

**PRESS RELEASE**

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**Panama's Ship Registry cleans up its fleet for international compliance**

PANAMA---June 21, 2023--- The Panama Maritime Authority considers the international compliance of the Panama-flagged fleet of utmost importance and to enforce it, the Authority looks at the age of vessels, detention, and safety inspection history, together with statutory and classification inspection and certification history. The Panamanian fleet is inspected on average 14,000 times per year, which represents a challenge to maintain compliance in the different regions.

The Panama Ship Registry is working on an integrated review for the verification and control of the more than 8,500 vessels that make up the Panamanian fleet and the more than 318,000 active seafarers that remain on board these ships. Being the world's largest registry demands control, surveillance, and compliance, but also efforts, sacrifices and real standards that help maintain the compliance expected by the industry.

Purging the fleet, a process that began in 2021, will continue. The vessels with a compromised history and detentions reported by the different Memoranda of Understanding (MoU), fishing vessels involved in unreported and unregulated fishing situations and vessels that maintain low international compliance will be subject to a process of sanction and cancellation of their registration.

The vessels of advanced age and whose operating companies do not maintain best practices represent a potential risk, as they may suffer accidents and detentions in Port State inspections, causing damage to the rest of the fleet, as well as to the prestige of the Panamanian flag.

The Panamanian fleet's tidying up is a key issue for the Panama Maritime Authority's administration, which, though it had been postponed in the past, addressed it now despite the sacrifices it requires and in the interest of improving international compliance.

Recently, the Panama Ship Registry entered for the first time the "Qualship 21 Program" of the United States Coast Guard, which has been in existence for more than twenty years. It is an important milestone for the Panamanian Registry as it

shows the efforts of the institution and its human resources in changing the working methods and the monitoring of the fleet.

To qualify for this program, vessels must comply with the established requirements, that encourage vessels in good compliance and environmental management, and Panama had put in place a series of measures ensuring the reduction of possible detentions upon arrival of Panama-flagged vessels in ports of the United States (U.S.A.).

Article 49 of Law 57 "of Merchant Marine" establishes the following as grounds for ex officio cancellation:

- The execution of acts affecting national interests.
- Serious non-compliance with legal regulations in force in Panama or with maritime safety, pollution prevention, maritime security or international conventions ratified by the Republic of Panama.
- The expiration of the provisional navigation patent or the regulatory patent without being renewed within a period of five years from the expiry date.
- The use of the vessel for smuggling, illicit or clandestine trade, piracy or for the commission of other crimes.
- The presentation of forged or falsified documents.
- Abandonment of the vessel.
- The registration of the vessel in another register, except in the special charter registers in accordance with the formalities provided for in this Act.
- The total loss of the ship.
- The high incidence of detentions due to serious or recurrent deficiencies detrimental to maritime safety.
- Other cases established by law and international law.

In addition, during the revision of this General Merchant Marine Law, it was proposed to add the following reasons for ex officio cancellations in relation to the issue of illegal fishing:

- Information or indications that the vessel is being used in activities related to illegal, unreported, and unregulated fishing.

And to collaborate as a flag State with the eradication of Illegal, Unreported and Unregulated Fishing, the Panamanian Registry has, to date, cancelled ex officio 182 vessels representing 475,390.46 Gross Registered Tons (GRTs), for not having a valid Fishing License or for having an expired Navigation Patent, which in both cases could represent Illegal Fishing. Another 97 vessels, totaling 59,334.83 GRTs, are currently in the process of cancellation for similar reasons.

The Panama Ship Registry can sanction the owners, shipowners, and the ship captain with the expulsion of the vessel when the image and good name of the Panamanian Register is affected.

This Administration, according to the database of the Panama Maritime Authority has cancelled ex officio, from July 2021 to date, more than 6.5M GRTs, for issues related to Iran, North Korea or vessels included in the list of international sanctions.

This elimination program responds to the current administration's commitment to comply with cleaning up the fleet, which had previously been postponed.

Even though, from July 2019 to end of May 2023, the Panama Ship Registry has added more than 29.6M GRTs to its fleet, according to Clarksons Research data.