

PRESS RELEASE
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PANAMA----June 28, 2023--- Despite the inclusion of the Panama Ship Registry in the Paris Memorandum of Understanding (MoU) grey list, the Panama Maritime Administration remains committed to the compliance of its fleet by taking measures to reduce Port State's detentions of Panama-flagged vessels.

The Paris Memorandum of Understanding (Paris MoU) is made up of 27 European countries and Canada and aims at eliminating vessels that are below maritime safety standards and prevent pollution of the marine environment. This measurement is made with a statistical system of inspections indicating ship registries that comply with the highest qualifications in maritime safety standards, by considering the total number of inspections and detentions during the period of the last 3 years. The registers are classified into three groups:

- Administrations placed on the White List: These are administrations whose fleet maintains a high level of compliance.
- The Grey List: Administrations whose fleet maintains an acceptable level of compliance with a low level of detentions.
- Administrations placed on the Black List, are the administrations whose fleet maintains a high level of detentions. Administrations in this segment are considered as high risk.

The Panama Ship Registry has around 8,500 ships and has been inspected at least 45,000 times, which gives an overall fleet compliance level of 96.17%, and a detention rate of 3.83% downwards.

The Panama Maritime Authority has been committed to the attraction of newly built ships, due diligence and the acceptance of ships coming from companies with high standards, to position Panama in the corresponding position. Panama has been able to attract 1,548 new buildings and 50 million tons in the last 4 years, which is a very important figure for the sustainability of the Registry.

Some of the main reasons for the inclusion of Panama in the Paris MoU grey list which could have generated situations of non-compliance are:

- Age of the legacy fleet operating in this area: of the 374 detentions reported (in the last three years), 104 vessels were over 30 years old, 35 vessels over 40 years old, a situation that puts the fleet at risk given the stringency of the inspections in this MoU. These vessels are being subjected to a special inspection regime, and if they do not improve, they will be removed from the register.
- A trend was detected of ships certified by Recognized Organizations with a high number of detentions or reported deficiencies and having valid technical certification on board, without prior notification to the Directorate General of Merchant Marine (Ship Registry). These companies have been audited, some suspended and revocation of their delegation of authority is not ruled out.
- The economic situation generated by the pandemic caused some companies to declare bankruptcy and abandon their vessels and crews.
- Panama detected that the Flag State inspections carried out by the approved inspectors were not yielding the expected results, even cases were detected where the inspectors did not attend on board the vessels and have carried out remote inspections acting independently and without the authorization of the AMP's Directorate General of Merchant Marine.

The Panama Ship Registry has implemented a series of actions to maintain its compliance standards, such as:

- Due diligence is strengthened and ships older than 30 years are rejected, and due diligence is extended to companies. During the year 2023 alone, 20 ships have been rejected due to their history of detentions in the pre-flagging process.
- Non-compliant vessels are sanctioned and cancelled. During 2023, 1 vessel was sanctioned for multiple detentions and 18 vessels are in a cancellation process due to their detention history.
- Flag State inspectors (ASI) with poor performance are sanctioned and cancelled. To date there are 3 inspectors who have been suspended for poor performance, 14 are in the process of suspension and 9 have been cancelled from the list of Flag State inspectors approved by the AMP's Directorate General of Merchant Marine.
- The purging of the Register continues. Since 2021, 216 ships have been removed from the register which is in the process of purging the fleet.