

The Panama Ship Registry stays on the Paris and Tokyo MoUs White lists

Panama continues to be on the Paris MoU White List for the past ten consecutive years, complying with the Paris MoU's rules and thanks to a low number of detentions during the required period, according to the Paris MoU 2019 Annual Report, published in early July of this year.

Technical supervision and a careful inspection regime by the Panamanian Ship Registry, have allowed Panama-flagged vessels to be in good condition when they arrive for inspection in the Port States that form the Paris MoU and consequently have less detentions, leading Panama Ship Registry to remain on the Paris MoU White List since 2010.

Earlier this year, the Tokyo MoU Annual Report 2019 also confirmed that Panama maintains its place on the Tokyo MoU White List.

At the end of the 2020 first semester, the Panamanian fleet has a 97% compliance percentage in relation to the Paris and Tokyo MoUs; during this period approximately 5,287 inspections were carried out to Panama-flagged vessels, 62% less compared to the same cycle in 2019; in addition, the number of vessel detentions has decreased by 46% compared to last year.

In the US Coast Guard's "USCG PSC Annual Report 2019", Panama, with 1450 inspections, has seen a reduction of detentions and remains below the regional annual detention rate for the second consecutive year, with a detention percentage of 1.10%.

"The Panama Ship Registry has the best [detention] average within the Top largest registries in the world. It is important to highlight that for the last 3 years, the average arrest rate is 1.08%, being Panama's best performance compared to previous periods," said Rafael Cigarruista, Director General of Merchant Marine and head of the Panama Ship Registry.



The Panama Maritime Authority (AMP)'s Directorate General of Merchant Marine, in charge of the Ship Registry, and its staff have worked in active collaboration with the parties involved, providing the assistance and guidance required to maintain the compliance of the Panamanian fleet.

The General Directorate of the Merchant Marine has published various circulars on updating the procedures for Port State control, establishing requirements to reduce detentions of Panama-flagged

vessels, sending pre-arrival checklists to ports in the USA, as well as guidelines for the appeal process against deficiencies or detentions by Port State and also the lack of personnel to carry out inspections in the various ports, in view of the possible risk of contagion by Covid-19.

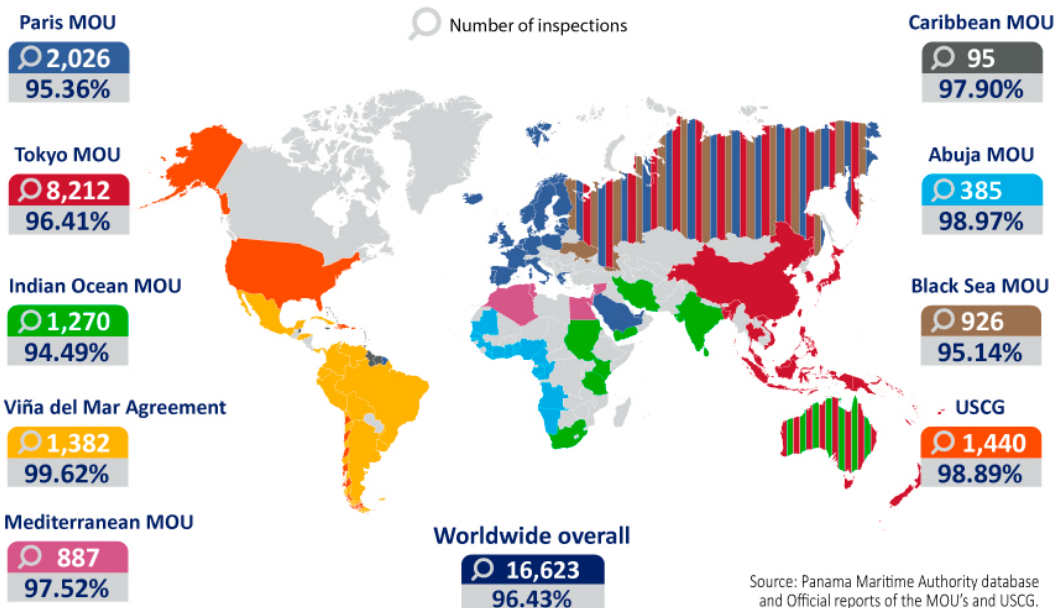
The Panama Ship Registry is committed to comply with the standards established by the International Maritime Organization (IMO) and international entities.



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Percentage of compliance by MOU - Year 2019



Source: Panama Maritime Authority database and Official reports of the MOU's and USCG.

Panama's Merchant Marine maintains its certification ISO 9001:2015

The Panama Maritime Authority (AMP)'s General Directorate of Merchant Marine (DGMM), has maintained its certification of the ISO 9001:2015 (international standard of certifiable character that regulates the Systems of Management of Quality), given by the certifying organisation Lloyd's Register.

To maintain the certification, the actions taken have allowed the management in charge of the DGMM's quality system, to establish methods of performance evaluation and productivity indicators, in areas such as: Customer satisfaction, risk analysis and internal audits and review by senior management have been reinforced.

At the end of the first semester of 2020, the

DGMM has received the external follow-up audit No. 5, by the certifying agency Lloyd's Register which carried out the audit from June 30 to July 2 of this year. This 2020

“Risk analysis and internal audits have been reinforced”

audit created a precedent to the usual way of "in situ" visits, since the audit process was carried out completely remotely, a fact that sets a pattern being the Panamanian Ship Registry, innovative and pioneer in this regard; by maintaining its standardized and certified scheme, even in times of the pandemic caused by the Covid-19 and ensuring that the operation of the Register, and its 13 international offices were not affected.

Last June, three internal audits were carried out remotely at the international



offices of Segumar Seoul, Miami and Singapore. In these offices, the agreed plan was successfully completed and innovating with the use of digital and electronic platforms that facilitated compliance with the commitment of maintaining the quality management system and due compliance, in accordance with national and international standards.

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Panama safeguards seafarers during this world health crisis

The Panama Maritime Authority (AMP) wants to highlight that the measures adopted through MMN-003-2020, on the extension of employment contracts for seafarers were made to safeguard their rights and working conditions during this world health crisis (Covid-19) and that it had responsibly adopted various actions with the purpose of establishing mechanisms, procedures, manuals, administrative measures and communications, which serve as a basis to minimize the risks and impact on seafarers, particularly in regards to the inability on replacing crews on board ships, as well as in the maritime industry, within the protocols established by international organizations, including the declarations and guidelines issued by the International Maritime Organization (IMO) regarding this worldwide health emergency created by the Covid-19 pandemic.

The Seafarers Welfare is and will continue to be a priority for the AMP, which has been widely demonstrated by complying with the Diagram on modalities for repatriation, discharge and boarding of crew members, that includes six (6) different modalities through which, since the end of March 2020 till now, it has been possible for approximately 4,341 people (between passengers and crewmembers) of various nationalities, including Panamanians on board passenger vessels, cargo ships, fishing



boats and yachts, to return to their homes safely.

One of the measures adopted by the Panama Maritime Administration, just like most ship registries worldwide, has been to authorize exceptions to rule A2.4, paragraph 3, of the Maritime Labor Convention (MLC, 2006), of which Panama is signatory, allowing the extension of seafarers' employment contracts for a period that exceeds eleven (11) months of service, within specific limits, complying with the established requirements, in the context of a public health emergency, such as the need to hold the current Covid-19 pandemic. The

extension of the period of benefit of services on board for more than eleven (11) months is only allowed with prior authorization from the Administration when it is strictly necessary and documents are presented that show that the repatriation has not been performed at the contract expiration date.

The actions taken are intended to prevent crewmembers from being abandoned at the end of their contracts, given the inability on making crew changes, in countries that have restrictions in travelling to their homes. The Panama Maritime Administration will remain vigilant that every seafarer's rights are fulfilled.



Visit to MSC

Octavio Rangel, representative of the Panama Maritime Authority (AMP) Regional Office in Dubai - UAE, went to visit the Mediterranean Shipping Co. (MSC) office, where they were attended by Mr. Nigel Fernando, General Director for the Middle East and Gulf Region. The Italian company has placed its trust in Panama, registering 178 of its ships that represent 14.8million tons for the Panama fleet.

The meeting was to make the services offered by this regional office available for

the client, highlighting that the regional offices, distributed around the world, provide technical assistance; in addition to authorizations, extensions, certifications for seafarers, radio licenses, among others. Mr. Fernando was pleased to know that Panama, as a Flag State, has a well-qualified teamwork, not only in its main office, but also in its regional offices.

Mr Fernando, on behalf of MSC, gave the Panamanian representative a ship replica of the MSC Lirica, which carries the Panama flag.

Panama Ship Registry meets with the International Chamber of Shipping

Directors of the Panama Ship Registry's new administration met with representatives of the International Chamber of Shipping, the main international trade association for the international shipping industry. Among its membership are representatives of the national shipowners' associations of Europe, America and Asia, which represent 80% of the worldwide commercial tonnage.

The purpose of this meeting was to share the policies adopted by Panama, regarding merchant marine and seafarers. The topics discussed were about the actions taken by this administration regarding the Covid-19 pandemic and the compliance with regulations, extensions provided to ships, and support for seafarers during the crisis.

The Panama Ship Registry has remained 100% operational in all of its international offices, consular network and main office, keeping personnel working physically and remotely; ensuring its clients the necessary support on the difficulties caused by the Covid-19. For this reason, an individual analysis has been made of each and every request for extensions of Merchant Marine certifications validity, providing solutions for ship-owners and operators.

"Our administration wants to be active and not reactive, anticipating the needs of our clients. We are working twenty-four hours a day every day to respond to our users, conducting studies to know the market's



behavior, training our personnel and making significant efforts to maintain the preference of the Registry by the shipowners," said Eng. Rafael Cigarruista, General Director of Merchant Marine.

The general Director of Seafarers, Captain Juan Maltez, said: "The Registry is responsible for looking after more than 300,000 crew members and in this sense, extensions were issued to their labor contracts to safeguard their coverage and rights." He emphasized the position of the Panamanian Government to provide support to any crew member who needs it, regardless of their nationality or the flag of the vessel. Currently, Panama has done more than 5,000 repatriations to crew members, complying with all the protocols

established by the Panamanian Ministry of Health (Minsa), which guaranteed that when they reach their countries, none of them had Covid-19 symptoms.

The International Chamber of Shipping recognized the work done by the Ship Registry, in the Seafarers' repatriation process and appreciating them as key workers. The ICS also expressed gratitude for the actions implemented to support shipowners during this pandemic. This type of meetings is the result of the good communication existing between the parties and it is satisfactory to receive positive comments from this important association for the Registry.





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Segumar Miami organizes a course training

The International Office of Segumar Miami has organized the first pilot course for flag inspectors, covering topics such as: General Training for inspectors, Inspection and Certification Combined System, Maritime Labor Convention, Recognized Organizations Code and the IMO DCS for the introduction and familiarization of Annex VI of the MARPOL amendments on Data Collection System, for ship fuel consumption.

The Covid-19 pandemic has not modified the AMP's agenda on training programs around the world for flag inspectors. Those

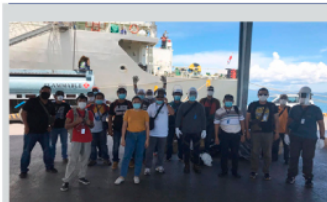
programs are designed to raise the level and update knowledge on new regulations before 2021, according to the deadlines set by the International Maritime Organization on amendments.

Eng. Rafael Cigarruista, General Director of Merchant Marine who understands the needs for training technical personnel said that "we have to improve in terms of competencies and abilities of our technical personnel. The maritime industry is changeable and demanding, if we want to compete in international markets, training is a must and we cannot spare effort on them".

"The training course will benefit all the inspectors of the Panama Maritime Authority, directly related to statutory work, including all international offices of Segumar around the world, the technical

personnel of Segumar Panama, ASI inspectors, casualty investigators, auditors, Port State officers and other members of the General Directorate of Merchant Marine," noted Frank Marmol, Technical Chief, inspector and executive director of Segumar Miami..

Due to the pandemic, changes have been made to the objectives and plans on internal training. This year, the efforts of the Panama Ship Registry's group of professionals, have focused on the necessary reorganization required by social distancing, remote working, virtual audits, among other measures. This has been a decisive step on maintaining good service, guaranteeing that everyone involved is prepared for the future and that the Registry continues with its privileged position in the international maritime community.



Shinsei Kaiun Co. Ltd. expresses gratitude to Panama

Shinsei Kaiun Co. Ltd., thanked the Panama Ship Registry, for the authorization for extra crew, given by the International

Office of Segumar-Tokyo, making possible the repatriation of the entire crew of one of its ships, from Japan to the Philippines.

IMO Congratulates the Republic of Panama and takes it as an example for the other Maritime Administrations for its hard work in Seafarers' repatriations

"I wish to express to Arch. Noriel Araúz my sincere thanks for the fruitful and positive cooperation that exists between the Republic of Panama and the International Maritime Organization (IMO), reinforced during these difficult times, and I also want to convey my deep condolences to all those who in his country have been affected by this unprecedented event. It is a very difficult time for all of us, we are going through pain, financial problems and great changes in our daily lives," said the Secretary General of the International Maritime Organization (IMO), Kitack Lim.

Those were the words of the IMO General Secretariat in a letter dated June 3, 2020, to the Office of the Minister of Maritime Affairs and Administrator of the Panama Maritime Authority (AMP).

The Secretary General added that in these difficult times, the availability of the maritime industry and the ability of seafarers to deliver vital goods, including medical supplies and food, is essential to respond to and eventually overcome this

pandemic; therefore it is of utmost importance that the flow of trade by sea is not interrupted unnecessarily.

"I wish to commend Panama's efforts to facilitate crew changes, in particular, I am grateful for the joint statement issued by Panama and Liberia on this matter and for supporting IMO Circular Letter No. 4204 / Add.14 for the "Recommended framework of protocols that guarantee safe changes in the ship's crew and travel during the Covid-19 pandemic."

The Covid-19 pandemic has presented enormous challenges to the world. The media recognize the heroic efforts made by doctors, nurses, first responders and key personnel in the face of this crisis. Less known is the commendable work done by seafarers around the world, many of whom have been working under tremendous physical and mental strain keeping the global supply chain from stopping in order for food, valuable medical supplies and other products to reach its destination.



Thousands of seafarers have involuntarily extended their contracts, some have been working at sea for almost fifteen months without rest. This represents a potential threat to the safety of navigation and the protection of the marine environment, since fatigue is one of the most important causes for incidents to occur on board. Therefore, it is imperative that there be adequate job rotation for current and future crews.

"I urge all countries to fully comply with their obligations regarding crew changes, repatriation and access to medical care. I encourage Panama to share its best practices with other nations, to allow the transition period to run smoothly, as the world's seafarers deserve," concluded IMO Secretary General Kitack Lim in his letter.

AMP Contributes to an Additional 11% to the 2020 Annual Budget

The Panama Maritime Authority (AMP) has contributed an additional 11% to Panama's Central Government with \$50.9M in June 2020, up from \$45.9M that had been budgeted originally by the AMP. This represents an extraordinary compliance of 111%, with respect to the 2020 budget. The additional \$5M is to sustain the need for resources due to the pandemic crisis caused by Covid-19.

"At the preliminary closing for the first

semester of 2020, we have an income collection of \$ 77.8M, a 95% compliance with the budget and 3% above the collection for the same period in 2019.

Maintaining this income is key because it has allowed us to continue contributing significant income to the country, which translates into investments for sectors such as education, housing, roads, and health, among others," said Panama's Minister of Maritime Affairs, Noriel Arauz, who is also

the AMP Administrator.

"Despite the crisis, we continue to work 24 hours a day, we continue to collect more revenue than in previous periods and thus, bring greater financial contributions to the State and, above all, we have been able to improve the quality of life of our citizens," he noted.

"All in all, we have helped the shipping business, and therefore the supply chain, not to come to a halt. It is in our hands to ensure that the international recognition we have earned, of being called a maritime country par excellence, is maintained for many more generations. This, without forgetting that our mission as administrators of public resources requires us to work hard for the most important goals: to generate well-being for Panamanian society in general."

The Panamanian maritime sector has played a transcendental role in the economic growth, employment generation and international image of the country.



AMP provides the Central Government with an additional 11% of the 2020 annual budget despite the pandemic caused by Covid-19