

Press Release

## **Panama concludes update of the General Merchant Marine Law**

Panama - May 11, 2023 ---The Panama Maritime Authority (AMP) and Panama's main maritime associations concluded the meetings for the revision of the General Merchant Marine Law, law 57 of August 6, 2008.

A total of 188 articles were reviewed; 70 were modified; 10 were eliminated and more than 12 new articles were proposed, and all of them were approved in consensus. These amendments aim at improving the competitiveness of the Panama Ship Registry for remaining at the forefront of the maritime sector.

This project, considered to be one of the pillars of the present Administration, contemplates an aggressive and comprehensive international marketing plan, the creation of new departments, reassignment of functions to existing departments or sections and the adoption of new technologies accompanied by the reengineering and reorientation of the Registry.

For this Administration, the need to revise the business model and update Law 57 to the standards and requirements of the industry, became urgent. A national dialogue was called for since the Ship Registry is everyone's responsibility and a source of foreign exchange for Panamanians.

The international competitiveness, the dynamic and constant changing international maritime sector and the Ship Registry's collateral business, required a country's strategy based on clear and transparent legislation that contributes to a sustainable growth of the activity.

This process began in 2020 and by 2023, the meetings led to a complete review and updated standard that offers answers to customers and is adjusted to the international market where the Ship Registry can compete equally with other non-state registries that offer innovative options to shipowners.

The revision of the General Merchant Marine law brought several novelties, among them:

- Obtaining the Navigation Patent through a straightforward process, without needing a provisional navigation patent. This generates compliance, saves costs and efficiency in the process of obtaining the title deed, and registration of the ship's mortgage.

The elimination of the expiry date of the statutory navigation patent and the statutory radio license for international service vessels gives benefits to the client and to Panama a more competitive position in the market. The vessel has a unique registration number, resulting in better control and follow-up in the administrative and documentary part of the vessel.

The modification of the notification process within the administrative framework of the Directorate General of Merchant Marine, allowing special notifications by e-mail instead of the edicts placed in the Department of Resolutions and Consultations. This change introduces agility and speed in administrative processes.

The Register of Resident Agents of National Merchant Marine Vessels is created, allowing the identification of measures that will strengthen due diligence and the obligations they must comply with at the international level; it generates better control and administration of the resource.

The obligation to previously register the title of ownership of the seller of a vessel within the change of ownership procedure, is created. This ensures greater transparency and security in transactions.

Legal security for mortgage creditors of vessels registered in Panama is reinforced: From now on, the cancellation of a vessel will not affect the validity of mortgages previously registered in the General Directorate of Public Registry of Ship Ownership of the Panama Maritime Authority (AMP).

A new Incentive Regime is proposed which should promote the growth of the Panamanian fleet.

The working group was made up of various members of the maritime sector, associations and public entities such as the Ministry of Foreign Affairs (MIRE), the Public Registry of Panama (RPP), the National Air and Naval Service (SENAN), the Aquatic Resources Authority (ARAP), Panamanian Association of Maritime Law (APADEMAR), the National Bar Association (CNA), the National Association of Seafarers (CONAGEMAR), the Panamanian Association of Marine Officers (APOM), the Association of Panamanian Shipowners (ARPA), the Recognized Organizations (IARO), the Panama Chamber of Shipping (CMP). For the order and transparency of this project, the Inter-American School for Social Dialogue and Tripartism of the University of Panama (EI-DiSTReC) provided support.