

Merchant Marine Circular

Panama Maritime Authority
General Directorate of Merchant Marine
Control and Compliance Department

MERCHANT MARINE CIRCULAR MMC-262

- To:** Ship-owners/Operators, Company Security Officers, Legal Representatives of Panamanian Flagged Vessels, Panamanian Merchant Marine Consulates, Inspectorates, Authorized Offices, Regional Documentation Offices of the Panama Maritime Authority, Recognized Organizations (ROs) and Seafarers.
- Subject:** Maritime Labour Convention, 2006, as amended (MLC, 2006, as amended) - Employment Agreements of Seafarers.
- Reference:** Maritime Labour Convention, 2006, as amended (MLC, 2006, as amended), Law No. 2 of January 6, 2009, Executive Decree No. 86 of February 22, 2013 and Circular No. DGGM-006.

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1. The purpose of this Circular is to inform the users of the Panamanian Registry about the minimum requirements that shall be contained in the employment agreements of seafarers rendering services on board Panamanian flagged vessels engaged in international navigation and other provisions relating to the seafarers' employment agreement and wages in accordance with the provisions of Regulation 2.1 and Standard A2.1 of the Maritime Labour Convention, 2006, as amended (MLC, 2006, as amended).
 2. The employment agreements of seafarers shall contain the following information:
 - 2.1 The seafarer's full name, date of birth or age and place of birth;
 - 2.2 The shipowner's name and address;
 - 2.3 The place where and date when the seafarer's employment agreement is entered into;
 - 2.4 The capacity in which the seafarer is to be employed;
 - 2.5 The amount of seafarer's wages or, where applicable, the formula used for calculating them;
 - 2.6 The amount of paid annual leave or where applicable, the formula used for calculating it;



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2.7 The termination of the agreement and the conditions thereof, including:

2.7.1 if the agreement has been made for an indefinite period, the conditions entitling either party to terminate it, as well as the required notice period,

2.7.2 Which shall not be less for the shipowner than for the seafarer; if the agreement has been made for a definite period, the date fixed for its expiry, and

2.7.3 if the agreement has been made for a voyage, the port of destination and the time which has to expire after arrival before the seafarer should be discharged.

2.8 The health and social security protection benefits to be provided to the seafarer by the shipowner;

2.9 The seafarer's entitlement to repatriation;

2.10 Maximum period of uninterrupted service on board at which seafarers shall have the right of repatriation;

2.10 Reference to the collective bargaining agreement, if applicable;

2.11 Hours of rest;

2.12 Additional benefits accrued by seafarers, if any;

2.13 Ways to make the payment; and

2.14 Any other particulars which national law may require.

3. Salary and type of currency must be stated on the employment agreement and it shall only be set by unit of time, at periods no greater than one (1) month.

4. The prior-notice period shall be as follows:

4.1 Shipowners may consider the working relationship as terminated in advance and indefinitely, by notifying in writing to the seafarer at least fifteen (15) days in advance, paying the salary for the rendered service, proportional vacations, repatriation and indemnification stated by national law. The prior-notice period starts from the first day following the notification of the anticipated termination of the working relationship and in the case the shipowner does not notify the termination of the working relationship fifteen (15) days in advance, the sum corresponding to the prior-notice shall be paid.

The last voyage as well as its port of arrival shall be taken into account when meeting and enforcing the prior-notice period given to seafarers.

4.2 Seafarers may consider the work relationship as terminated in advance and indefinitely, by notifying in writing to the shipowner with fifteen (15) days in advance. Seafarers shall take into account the previously mentioned period so that upon their arrival into the port, the period is fulfilled.

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5. Overtime hours shall be paid with an extra fee of twenty five percent (25%) of the basic salary per hour. This charge applies also to the overtime hours of the consolidated wage and those exceeding the corresponding to the consolidated wage.
6. The regular workday shall consist of a maximum of eight (8) daily hours with a weekly resting as well as the resting days corresponding to the official holidays, notwithstanding the more favorable regulations established by the collective conventions.
7. The official holidays for seafarers shall be regulated by the employment agreement or applicable collective conventions, however, the amount of days shall not be less than four (4) paid days per year.
8. Seafarers have the right to annual paid vacations at a rate of 2.5 calendar days per month of employment, notwithstanding a more favorable provision in an applicable collective convention.

Seafarers employed for periods of less than one year or in case of termination of the work relationship, shall have the right of vacations which shall be calculated through the proration method, at a rate of 2.5 calendar days per each month of employment.

9. The minimum hours of rest shall not be less than:
 - 9.1 ten (10) hours in any twenty-four (24) hour period; nor to
 - 9.2 seventy-seven (77) hours in each seven (7) days period.
10. The maximum duration of the uninterrupted service on board, at the end of which seafarers have the right of repatriation, shall be less than twelve (12) months.
11. Seafarers have the right to be repatriated to the following places:
 - 11.1 The place where seafarer agreed to join the ship;
 - 11.2 The place at which the seafarer was hired;
 - 11.3 The place stated in the collective convention;
 - 11.4 The country of residence of the seafarer or;
 - 11.5 Any other place agreed between the parties at the time of the hiring.
12. Regardless of the type and/or duration of the Seafarer Employment Agreement (SEA), shipowners and/or operators shall guarantee seafarers' rights to pay annual leave calculated on the basis of a minimum of 2.5 calendar days per month of employment, and to be repatriated taking in consideration that the maximum duration of the uninterrupted service on board shall be less than twelve (12) months, as prescribed by the Standard A2.4 paragraph 2 and 3, and Standard A2.5.1.2(b) of the Maritime Labour Convention, 2006, as amended.



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13. The seafarer employment agreement shall continue to have effect while a seafarer is held captive on or off the ship as a result of acts of piracy or armed robbery against ships, regardless of whether the date set for its expiry has passed or either party has given notice to suspend or terminate it.

The terms *piracy* and *armed robbery against ships* have the following meanings:

13.1 Piracy: shall have the same meaning as in the United Nations Convention on the Law of the Sea, 1982.

13.2 Armed robbery against ships: means any illegal act of violence or act of depredation, or threat thereof, other than an act of piracy, committed for private ends and directed against a ship or against persons or property on board such a ship, within a State's internal waters, archipelago waters and territorial sea, or any act of inciting or of intentionally facilitating an act described above.

14. When a seafarer is held captive on or off the ship as a result of acts of piracy or armed robbery against ships, wages and other entitlements under the seafarer employment agreement, relevant collective bargaining agreement or applicable national laws, including the remittance of any allotments as provided in the currently legislation, shall continue to be paid during the entire period of captivity and until the seafarer is released and duly repatriated, or, in case the seafarer dies while in captivity, until the date of death as determined in accordance with applicable national laws.
15. The entitlement to repatriation will not lapse while the seafarer is held captive on or off the ship as a result of acts of piracy or armed robbery against ships.

November, 2020 – Changes in paragraph 2 and new paragraphs 13, 14 and 15.

May, 2020 – Modification of point 12.

September, 2014 – Change of email address on footer below.

August, 2013 – New point 12 included.

April, 2013 – Change of contact points below.

December, 2012.



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Inquiries concerning the subject of this Merchant Marine Circular or any other request should be forward to:

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