Pleasure craft*. Merchant Marine vessels which due to their design are used by their owners for non-commercial activities.
11. *IMO*. The International Maritime Organization.
12. *Operator*. Individual or legal entity who, pursuant to a contract, takes on the technical, operational and commercial responsibility of a vessel.
13. *Recognized Organization*. Any organization duly authorized by the Panama Maritime Authority to inspect, audit, and issue certificates in the name of the Republic of Panama and, in general, undertaking any acts delegated to it by the Panama Maritime Authority.
14. *Panama*. The Republic of Panama.
15. *Tax Clearance*. Situation whereby a vessel is in good standing with regard to the payment of its taxes, rates, fees, contributions and any other sums payable to the Republic of Panama.
16. *Owner*. Any person with a right *in rem* over a vessel, and who may, therefore, sell, use and enjoy it, as well as retain its peaceful and uninterrupted possession.
17. *Public Registry*. The Office of the Public Registry of the Republic of Panama.

Chapter XIV

Final Provisions

Article 169 (provisional). Any provision which, on the date that this law enters into effect, regulates rates and fees for services provided by the Panama Maritime Authority shall remain in force until such time as the institution shall issue any resolutions regulating such subject.

Article 170. Article 51 of the Family Code shall read:

Article 51. The master of any Panama flag vessel engaged in international trade shall perform any marriage on board a vessel on voyage at sea, regardless of the nationality of the contracting parties, and in the presence of two qualified witnesses.

Anyone who is to enter into a civil marriage on board ship shall provide the master of the vessel with a personal identity document from their country of origin, containing their

particulars, together with a signed statement from both interested parties expressing their intention to marry, to include their names, surnames, marital status, nationality, age, profession and their domicile or residence.

In order to perform the marriage act, the master shall comply with the following formalities:

The master, the parties and witnesses shall meet on board and the master shall read the rights and duties of the spouses out loud, which are:

1. The spouses shall agree to a marital domicile. In the absence of any express statement, it shall be deemed that the wife has chosen the domicile of the husband, or vice versa, in accordance with the circumstances of each case.
2. The spouses shall be obliged to live together and to be faithful to one another. Each spouse shall respect and protect the other.
3. Husband and wife are obliged to contribute towards any food, housing, clothing, medical, and maintenance costs, as well as to the payment of any other expenses pertaining to a home and family. Each spouse shall contribute towards said expenses in proportion to their economic capabilities.
4. Husband and wife shall live in the marital home and shall each have a right to live in it.

Immediately afterwards, the master shall ask the parties if they wish to marry. If they answer affirmatively and unconditionally, the master shall declare them married in the name of the Republic and by the power vested in him by the law.

The marriage shall be entered in the logbook and register of marriages to be kept on board ship, and to be duly opened in the General Directorate of the Merchant Marine or Merchant Marine Qualified Consulate. One balboa (B/.1.00) shall be payable for each validated logbook page.

The master shall provide an extract of every marriage taking place on board a Panamanian vessel engaged in foreign service, to include the following:

- a. The date, the vessel's name and the fact that it is registered in Panama.
- b. The parties' names, surnames, ages, nationality, date and place of birth, profession, domicile, and their identity document, passport or social security numbers.
- c. A statement from the parties indicating that they accept each other in marriage, and another from the master indicating that they have been married in the name of the Republic of Panama and by the power vested in him by the law.
- d. The parents' or legal guardians' consent, if either of the parties is under eighteen years of age.
- e. The witnesses' names, surnames, ages, nationality, profession, domicile, and their identity document, passport or social security number.

The extract shall be signed by the master, by the parties and by the witnesses. If any of the participants in this act is unable to or does not know how to sign, at their request, it shall be signed by another person, and this fact shall be recorded.

A copy of the marriage act as it appears on the ship's Marriage Register or logbook, as the case may be, shall be sent by the master to the General Directorate of the Merchant Marine, who in turn shall send it to the Civil Registry of Panama within thirty days after the marriage takes place, to be registered in the Civil Registry of Panama. In addition, any document in support of this marriage must be kept on record. The extract issued by the master shall be authenticated by a Consul of the Republic of Panama.

The General Directorate of the Merchant Marine of the Panama Maritime Authority may establish a special system for performing the marriage act and for registering said marriages.

Article 171. Article 1507 of the Commercial Code shall read:

Article 1507. The following claims shall take priority over the vessel and shall attach to the proceeds of sale thereof in the following order, as stated in this Section:

1. Court costs incurred in the common interests of all maritime creditors;
2. Expenses, compensation and salaries, for any assistance and salvage due for the last voyage;
3. Salaries, remuneration and compensation owed to the master and crew for the last voyage;
4. Ship mortgages;
5. Debts owed to the Panamanian government for rates and taxes;
6. Salaries and wages due to stevedores and dock workers hired directly by the owner, operator or master of the vessel, for loading or unloading upon its last arrival;
7. Any compensation payable for damages due to a wrongful act or negligence;
8. Amounts due for general average contributions;
9. Debts incurred in providing for the vessels' necessities and provisions;
10. Bottomry loans for the ship's hull and tackle, for stores, equipment and outfitting, if the contract was entered into and signed before the vessel left the port in which the obligations were contracted, and insurance premiums for the last six months;
11. Salaries of pilots, custodians, and the cost of maintenance and custody of the ship, and of its tackle and stores, after its last voyage and entry into port;
12. Compensation payable to stevedores and passengers for failure to deliver cargo or for damage thereto, attributable to the master or crew during the last voyage;
13. The price obtained for the ship's last sale and any interest owed for the last two years.

Article 172. Sub-paragraph (e) of Article 708 of the Tax Code shall read as follows:

Article 708. No tax shall be payable on:

...

- e. Revenue arising from any international maritime trade carried out by national merchant vessels legally registered in Panama, even if the shipping agreement is entered into in this country. It shall be understood that any activities undertaken in waters subject to the jurisdiction of Panama shall be subject to the payment of income tax in Panama, regardless of the type of navigation license held or of the vessel's flag.

...

Article 173. The second paragraph of Article 23 of Law 7 of 1990 shall read as follows:

Article 23. ...

Income or dividend tax shall not be payable in the Republic of Panama on any lease payments received for the lease of merchant ships engaged in foreign trade and operating in international waters. In any case, for the purposes of notification and third party enforceability, in addition to having a verifiable date, the lease shall be recorded as a Public Deed and registered at the Public Registry, as authorized by this law. In these cases, the contract shall include the names of the parties, a description of the vessel or container with its serial number, the amount and the duration of the contract, the method of payment, and any other clauses required by the parties. The registration fees applicable to this type of contract shall be the same as the amounts charged for the registration of ship mortgages.

Article 174. Article 1 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 1. The Panama Maritime Authority, hereinafter the Authority, is a government agency with its own legal personality, with the capacity to administer it, and with an autonomous internal structure, both administratively and operationally, in relation to its human resources and its direct recruitment, and in relation to its budget and finances. Therefore, it shall freely exercise the power to receive, hold, assign and invest its financial resources, and to grant concessions and /or operating licenses, subject only to the policies, orientation and inspection of the appropriate departments of the Executive Branch, and to the audit of the General Comptrollership of the Republic.

The Authority shall use any revenue collected from rates for the appropriate purpose, as defined for each rate.

In addition, the Authority shall have a reimbursable Emergency Fund to directly meet the costs of investigating marine accidents, of Port State Control detentions, of spills, dredging, transport and related costs; of navigational aids, salvage, of maritime safety and labor inspections, of repatriation of seamen, of conference participation and of international congresses in connection with maritime safety and the promotion of the ship register; and the costs of any other emergency endangering human life at sea, any vessel, navigation in national or foreign waters, or the marine environment.

The method for coordinating the institutions and authorities of the Republic which are tied to the Maritime Sector is hereby implemented with the creation of the Authority, in compliance with the provisions of the final paragraph of Article 317 of the Political Constitution of the Republic of Panama. Therefore, the Authority shall have the rights and privileges guaranteed by its condition as a supreme authority, to execute the National Maritime Strategy.

The Administrator of the Authority shall be deemed to be a Minister without Portfolio for the purposes of his participation and appearances at meetings of the Cabinet Council.

Article 175. Article 10 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 10. Notwithstanding the powers conferred on the General Comptroller of the Republic by the Political Constitution, the Authority shall have its own auditing system.

The Authority has the power to contract the services of independent, recognized and internationally experienced external auditors, as well as the services of any companies in order to outsource invoicing, collection, accounting, and marketing, or any other services determined by the Authority. The cost of these services shall be assumed by the Expenses Budget of the office to be audited, and any commission for these services shall be approved by the Ministry of Economy and Finance.

Article 176. Article 14 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 14. The Board of Directors of the Panama Maritime Authority shall be comprised of:

1. The Ministry of the Presidency, who shall preside over the Board and who shall, in the event of his temporary absence, be replaced by his Deputy.
2. The Minister for Canal Matters, who shall, in the event of his temporary absence, be replaced by the Administrator of the Panama Canal.
3. The Minister of Economy and Finance, who shall, in the event of any absence, be replaced by the Deputy Minister of Economy or the Deputy Minister of Finance.
4. Four members appointed by the President of the Republic, each with more than seven years' employment within the maritime sector, and with a recognized standing within the industry. These members shall be replaced in the event of any temporary absence and in cases where conflicts of interest arise in connection with the subjects to be dealt with, by deputies who shall be appointed by the President of the Republic for the same term as the principals' appointment.

The Administrator of the Panama Maritime Authority shall act as the Secretary of the Board of Directors, and shall have a right to address the Board.

The members of the Board of Directors and their alternates shall remain in office for a period of five years, served concurrently with the term of office of the President of the Republic.

The members of the Board of Directors may only be removed from office by the Executive Branch, pursuant to the grounds prescribed in Article 19 of this Decree-Law.

The General Comptroller of the Republic or any official appointed by him, the Deputy Administrator and the General Directors of the Panama Maritime Authority shall have a seat on the Board of Directors and shall have a right to express an opinion.

Article 177. Article 15 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 15. The requirements for becoming a member of the Board of Directors of the Authority are the following:

1. Panamanian citizenship.
2. Thirty years of age or above.
3. Not to have been convicted of a willful criminal offense, or of any offense against the Public Administration.
4. Not to be related to each other at the time of appointment within the fourth degree of consanguinity, nor related to any other members of the Board of Directors, to the President of the Republic, to the Administrator or to the Deputy Administrator of the Authority, within the second degree of affinity.
5. To hold a university degree, to have a minimum of seven years' experience in the maritime sector, and to have been employed within the sector at the time of appointment.

Article 178. Article 16 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 16. The members of the Board of Directors of the Authority shall not be paid a salary or business expenses in such capacity, however, they may receive a per diem allowance for their attendance at any meetings of the Board of Directors.

Article 179. Article 17 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 17. Ordinary meetings of the Board of Directors shall be held at least once a month and special meetings shall be convened by the Administrator or by any two of its members.

The Board of Directors shall hold a meeting with a simple majority of its members and any decisions shall be adopted by a majority of votes.

Article 180. Article 19 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 19. Members of the Board of Directors of the Authority shall be suspended, and as the case may be, removed from office if they commit any willful criminal offense, or any offense against the Public Administration.

Similarly, members of the Board of Directors may be suspended or dismissed for physical, mental or administrative incapacity, as resolved by the Executive Branch.

The suspension or removal shall apply without prejudice to any corresponding criminal sanction.

Article 181. Article 20 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 20. An Advisory Board is hereby created which shall be comprised of ten domestic and foreign maritime industry representatives with ties to maritime transport. They shall be appointed by the Administrator of the Panama Maritime Authority with the purpose of advising Panama's Maritime Administration in connection with the improvement, development and efficiency of the Merchant Marine Service. The Board shall include one member of Panama's Chamber of Shipping, one member of the Panama Maritime Law Association, and one member of the Panamanian Association of Marine Officers.

The members of said Board shall represent, among others, the maritime transport industry, attorneys, the register's shipowners, the ship building and repairs industry, P&I Clubs, the banking sector, classification societies and recognized organizations, maritime telecommunications companies, ship operators, maritime safety experts, and seamen.

The members of the Board shall be persons of recognized standing in the international maritime community, preferably users of the services provided by the National Merchant Marine, who will provide effective advice in connection with international market interests and trends.

The Authority shall cover the travel and food, and per diem expenses of the members of the Advisory Board, wherever the advisory meeting may be held by the Administrator or Deputy Administrator of the Authority. Likewise, the Authority shall cover the costs of holding these advisory meetings, wherever they may take place.

A meeting of the International Advisory Board shall be held at least once a year.

Article 182. Article 21 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 21. The Deputy Administrator of the Authority shall preside over the Advisory Board and may delegate its powers to any one of the Directors of the General Directorates.

Article 183. Article 22 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 22. The Authority may create specialized consulting committees to deal with issues concerning the registration of ships and they shall be treated in the same manner as the International Advisory Board.

Article 184. Article 23 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 23. The recommendations of the International Advisory Board and of the Specialized Consulting Committees shall be submitted to the Administrator, to the appropriate Director General, and to the Board of Directors of the Authority, so that they may consider the implementation thereof as promptly as possible.

Article 185. Article 24 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 24. The Executive Branch shall appoint the Administrator and the Deputy Administrator of the Authority. The Administrator shall legally represent the authority, and

this representation shall be transferred to the Deputy Administrator in the event of the temporary or permanent absence of the Administrator.

If for any reason, the Deputy Administrator is unable to replace the Administrator, the Secretary General shall legally represent the Authority, and in his absence, any Director appointed by the Administrator shall be the legal representative.

The Administrator shall also be in charge of the entire administration of the Authority and may conduct any operation, action, or enter into any agreement or contract in connection with any subject, as required under this Decree-Law, and subject to the authorization of the Board of Directors, as required by this Decree-Law.

Article 186. Article 27 of Decree-Law 7 of 10 February 1998 shall read as follows:

Article 27. The duties of the Administrator are:

1. To comply and ensure compliance with any decision of the Board of Directors.
2. To draft and submit any Maritime Sector policies, plans and programs to the Board of Directors, for its approval.
3. To prepare and submit the institution's draft annual or multi-annual income and expenses budget, its extraordinary expenses, any decision regarding the use of excess sums to be deposited in fixed-term deposits, and shall submit the agency's operations and transactions to the Board of Directors for its approval.
4. To draft and deliver a proposal providing the method for assessing the value of the Maritime Sector's funds to be included in the National Accounts system and to provide the appropriate tools to facilitate the procedure for the planning and allocation of such funds.
5. To submit an annual report pertaining to its administration, to the Board of Directors, together with any other reports it may request.
6. To issue resolutions relating to the operations and services provided by the Authority.
7. To appoint the institution's general and executive directors.
8. To create and set up any advisory, consulting, enforcement, and coordination departments as deemed appropriate by the Authority, with the prior authorization of the Board of Directors, and in accordance with its Internal Regulations.
9. To appoint, transfer, promote, suspend and dismiss any subordinate staff in accordance with the law and with the Authority's Internal Regulations.
10. To propose and coordinate together with any organizations having the appropriate jurisdiction, any measures required for the protection and preservation of the marine environment.
11. To enter into any contract or agreement, to conduct any action or operation which must be entered into or conducted by the Authority, and which does not exceed the sum of one million balboas (B/.1,000.000.00), subject to the provisions of the

law, and without prejudice to any prior or subsequent audit by the Board of Directors.

12. To sell, transfer, or pledge personal and real property belonging to the Authority, the value of which shall not exceed one hundred thousand balboas (B/.100,000.00).
13. To authorize or provide for any unforeseeable expenses of any of the Authority's overseas technical offices, relating to any extraordinary costs, maritime safety inspections, investigation of accidents, maritime safety and prevention of pollution consulting, international conferences, and for the implementation of international conventions.
14. By virtue of the activities which are specific to the Maritime Sector, and as a result of the rates charged by the institution, the Administrator shall cover the urgent costs of any spills, marine accidents, investigation of accidents, and of any dredging; of travel expenses, transportation, marine signaling, and the purchase of equipment in connection with salvage; of bunkers, of any consulting and any advice provided in connection with marine accidents; of maritime and labor safety inspections; of the repatriation of seamen; of any participation in international conferences and congresses dealing with the subject of maritime safety; and relating to any emergencies endangering human life at sea, any vessel, or the environment. The General Comptroller of the Republic shall subsequently conduct an audit in connection with the use of these funds.
15. To recognize, collect and assess any taxes, rates and other amounts payable by taxpayers and by the Authority's customers.
16. To resolve any appeals and claims submitted by any users of the Authority's services which have been reviewed or resolved by any of the institution's departments, thus concluding any appeal through government channels.
17. To authorize the elimination or final disposal of assets which have fallen into disuse, which have depreciated or become obsolete, held by Panamanian Consulates and overseas international offices, after duly notifying the corresponding agencies, in accordance with the law.
18. To authorize the disposal and destruction of documents held by Panamanian Consulates and overseas international offices, which are no longer in use and which have no value, after notifying the corresponding agencies in accordance with the law.
19. To apply to Board of Directors to convert any Consulate of the Republic of Panama, into a Merchant Marine Qualified Consulate.
20. To set up the Inter-Agency Commission in order for it to approve consular budgets.

Article 187. Article 30 of Decree-Law 7 of 10 February 1998 shall read:

Article 30. The General Directorate of the Merchant Marine shall have the following powers:

1. It shall execute any administrative act in connection with the registration of vessels in the National Merchant Marine, it shall authorize any changes to such registration, and it shall order the removal of any vessel from the register, in accordance with the law.
2. It shall establish each department's procedure for handling the documentation of vessels, any charges for services, and any control measures required for the provision of an optimal and efficient service.
3. It shall study, propose, coordinate and execute any measures, action and strategies required to maintain the competitiveness of the National Merchant Marine.
4. It shall reject applications for registration if, in its opinion, they are contrary to Panama's national interests.
5. It shall provide any regulations, rules, and technical or administrative procedures required for registration and shall issue technical documents to all vessels.
6. It shall delegate its authority to any other public servants of the General Directorate of the Merchant Marine in connection with any acts required for the registration of a vessel and for the issue of its technical documents.
7. It shall delegate the execution of any act in connection with the provisional registration of ships to Merchant Marine Qualified Consuls, subject to the conditions and restrictions prescribed by the law.
8. It shall propose and recommend any taxes, rates and other charges payable by vessels registered in the National Merchant Marine, and shall collect and or supervise the collection of taxes, rates, fees and other obligations payable by vessels registered in the National Merchant Marine in accordance with any current laws and regulations.
9. It shall ensure that any revenue obtained from any rates and fees paid by vessels registered in the National Merchant Marine shall be included in the budget, under the appropriate entry.
10. It shall supervise and deposit any amounts collected, or any remittances received in relation to the National Merchant Marine, and paid in by public servants employed by the Panama Maritime Authority, by Consuls of the Republic of Panama, and by any authorized offices abroad.
11. It shall pay any debts of any of the Authority's Consuls or executive public servants, taking into account any existing evidence of and the reason for such debts, subject to confirmation by the General Comptroller of the Republic.

12. It shall approve or reject applications for special discounts in connection with taxes, rates, registration fees, cancellation of surcharges and interest, and any other amounts payable by vessels registered or to be registered in the National Merchant Marine, subject to any conditions and limitations prescribed by law.
13. It shall approve or reject applications for credit in connection with taxes, rates, fees, and other charges which have been paid in excess or otherwise, in relation to vessels registered in the National Merchant Marine, subject to any conditions and limitations prescribed by law.
14. It shall ensure strict compliance with, and the effective application of, any laws currently in force in the Republic of Panama, and with any international conventions, codes or guidelines on maritime safety, pollution prevention, and maritime security for its vessels.
15. It shall undertake any investigation of marine accidents, spills or pollution involving vessels registered in Panama wherever they may be, or involving vessels of any nationality navigating in waters subject to the jurisdiction of Panama.
16. It shall penalize anyone who violates laws or regulations relating to the National Merchant Marine.
17. It shall issue any navigation permits required by vessels navigating in Panama's territorial waters.
18. It shall establish procedures for the inspection of National Merchant Marine vessels to ensure adequate compliance with any safety and environmental pollution prevention laws and any other obligation, in accordance with any national legislation.
19. It shall appoint and supervise National Merchant Marine ship inspectors to ensure adequate compliance with safety and environmental pollution prevention laws and any other obligations, in accordance with any national legislation.
20. It shall coordinate and supervise the performance of any of the functions of the Merchant Marine which are carried out by any Merchant Marine Qualified Consulates, by Panama's Economic and Commercial Offices, and by any other authorized office of representation which has been authorized or created by the Panama Maritime Authority to deal with any act relating to registration overseas; and it shall impose any penalties on public servants for failure to comply with their legal or regulatory obligations.
21. It shall authorize, supervise, audit and control any Recognized Organization, Recognized Safety Organization, and related organizations to whom the Panamanian government has delegated its powers, and it shall regulate any

procedures applicable thereto. This function shall not be delegated without the prior consent of the Panama Maritime Authority.

22. It shall declare that a vessel has been wrecked and order the total or partial removal of any vessels, its possessions, and any property abandoned by any vessel which endanger navigation or the marine environment of national or international waters, and shall order third parties to effect such removal, with the authorization of the Administrator of the Authority.
23. It shall approve any plans to build and repair vessels in Panama.
24. It shall act as a regulatory body and as a coordinator of policies, strategies and decisions directly or indirectly affecting the registration of vessels in the Republic of Panama, and in connection with any issue relating to compliance with national and international laws currently in force, which are applicable to the ships of the National Merchant Marine.
25. It shall perform the duties of a Flag State and it shall enforce compliance of any national laws and international conventions currently in force and ratified by the Republic of Panama relating to maritime safety, navigation safety, maritime security, and marine pollution prevention and control, as well as of any international guidelines and codes relating to the Flag State, upon ships registered in Panama and upon foreign ships navigating in waters subject to the jurisdiction of Panama.
26. It shall execute and enforce national laws, international conventions currently in force and ratified by the Republic of Panama, and any international guidelines and codes relating to the Port State Control.
27. It shall comply with any other duties prescribed by the law, in regulations, by the Administrator, or by the Board of Directors of the Authority.

Article 188. This law amends Article 51 of the Family Code, Article 1507 of the Commercial Code, sub-paragraph (e) of Article 708 of the Tax Code, and Articles 1, 10, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 27 and 30 of Decree-Law 7 of 10 February 1998, and repeals Law 8 of 12 August 1925, Law 54 of 11 December 1926, Law 11 of 25 January 1973, Law 83 of 20 September 1973, Decree 93 of 18 August 1965, Cabinet Decree 45 of 14 February 1969, Articles 9, 10, 12 and 14 of Law 2 of 17 January 1980, Article 5 of Law 21 of 9 July 1980, Law 25 of 18 July 1997, Articles 8, 9 and 10 of Law 14 of 27 May 1980, Article 4 of Law 19 of 3 August 1992, Article 2 of Decree 18 of 30 May 1984, Articles 22, 23 and 24 of Law 36 of 6 July 1995, and Law 25 de 3 June 2002.

Article 189. This Law shall enter into effect six months after its enactment.

TO BE PUBLISHED AND COMPLIED WITH.

Draft 342 of 2007 approved after three debates at the Justo Arosemena Assembly, Panama City, on the twenty-sixth day of the month of June of two thousand and eight.

The President
(Signed: Illegible signature)
Pedro Miguel Gonzalez P.

The Secretary General
(Signed: Illegible signature)
Carlos Jose Smith S.

NATIONAL EXECUTIVE BRANCH. PRESIDENCY OF THE REPUBLIC. PANAMA,
REPUBLIC OF PANAMA. 6 August 2008.

(Signed: Illegible signature)
MARTIN TORRIJOS ESPINO
President of the Republic

(Signed: Illegible signature)
DILIO ARCIA TORRES
Minister of the Presidency

The foregoing is a certified translation into English of Law No. 57 of August 6 of 2008, as appears published in Official Gazette No. 26.100 of August 7, 2008.

This translation has been commissioned by the Panama Maritime Law Association and has been prepared by Annabel E. Franco, certified public translator.